ANNUAL STATEMENT

OF THE

PEERLESS INSURANCE COMPANY

of KEENE

in the state of NEW HAMPSHIRE

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2013

PROPERTY AND CASUALTY

2013

24198201320100100

ANNUAL STATEMENT

For the Year Ended December 31, 2013

OF THE CONDITION AND AFFAIRS OF THE

Peerless Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24198 **Employer's ID Number** 02-0177030

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

Country of Domicile United States of America

Incorporated/Organized March 7, 1901 **Commenced Business** November 23, 1903

Statutory Home Office 62 Maple Avenue (Street and Number), Keene, NH, US 03431 (City or Town, State, Country and Zip Code)

Main Administrative Office 175 Berkeley Street (Street and Number)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

Statutory Statement Contact James Deegan (Name) 617-357-9500 x45424 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

James Paul Condrin, III

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

VICE-PRESIDENTS

Name	Title	Name	Title
John Derek Doyle	Vice President and Comptroller	Michael Joseph Fallon	Vice President and Chief Financial Officer
Anthony Alexander Fontanes	Vice President and Chief Investment Officer	Kathryn Mary Winn	Vice President and General Counsel

DIRECTORS OR TRUSTEES

Kristen Maria Bessette	James Paul Condrin, III	John Derek Doyle	Michael Joseph Fallon
Michael Henry Hughes	Dexter Robert Legg	Kathryn Mary Winn	

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
James Paul Condrin, III	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Vice President and Secretary	Vice President and Treasurer
(Title)	(Title)	(Title)

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

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	8,420,957,292		8,420,957,292	3,717,496,841
2. Stocks (Schedule D):				
2.1 Preferred stocks	35,989,700		35,989,700	41,310,800
2.2 Common stocks	1,386,893,605		1,386,893,605	1,216,905,643
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	216,564,506		216,564,506	135,076,671
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	3,765,572		3,765,572	3,905,758
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 35,994,405, Schedule E - Part 1), cash equivalents ($ 22,522,699, Schedule E - Part 2), and short-term investments ($ 103,873,715, Schedule DA)	162,390,819		162,390,819	256,298,534
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	656,397,754		656,397,754	94,975,514
9. Receivables for securities	17,023,704		17,023,704	5,370,475
10. Securities lending reinvested collateral assets (Schedule DL)	109,976,126		109,976,126	48,424,515
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	11,009,959,078		11,009,959,078	5,519,764,751
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	83,431,923		83,431,923	45,060,574
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	331,086,284	16,383,599	314,702,685	80,100,722
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 8,584,080 earned but unbilled premiums)	1,500,559,854	1,278,434	1,499,281,420	1,116,743,314
15.3 Accrued retrospective premiums	104,589,584	10,441,952	94,147,632	17,177
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	39,475,384		39,475,384	511,090,193
16.2 Funds held by or deposited with reinsured companies				14,129,577
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	75,356	75,356		
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	364,413,000	57,902,429	306,510,571	217,623,880
19. Guaranty funds receivable or on deposit	4,294,756		4,294,756	2,383,184
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	4,801	4,801		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	35,736,295		35,736,295	93,056,835
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	238,485,984	4,839,618	233,646,366	29,829,568
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,712,112,299	90,926,189	13,621,186,110	7,629,799,775
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	13,712,112,299	90,926,189	13,621,186,110	7,629,799,775

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	152,350,455		152,350,455	15,268,261
2502. Amounts receivable under high deductible policies	39,053,975	384	39,053,591	
2503. Equities and deposits in pools and associations	28,865,962		28,865,962	8,592,316
2598. Summary of remaining write-ins for Line 25 from overflow page	18,215,592	4,839,234	13,376,358	5,968,991
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	238,485,984	4,839,618	233,646,366	29,829,568

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	5,698,661,689	2,228,057,451
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	291,366,094	324,221,647
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,223,350,214	509,545,123
4.	Commissions payable, contingent commissions and other similar charges	107,733,390	81,453,683
5.	Other expenses (excluding taxes, licenses and fees)	157,373,791	41,768,727
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	56,562,675	17,701,829
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	55,875,999	84,275,738
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 $ 340,050,084 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)	2,376,172,424	1,321,805,644
10.	Advance premium	17,643,953	9,878,022
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	490,494	353,853
12.	Ceded reinsurance premiums payable (net of ceding commissions)	47,274,426	581,660,434
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		44,522,129
14.	Amounts withheld or retained by company for account of others	20,964,709	4,576,250
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)		49,477,053
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	166,470,945	86,971,225
19.	Payable to parent, subsidiaries and affiliates	225,567,815	239,259,708
20.	Derivatives		2,968,760
21.	Payable for securities	16,127,293	9,944,694
22.	Payable for securities lending	109,976,126	48,424,515
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	263,131,186	55,624,605
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	10,834,743,223	5,742,491,090
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	10,834,743,223	5,742,491,090
29.	Aggregate write-ins for special surplus funds	22,274,741	4,421,906
30.	Common capital stock	8,848,635	8,848,635
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	2,066,113,364	1,412,783,818
35.	Unassigned funds (surplus)	689,206,147	461,420,042
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		165,716
	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)	2,786,442,887	1,887,308,685
38.	Totals (Page 2, Line 28, Col. 3)	13,621,186,110	7,629,799,775

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	150,731,306	1,276,156
2502.	Other liabilities	120,263,504	33,505,978
2503.	Retroactive reinsurance reserves	(7,863,624)	20,842,471
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	263,131,186	55,624,605
2901.	Special surplus from retroactive reinsurance	22,274,741	4,421,906
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	22,274,741	4,421,906
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)	4,871,490,812	2,705,579,983
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	2,881,931,952	1,468,235,611
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	698,233,501	335,333,845
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,568,256,854	916,788,509
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	5,148,422,307	2,720,357,965
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(276,931,495)	(14,777,982)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	500,483,805	448,512,110
10.	Net realized capital gains (losses) less capital gains tax of $ 30,074,276 (Exhibit of Capital Gains (Losses))	55,852,226	(5,158,865)
11.	Net investment gain (loss) (Lines 9 + 10)	556,336,031	443,353,245
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 923,409 amount charged off $ 16,985,707)	(16,062,299)	(7,144,544)
13.	Finance and service charges not included in premiums	26,774,561	23,139,801
14.	Aggregate write-ins for miscellaneous income	(9,644,843)	(4,339,910)
15.	Total other income (Lines 12 through 14)	1,067,419	11,655,347
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	280,471,955	440,230,610
17.	Dividends to policyholders	7,705,772	6,488,375
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)	272,766,183	433,742,235
19.	Federal and foreign income taxes incurred	121,256,724	84,330,850
20.	Net income (Line 18 minus Line 19) (to Line 22)	151,509,459	349,411,385
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,887,308,685	1,802,477,229
22.	Net income (from Line 20)	151,509,459	349,411,385
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 15,540,882	(55,891,114)	(166,358,574)
25.	Change in net unrealized foreign exchange capital gain (loss)	(7,059,397)	(6,929,188)
26.	Change in net deferred income tax	142,523,882	50,179,385
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(54,132,042)	60,577,209
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	49,477,053	2,496,854
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	653,329,546	
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		(175,000,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	165,716	
37.	Aggregate write-ins for gains and losses in surplus	19,211,099	(29,545,615)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	899,134,202	84,831,456
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	2,786,442,887	1,887,308,685

	DETAILS OF WRITE-IN LINES		
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 05 from overflow page		
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401.	Retroactive reinsurance gain/(loss)	134,260	8,894,469
1402.	Other income/(expense)	(9,779,103)	(13,234,379)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(9,644,843)	(4,339,910)
3701.	Other changes in surplus	19,211,099	
3702.	SSAP 10R incremental change		(29,545,615)
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	19,211,099	(29,545,615)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	4,671,465,905	2,690,459,270
2.	Net investment income	493,279,473	449,153,257
3.	Miscellaneous income	(2,945,135)	60,627,621
4.	Total (Lines 1 through 3)	5,161,800,243	3,200,240,148
5.	Benefit and loss related payments	(1,198,689,208)	1,557,752,163
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,367,602,739	1,233,016,587
8.	Dividends paid to policyholders	7,569,131	6,482,238
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	179,730,739	(6,153,073)
10.	Total (Lines 5 through 9)	356,213,401	2,791,097,915
11.	Net cash from operations (Line 4 minus Line 10)	4,805,586,842	409,142,233
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,173,047,393	897,090,641
12.2	Stocks	993,521,392	156,694,482
12.3	Mortgage loans	13,538,847	8,216,084
12.4	Real estate		
12.5	Other invested assets	650,579,332	311,905,778
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments	(73,609)	
12.7	Miscellaneous proceeds	(15,627,558)	(4,240,100)
12.8	Total investment proceeds (Lines 12.1 to 12.7)	2,814,985,797	1,369,666,885
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	5,910,342,647	1,093,610,209
13.2	Stocks	1,139,138,648	190,618,317
13.3	Mortgage loans	95,161,501	23,127,569
13.4	Real estate	284,040	292,637
13.5	Other invested assets	1,250,319,134	364,239,081
13.6	Miscellaneous applications	(6,275,561)	4,417,155
13.7	Total investments acquired (Lines 13.1 to 13.6)	8,388,970,409	1,676,304,968
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)	(5,573,984,612)	(306,638,083)
	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	653,495,262	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		175,000,000
16.6	Other cash provided (applied)	20,994,793	84,923,401
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	674,490,055	(90,076,599)
	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)	(93,907,715)	12,427,551
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	256,298,534	243,870,983
19.2	End of year (Line 18 plus Line 19.1)	162,390,819	256,298,534

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	52,780,890	
20.0002	12.4 - Proceeds from investments sold, matured or repaid - Mortgage loans	467,039	1,002,737
20.0003	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets	56,438,201	
20.0004	13.1 Cost of Investment Acquired - Bonds	4,106,399,604	279,332,378
20.0005	13.2 Cost of Investment Acquired - Stocks	188,224,381	
20.0006	13.5 Cost of Investment Acquired - Other Invested Assets	50,796,944	1,002,737

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	151,927,319	28,432,843	59,262,135	121,098,027
2. Allied lines	80,717,097	26,104,753	37,109,322	69,712,528
3. Farmowners multiple peril	16,295,000	11,285,939	9,456,565	18,124,374
4. Homeowners multiple peril	1,123,083,470	254,281,712	528,137,822	849,227,360
5. Commercial multiple peril	412,734,606	227,871,124	215,529,329	425,076,401
6. Mortgage guaranty				
8. Ocean marine	22,122,281		8,172,713	13,949,568
9. Inland marine	146,379,669	21,011,092	29,594,157	137,796,604
10. Financial guaranty				
11.1 Medical professional liability—occurrence	13,556,240	64,672	4,742,334	8,878,578
11.2 Medical professional liability—claims-made	2,318,923	4,442	778,909	1,544,456
12. Earthquake	23,284,030	4,561,841	9,230,088	18,615,783
13. Group accident and health	207,106			207,106
14. Credit accident and health (group and individual)				
15. Other accident and health	1,092,317		79,508	1,012,809
16. Workers' compensation	641,409,516	69,608,107	26,698,381	684,319,242
17.1 Other liability—occurrence	404,907,672	64,982,251	138,570,212	331,319,711
17.2 Other liability—claims-made	125,399,542	2,432,598	46,059,795	81,772,345
17.3 Excess workers' compensation	18,352,533		4,651,336	13,701,197
18.1 Products liability—occurrence	45,671,192	1,775,762	18,353,242	29,093,712
18.2 Products liability—claims-made	2,979,197		990,005	1,989,192
19.1,19.2 Private passenger auto liability	1,342,172,939	224,563,338	526,917,515	1,039,818,762
19.3,19.4 Commercial auto liability	249,092,310	92,607,815	107,625,499	234,074,626
21. Auto physical damage	789,813,949	180,827,735	392,118,956	578,522,728
22. Aircraft (all perils)	10,382,192		2,175,076	8,207,116
23. Fidelity	5,569,345	1,263,938	2,631,240	4,202,043
24. Surety	128,848,043	104,743,593	89,316,941	144,274,695
26. Burglary and theft	277,056	35,973	113,719	199,310
27. Boiler and machinery	9,824,387	24,165	3,189,244	6,659,308
28. Credit	629,440		182,897	446,543
29. International				
30. Warranty	1,370,993		1,023,095	347,898
31. Reinsurance-nonproportional assumed property	51,781,610		4,918,642	46,862,968
32. Reinsurance-nonproportional assumed liability	5,262,980		739,908	4,523,072
33. Reinsurance-nonproportional assumed financial lines	34,881			34,881
34. Aggregate write-ins for other lines of business				
35. TOTALS	5,827,497,835	1,316,483,693	2,268,368,585	4,875,612,943

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	58,235,293	1,026,842			59,262,135
2. Allied lines	36,870,927	238,395			37,109,322
3. Farmowners multiple peril	9,456,565				9,456,565
4. Homeowners multiple peril	528,137,822				528,137,822
5. Commercial multiple peril	215,996,720	993,885	(1,472,542)	11,265	215,529,328
6. Mortgage guaranty					
8. Ocean marine	7,586,148	586,565			8,172,713
9. Inland marine	24,026,613	5,567,544			29,594,157
10. Financial guaranty					
11.1 Medical professional liability—occurrence	4,681,183	61,151			4,742,334
11.2 Medical professional liablity—claims-made	778,909				778,909
12. Earthquake	9,132,393	97,694			9,230,087
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	79,508				79,508
16. Workers' compensation	133,201,097	354,170	(3,086,531)	(103,770,350)	26,698,386
17.1 Other liability—occurrence	130,186,118	8,485,782	39,270	(140,958)	138,570,212
17.2 Other liability—claims-made	38,844,636	7,281,560	(66,401)		46,059,795
17.3 Excess workers' compensation	4,588,136	63,200			4,651,336
18.1 Products liability—occurrence	10,867,919	7,168,722	(14,737)	331,338	18,353,242
18.2 Products liability—claims-made	989,885	120			990,005
19.1,19.2 Private passenger auto liability	526,907,939	9,576			526,917,515
19.3,19.4 Commercial auto liability	106,728,411	531,284		365,804	107,625,499
21. Auto physical damage	391,886,655	232,301			392,118,956
22. Aircraft (all perils)	2,175,076				2,175,076
23. Fidelity	1,942,412	688,828			2,631,240
24. Surety	63,120,270	26,196,671			89,316,941
26. Burglary and theft	112,318	1,400			113,718
27. Boiler and machinery	3,102,624	86,619			3,189,243
28. Credit	182,897				182,897
29. International					
30. Warranty		1,023,095			1,023,095
31. Reinsurance-nonproportional assumed property	4,918,642				4,918,642
32. Reinsurance-nonproportional assumed liability	739,908				739,908
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	2,315,477,024	60,695,404	(4,600,941)	(103,202,901)	2,268,368,586
36. Accrued retrospective premiums based on experience					103,202,901
37. Earned but unbilled premiums					4,600,941
38. Balance (Sum of Lines 35 through 37)					2,376,172,428

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	17,384,661	78,360,586		(56,182,073)		151,927,320
2. Allied lines	13,867,275	10,910,840		(55,938,982)		80,717,097
3. Farmowners multiple peril	10,721,704	(12,932,929)		(18,506,226)		16,295,001
4. Homeowners multiple peril	83,569,186	442,966,920		(596,547,364)		1,123,083,470
5. Commercial multiple peril	210,927,486	(181,588,831)		(383,395,950)		412,734,605
6. Mortgage guaranty						
8. Ocean marine		22,122,281				22,122,281
9. Inland marine	44,785,717	104,562,026		2,968,074		146,379,669
10. Financial guaranty						
11.1 Medical professional liability--occurrence		13,364,278		(191,963)		13,556,241
11.2 Medical professional liability--claims-made		2,305,738		(13,185)		2,318,923
12. Earthquake	2,010,920	10,420,789		(10,852,321)		23,284,030
13. Group accident and health		207,106				207,106
14. Credit accident and health (group and individual)						
15. Other accident and health		825,140		(267,177)		1,092,317
16. Workers' compensation	87,092,633	477,027,177		(77,289,706)		641,409,516
17.1 Other liability—occurrence	64,175,729	240,366,950		(100,364,993)		404,907,672
17.2 Other liability—claims-made	373,842	118,279,019		(6,746,682)		125,399,543
17.3 Excess workers' compensation		18,352,533				18,352,533
18.1 Products liability—occurrence	1,533,805	41,317,425		(2,819,963)		45,671,193
18.2 Products liability—claims-made		2,979,197				2,979,197
19.1,19.2 Private passenger auto liability	72,329,559	743,596,989		(526,246,391)		1,342,172,939
19.3,19.4 Commercial auto liability	73,436,390	8,889,836		(166,766,084)		249,092,310
21. Auto physical damage	76,619,417	309,611,467		(403,583,066)		789,813,950
22. Aircraft (all perils)		10,382,192				10,382,192
23. Fidelity	72,844	1,860,364		(3,636,137)		5,569,345
24. Surety	419,244	(187,530,418)		(315,959,217)		128,848,043
26. Burglary and theft	52,721	206,393		(17,942)		277,056
27. Boiler and machinery	945,055	9,150,029		270,697		9,824,387
28. Credit		629,440				629,440
29. International						
30. Warranty		1,370,993				1,370,993
31. Reinsurance-nonproportional assumed property	X X X	51,781,610				51,781,610
32. Reinsurance-nonproportional assumed liability	X X X	5,262,980				5,262,980
33. Reinsurance-nonproportional assumed financial lines	X X X	34,881				34,881
34. Aggregate write-ins for other lines of business						
35. TOTALS	760,318,188	2,345,093,001		(2,722,086,651)		5,827,497,840

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

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	4,268,636	44,085,475	27,861,720	20,492,391	46,418,112	8,522,333	58,388,170	48.216
2. Allied lines	6,200,716	42,129,989	21,367,305	26,963,400	20,584,285	6,033,332	41,514,353	59.551
3. Farmowners multiple peril	2,949,840	19,522,370	13,364,710	9,107,500	3,528,110	3,967,121	8,668,489	47.828
4. Homeowners multiple peril	63,502,323	653,099,266	355,146,592	361,454,997	169,786,292	111,981,377	419,259,912	49.370
5. Commercial multiple peril	76,865,531	1,396,556,567	1,240,611,090	232,811,008	427,544,304	453,311,752	207,043,560	48.707
6. Mortgage guaranty								
8. Ocean marine		(7,929,744)		(7,929,744)	13,730,725		5,800,981	41.585
9. Inland marine	14,042,208	71,413,410	21,511,904	63,943,714	21,912,649	2,367,380	83,488,983	60.589
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(5,597,219)	2,228,274	(7,825,493)	12,244,691	750,516	3,668,682	41.321
11.2 Medical professional liability—claims-made		(80,270)	420,875	(501,145)	1,425,774	141,792	782,837	50.687
12. Earthquake		(273,022)	(121,378)	(151,644)	418,125	(52,248)	318,729	1.712
13. Group accident and health		(359,010)		(359,010)	587,462		228,452	110.307
14. Credit accident and health (group and individual)								
15. Other accident and health		77,138,615	74,936,096	2,202,519	4,068,682	11,358,902	(5,087,701)	(502.336)
16. Workers' compensation	47,781,612	897,871,707	2,424,818,591	(1,479,165,272)	2,753,356,265	768,587,146	505,603,847	73.884
17.1 Other liability—occurrence	18,348,042	488,785,171	735,841,524	(228,708,311)	689,586,634	228,819,313	232,059,010	70.041
17.2 Other liability—claims-made	135,285	(57,614,709)	25,254,240	(82,733,664)	122,907,906	8,300,573	31,873,669	38.979
17.3 Excess workers' compensation		(101,737,077)		(101,737,077)	110,716,022		8,978,945	65.534
18.1 Products liability—occurrence	16,650	(30,102,979)	31,407,762	(61,494,091)	89,612,938	8,341,289	19,777,558	67.979
18.2 Products liability—claims-made		(5,602,549)		(5,602,549)	6,736,178		1,133,629	56.989
19.1,19.2 Private passenger auto liability	110,762,825	1,239,208,334	1,050,843,588	299,127,571	730,093,991	324,674,807	704,546,755	67.757
19.3,19.4 Commercial auto liability	45,943,820	780,668,803	722,961,142	103,651,481	289,011,420	252,211,262	140,451,639	60.003
21. Auto physical damage	55,772,241	352,524,643	84,404,315	323,892,569	15,850,528	12,200,505	327,542,592	56.617
22. Aircraft (all perils)		(4,596,034)	261,394	(4,857,428)	10,020,498	88,063	5,075,007	61.837
23. Fidelity	(2,380)	(3,325,021)	1,344,940	(4,672,341)	5,807,546	456,985	678,220	16.140
24. Surety	(643,016)	98,204,144	55,258,303	42,302,825	26,943,049	18,899,194	50,346,680	34.896
26. Burglary and theft	322	83,925	1,343	82,904	43,004	672	125,236	62.835
27. Boiler and machinery	49,970	(184,767)	61,604	(196,401)	2,023,305	5,902	1,821,002	27.345
28. Credit		(135,446)		(135,446)	795,987		660,541	147.923
29. International								
30. Warranty		(76,730)		(76,730)	263,372		186,642	53.648
31. Reinsurance-nonproportional assumed property	X X X	(33,598,440)		(33,598,440)	48,593,518		14,995,078	31.998
32. Reinsurance-nonproportional assumed liability	X X X	(42,507,881)	23,837,262	(66,345,143)	73,193,792	7,089,483	(240,834)	(5.325)
33. Reinsurance-nonproportional assumed financial lines	X X X	(733,154)		(733,154)	856,528		123,374	353.700
34. Aggregate write-ins for other lines of business								
35. TOTALS	445,994,625	5,866,838,367	6,913,623,196	(600,790,204)	5,698,661,692	2,228,057,451	2,869,814,037	58.861

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,074,772	30,204,058	1,074,772	30,204,058	232,199	16,214,054	232,199	46,418,112	3,841,852
2. Allied lines	1,733,429	13,759,320	1,733,429	13,759,320	143,290	6,824,965	143,290	20,584,285	3,203,762
3. Farmowners multiple peril	1,196,388	3,293,368	1,196,388	3,293,368	188,098	234,741	188,098	3,528,109	1,204,045
4. Homeowners multiple peril	20,474,022	103,519,788	20,474,022	103,519,788	6,877,482	66,266,504	6,877,482	169,786,292	40,597,388
5. Commercial multiple peril	112,133,897	254,244,648	112,133,894	254,244,651	93,901,825	173,299,651	93,901,824	427,544,303	170,657,612
6. Mortgage guaranty									
8. Ocean marine		8,375,832		8,375,832		5,354,893		13,730,725	2,105,846
9. Inland marine	2,538,893	8,772,406	2,538,893	8,772,406	823,933	13,140,243	823,933	21,912,649	2,934,146
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		625,226		625,226		11,619,465		12,244,691	725,230
11.2 Medical professional liablity—claims-made		238,529		238,529		1,187,244		1,425,773	482,974
12. Earthquake		198,761		198,761	(19,603)	219,364	(19,603)	418,125	189,345
13. Group accident and health		464,421		464,421		123,041		(a) 587,462	35,458
14. Credit accident and health (group and individual)									
15. Other accident and health		1,828,867		1,828,867		2,239,816		(a) 4,068,683	1,040,606
16. Workers' compensation	111,233,449	1,409,365,904	111,233,449	1,409,365,904	111,525,142	1,343,990,361	111,525,142	2,753,356,265	387,438,975
17.1 Other liability—occurrence	32,106,365	259,432,093	32,106,365	259,432,093	96,694,099	430,154,541	96,694,099	689,586,634	221,892,097
17.2 Other liability—claims-made	96,253	25,232,302	96,253	25,232,302	454,312	97,675,605	454,312	122,907,907	36,537,395
17.3 Excess workers' compensation		44,404,732	(1)	44,404,733		66,311,290		110,716,023	10,811,088
18.1 Products liability—occurrence	794,645	21,019,044	794,645	21,019,044	1,031,088	68,593,894	1,031,088	89,612,938	52,037,284
18.2 Products liability—claims-made		148,680		148,680		6,587,498		6,736,178	3,614,868
19.1,19.2 Private passenger auto liability	95,626,359	480,820,598	95,626,359	480,820,598	32,219,791	249,273,393	32,219,791	730,093,991	186,661,155
19.3,19.4 Commercial auto liability	49,492,204	178,446,122	49,492,204	178,446,122	30,422,317	110,565,298	30,422,317	289,011,420	50,468,764
21. Auto physical damage	3,611,728	1,994,631	3,611,728	1,994,631	1,847,935	13,855,897	1,847,935	15,850,528	15,565,769
22. Aircraft (all perils)		4,602,430		4,602,430		5,418,069		10,020,499	3,528,315
23. Fidelity		964,956		964,956	9,412	4,842,590	9,412	5,807,546	915,832
24. Surety	3,390,174	(412,137)	3,390,174	(412,137)	161,209	27,355,186	161,209	26,943,049	20,739,012
26. Burglary and theft	(390)	21,563	(390)	21,563	1,171	21,441	1,171	43,004	53,057
27. Boiler and machinery	16,811	1,356,540	16,811	1,356,540	7,696	666,765	7,696	2,023,305	188,755
28. Credit		2		2		795,985		795,987	
29. International									
30. Warranty						263,372		263,372	122,494
31. Reinsurance-nonproportional assumed property	X X X	21,166,580		21,166,580	X X X	27,426,938		48,593,518	549,061
32. Reinsurance-nonproportional assumed liability	X X X	18,674,020		18,674,020	X X X	54,519,772		73,193,792	5,201,816
33. Reinsurance-nonproportional assumed financial lines	X X X	852,499		852,499	X X X	4,029		856,528	6,211
34. Aggregate write-ins for other lines of business									
35. TOTALS	435,518,999	2,893,615,783	435,518,995	2,893,615,787	376,521,396	2,805,045,905	376,521,395	5,698,661,693	1,223,350,212

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	33,258,199			33,258,199
1.2 Reinsurance assumed	343,319,146			343,319,146
1.3 Reinsurance ceded	35,302,918			35,302,918
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	341,274,427			341,274,427
2. Commission and brokerage:				
2.1 Direct, excluding contingent		111,015,038		111,015,038
2.2 Reinsurance assumed, excluding contingent		270,669,954		270,669,954
2.3 Reinsurance ceded, excluding contingent		110,931,357		110,931,357
2.4 Contingent—direct		88,279,565		88,279,565
2.5 Contingent—reinsurance assumed		78,054,595		78,054,595
2.6 Contingent—reinsurance ceded		88,363,246		88,363,246
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)		348,724,549		348,724,549
3. Allowances to manager and agents		56,678,219		56,678,219
4. Advertising	2,196,804	82,440,262	12,738	84,649,804
5. Boards, bureaus and associations	1,006,465	8,840,858	582	9,847,905
6. Surveys and underwriting reports	22,818	20,570,309	75,571	20,668,698
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	219,290,857	431,723,848	12,719,337	663,734,042
8.2 Payroll taxes	9,232,942	38,192,478	54,700	47,480,120
9. Employee relations and welfare	44,256,923	175,362,841	611,252	220,231,016
10. Insurance	9,881,990	2,341,769	149,053	12,372,812
11. Directors' fees	100	2,306	1	2,407
12. Travel and travel items	15,050,568	32,071,956	462,793	47,585,317
13. Rent and rent items	10,822,207	43,956,934	161,468	54,940,609
14. Equipment	5,076,696	21,194,622	461,256	26,732,574
15. Cost or depreciation of EDP equipment and software	7,471,861	28,785,010	458,330	36,715,201
16. Printing and stationery	1,766,147	6,446,416	46,214	8,258,777
17. Postage, telephone and telegraph, exchange and express	6,814,714	25,492,752	612,433	32,919,899
18. Legal and auditing	1,201,881	6,267,649	2,228,263	9,697,793
19. Totals (Lines 3 to 18)	334,092,973	980,368,229	18,053,991	1,332,515,193
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 1,004,887		140,721,254		140,721,254
20.2 Insurance department licenses and fees		11,340,896		11,340,896
20.3 Gross guaranty association assessments		1,386,679		1,386,679
20.4 All other (excluding federal and foreign income and real estate)		11,234,454		11,234,454
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		164,683,283		164,683,283
21. Real estate expenses			1,170,992	1,170,992
22. Real estate taxes			405,216	405,216
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	22,866,101	74,480,799	4,794,704	102,141,604
25. Total expenses incurred	698,233,501	1,568,256,860	24,424,903	(a) 2,290,915,264
26. Less unpaid expenses—current year	1,223,350,214	321,644,559	25,297	1,545,020,070
27. Add unpaid expenses—prior year	509,545,123	140,880,502	43,738	650,469,363
28. Amounts receivable relating to uninsured plans, prior year		4		4
29. Amounts receivable relating to uninsured plans, current year		(24,700)		(24,700)
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	(15,571,590)	1,387,468,099	24,443,344	1,396,339,853

DETAILS OF WRITE-IN LINES				
2401. Other expenses	22,866,101	74,480,799	4,794,704	102,141,604
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)	22,866,101	74,480,799	4,794,704	102,141,604

(a) Includes management fees of $ 697,766,770 to affiliates and $ 57,166,856 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 25,938,823	29,599,296
1.1	Bonds exempt from U.S. tax	(a) 81,859,260	95,078,907
1.2	Other bonds (unaffiliated)	(a) 163,203,610	183,998,639
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,797,000	1,797,000
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	14,211,200	14,519,270
2.21	Common stocks of affiliates	163,663,929	164,037,885
3.	Mortgage loans	(c) 10,286,070	10,573,629
4.	Real estate	(d) 2,152,128	2,152,128
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 3,543,450	3,299,851
7.	Derivative instruments	(f) 83,377	53,591
8.	Other invested assets	19,147,123	19,147,123
9.	Aggregate write-ins for investment income	1,075,616	1,075,616
10.	Total gross investment income	486,961,586	525,332,935
11.	Investment expenses		(g) 24,424,903
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 1
14.	Depreciation on real estate and other invested assets		(i) 424,226
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		24,849,130
17.	Net investment income (Line 10 minus Line 16)		500,483,805

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	1,075,616	1,075,616
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)	1,075,616	1,075,616
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 $ 8,967,523 accrual of discount less $ 28,329,718 amortization of premium and less $ 32,323,794 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 133,625 for company's occupancy of its own buildings; and excludes $ 2,152,128 interest on encumbrances.
(e) Includes $ 67,462 accrual of discount less $ 903,639 amortization of premium and less $ 1,389,852 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 $ 424,226 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	(43,266)		(43,266)		
1.1	Bonds exempt from U.S. tax	394,477	(505,431)	(110,954)	(120,771)	
1.2	Other bonds (unaffiliated)	(2,100,777)	(4,993,240)	(7,094,017)	(1,596,586)	(5,507,016)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				(5,321,100)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	102,779,891	(5,931,024)	96,848,867	53,083,280	(1,102,264)
2.21	Common stocks of affiliates				(124,459,177)	
3.	Mortgage loans	(552,653)		(552,653)	417,835	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	(73,608)		(73,608)		
7.	Derivative instruments	(3,974,329)		(3,974,329)	2,968,760	
8.	Other invested assets	1,162,937	(236,475)	926,462	30,862,482	(22,896)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	97,592,672	(11,666,170)	85,926,502	(44,165,277)	(6,632,176)

	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	16,383,599	13,133,561	(3,250,038)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,278,434	644,146	(634,288)
15.3 Accrued retrospective premiums	10,441,952	1,909	(10,440,043)
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	75,356		(75,356)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	57,902,429	19,806,120	(38,096,309)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	4,801	5,345	544
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	4,839,618	3,281,809	(1,557,809)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	90,926,189	36,872,890	(54,053,299)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	90,926,189	36,872,890	(54,053,299)

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	4,839,234	3,281,809	(1,557,425)
2502. Amounts receivable under high deductible policies	384		(384)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,839,618	3,281,809	(1,557,809)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of New Hampshire, the accompanying financial statements of Peerless Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

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

C. Accounting Policies

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

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

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

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

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

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company (“LMFIC”), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company; and Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired an 8% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 92% (LMFIC 6%, EICOW 8%, and LMIC 78%). The transaction was accounted for as a statutory purchase and the cost was $222,400,560, resulting in goodwill in the amount of $117,712,240. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was $11,771,227 for year ended December 31, 2013; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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

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

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

		2013	2012
3.	Taxes, assessments and any amounts advanced and not included in the mortgage loan total	15,909	12,940

4. Age Analysis of Mortgage Loans

	-	Residential		Commercial		-	-
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$216,571,580	$ -	$216,571,580
(b) 30-59 Days Past Due	-	-	-	-	78,789	-	78,789
(c) 60-89 Days Past Due	-	-	-	-	79,917	-	79,917
(d) 90-179 Days Past Due	-	-	-	-	86,716	-	86,716
(e) 180+ Days Past Due	-	-	-	-	185,409	-	185,409
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	

NOTES TO FINANCIAL STATEMENTS

4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$13,570,581	$ -	$13,570,581
(b) Number of Loans	-	-	-	-	146	-	146
(c) Percent Reduced	-%	-%	-%	-%	1.595%	- %	1.595%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$134,667,048	$ -	$134,667,048
(b) 30-59 Days Past Due	-	-	-	-	568,871	-	568,871
(c) 60-89 Days Past Due	-	-	-	-	98,554	-	98,554
(d) 90-179 Days Past Due	-	-	-	-	176,505	-	176,505
(e) 180+ Days Past Due	-	-	-	-	422,475	-	422,475
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$1,970,162	$ -	$1,970,162
(b) Number of Loans	-	-	-	-	67	-	67
(c) Percent Reduced	-%	-%	-%	-%	1.247%	-%	1.247%

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

	-	Residential		Commercial		-	-
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$877,982	$-	$877,982
2. No Allowance for Credit Losses	-	-	-	-	483,623	-	483,623
b. Prior Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$1,117,101	$-	$1,117,101
2. No Allowance for Credit Losses	-	-	-	-	319,879	-	319,879

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

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Average Recorded Investment	$-	$-	$-	$-	$1,486,751	$-	$1,486,751
2. Interest Income Recognized	-	-	-	-	73,616	-	73,616
3. Recorded Investments on Nonaccrual Status	-	-	-	-	357,373	-	357,373
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	60,574	-	60,574
b. Prior Year							
1. Average Recorded Investment	$-	$-	$-	$-	$1,489,330	$-	$1,489,330
2. Interest Income Recognized	-	-	-	-	74,020	-	74,020
3. Recorded Investments on Nonaccrual Status	-	-	-	-	670,537	-	670,537

NOTES TO FINANCIAL STATEMENTS

4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	66,826	-	66,826

7. Allowance for credit losses:	2013	2012
a. Balance at beginning of period	$855,740	$845,134
b. Additions charged to operations	178,860	445,424
c. Direct write-downs charged against the allowances	596,694	434,818
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	$437,906	$855,740

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

B. Debt Restructuring

	2013	2012
1. The total recorded investment in restructured loans, as of year end	$1,705,421	$1,860,166
2. The realized capital losses related to these loans	$-	$-
3. Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$-	$-

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

C. Reverse Mortgages

The company has no reverse mortgages.

D. Loan Backed Securities

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

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

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
59023XAB2	172,550	168,238	4,311	168,238	168,406	9/30/2013
59023XAB2	168,950	165,359	3,591	165,359	162,335	12/31/2013
74958EAG1	3,769,727	3,512,769	256,958	3,512,769	3,508,929	12/31/2013
74958YAA0	1,153,082	1,137,690	15,392	1,137,690	1,108,637	12/31/2013
76200RAG3	3,631,751	3,545,413	86,338	3,545,413	3,533,683	12/31/2013
76200RAG3	1,244,603	1,215,015	29,588	1,215,015	1,210,995	12/31/2013

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

a.	The aggregate amount of unrealized losses:				
		1.	Less than 12 Months	$	28,682,207
		2.	12 Months or Longer	$	10,564,652
b.	The aggregate related fair value of securities with unrealized losses:				
		1.	Less than 12 Months	$	926,138,388
		2.	12 Months or Longer	$	184,571,945

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 has not entered into any repurchase agreements during the year.

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

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -
2. Securities Lending	
(a) Open	$ 109,976,126
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	109,976,126
(g) Securities Received	24,851,337
(h) Total Collateral Received	$ 134,827,463
3. Dollar Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -

b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) $ 109,976,126

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

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-

NOTES TO FINANCIAL STATEMENTS

(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -

2. Securities Lending

(a) Open	$ -	$ -
(b) 30 Days or Less	44,109,367	44,102,146
(c) 31 to 60 Days	37,104,061	37,104,061
(d) 61 to 90 Days	28,769,918	28,769,919
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	109,983,346	109,976,126
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ 109,983,346	$ 109,976,126

3. Dollar Repurchase Agreement

(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -

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

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

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

F. Real Estate

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

G. Investments in Low-Income Housing Tax Credits

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

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	-	-	-	-	$-	$-	$-	$-	0%	0%
b. Collateral held under security lending agreements	109,976,126	-	-	-	$109,976,126	$48,424,515	$61,551,611	$109,976,126	1%	1%
c. Subject to repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
e. Subjects to dollar repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
g. Placed under option contracts	-	-	-	-	$-	$-	$-	$-	0%	0%
h. Letter stock or securities restricted as to sale	3,815,500	-	-	-	$3,815,500	$4,036,500	$(221,000)	$3,815,500	0%	0%
i. On deposit with states	854,613,558	-	-	-	$854,613,558	$855,254,222	$(640,664)	$854,613,558	6%	6%
j. On deposit with other regulatory bodies	-	-	-	-	$-	$-	$-	$-	0%	0%
k. Pledged as collateral not captured in other categories	-	-	-	-	$-	$-	$-	$-	0%	0%
l. Other restricted assets	-	-	-	-	$-	$-	$-	$-	0%	0%
m. Total Restricted Assets	$968,405,184	$-	$-	$-	$968,405,184	$907,715,237	$60,689,947	$968,405,184	7%	7%

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

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

   Not Applicable

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

   Not Applicable

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

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

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

NOTES TO FINANCIAL STATEMENTS

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 $236,475 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2013.

Note 8 - Derivative Instruments

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

Beginning in July 2012, the Company, as part of its risk management program, diversification, and economic hedging strategies, entered into total return swap agreements with net notional amounts totaling 73,766,667. In December 2012, one position with notional amounts totaling 26,600,000 matured, the loss associated with this matured position was $1,719,890. The remaining contracts expired at various points during 2013, with the last contract expiring in September 2013. The Company reported a realized loss of $3,974,329 in 2013.

Note 9 - Income Taxes

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

1.

	12/31/2013		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 441,677,550	$ 8,054,900	$ 449,732,450
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	441,677,550	8,054,900	449,732,450
(d) Deferred Tax Assets Nonadmitted	57,902,429	-	57,902,429
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	383,775,121	8,054,900	391,830,021
(f) Deferred Tax Liabilities	61,641,994	23,677,456	85,319,450
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 322,133,127	$ (15,622,556)	$ 306,510,571

	12/31/2012		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 266,651,550	$ 10,964,450	$ 277,616,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	266,651,550	10,964,450	277,616,000
(d) Deferred Tax Assets Nonadmitted	16,928,791	2,877,329	19,806,120
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	249,722,759	8,087,121	257,809,880
(f) Deferred Tax Liabilities	33,276,176	6,909,824	40,186,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 216,446,583	$ 1,177,297	$ 217,623,880

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ 175,026,000	$ (2,909,550)	$ 172,116,450
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	175,026,000	(2,909,550)	172,116,450
(d) Deferred Tax Assets Nonadmitted	40,973,638	(2,877,329)	38,096,309
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	134,052,362	(32,221)	134,020,141
(f) Deferred Tax Liabilities	28,365,818	16,767,632	45,133,450
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 105,686,544	$ (16,799,853)	$ 88,886,691

2.

	12/31/2013		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 214,873,974	$ 2,021,852	$ 216,895,826
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	89,614,745	-	89,614,745
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	89,614,745	-	89,614,745
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			365,501,027
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	61,641,994	23,677,456	85,319,450
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 366,130,713	$ 25,699,308	$ 391,830,021

	12/31/2012		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 48,025,000	$ 1,177,297	$ 49,202,297
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	168,421,583	-	168,421,583
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	168,421,583	-	168,421,583
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			259,583,905
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	33,276,176	6,909,824	40,186,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 249,722,759	$ 8,087,121	$ 257,809,880

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 166,848,974	$ 844,555	$ 167,693,529
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(78,806,838)	-	(78,806,838)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(78,806,838)	-	(78,806,838)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			105,917,122
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	28,365,818	16,767,632	45,133,450
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 116,407,954	$ 17,612,187	$ 134,020,141

3.

	2013	2012
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	397.37%	459.02%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	2,479,932,316	1,669,684,805

4.

	12/31/2013		12/31/2012		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	$ 441,677,550	$ 8,054,900	$ 266,651,550	$ 10,964,450	$ 175,026,000	$ (2,909,550)
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	$ 383,775,121	$ 8,054,900	$ 249,722,759	$ 8,087,121	$ 134,052,362	$ (32,221)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

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

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

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

	(1) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 121,255,856	$ 84,330,850	$ 36,925,006
(b) Foreign	869	-	869
(c) Subtotal	121,256,725	84,330,850	36,925,875
(d) Federal income tax on net capital gains	30,074,276	(2,777,850)	32,852,126
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 151,331,001	$ 81,553,000	$ 69,778,001

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 158,824,000	$ 71,705,000	$ 87,119,000
(2) Unearned premium reserve	177,804,000	93,043,000	84,761,000
(3) Policyholder reserves	-	-	-
(4) Investments	4,509,000	6,014,000	(1,505,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	272,000	4,433,000	(4,161,000)
(8) Compensation and benefits accrual	11,920,000	6,095,000	5,825,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	11,558,000	5,973,000	5,585,000
(11) Net operating loss carry-forward	17,353,000	22,246,000	(4,893,000)
(12) Tax credit carry-forward	15,038,000	5,280,000	9,758,000
(13) Other (including items <5% of total ordinary tax assets)	44,399,550	51,862,550	(7,463,000)
(99) Subtotal	441,677,550	266,651,550	175,026,000
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	57,902,429	16,928,791	40,973,638
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	383,775,121	249,722,759	134,052,362
(e) Capital			
(1) Investments	8,054,900	10,964,450	(2,909,550)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	8,054,900	10,964,450	(2,909,550)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	2,877,329	(2,877,329)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	8,054,900	8,087,121	(32,221)
(i) Admitted deferred tax assets (2d + 2h)	391,830,021	257,809,880	134,020,141
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	7,056,000	12,884,000	(5,828,000)
(2) Fixed assets	32,897,000	471,000	32,426,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	21,688,994	19,921,176	1,767,818
(99) Subtotal	61,641,994	33,276,176	28,365,818
(b) Capital:			
(1) Investments	23,677,456	6,909,824	16,767,632
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	23,677,456	6,909,824	16,767,632
(c) Deferred tax liabilities (3a99 + 3b99)	85,319,450	40,186,000	45,133,450
4. Net deferred tax assets/liabilities (2i – 3c)	$ 306,510,571	$ 217,623,880	$ 88,886,691

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of excludable dividend income, partnership income, tax exempt interest, unearned premium reserve deductions, discounting of unpaid losses and LAE and depreciation.

NOTES TO FINANCIAL STATEMENTS

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

Year Generated	Amount	Expiration
2011	$ 49,580,000	2031

The Company has no foreign tax credit carry-forwards.

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

Year Generated	Amount	Expiration
2009	$ 43	2029
2011	$ 941,927	2031
2012	$ 3,411,510	2032
2013	$ 10,685,000	2033

The Company has no alternative minimum tax credit carry-forwards.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $170,379,000 from the current year and $46,517,226 from the preceding year.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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 Mutual Holding Company Inc.
The Midwestern Indemnity Company
The National Association
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.

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Agency Corporation (“LMAC”), an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc. (“LMHC”), a Massachusetts company.

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

C. As of December 31, 2013, the Company had the following capital transactions with its parent and subsidiaries:

1. Received capital contributions of $653,495,262 from its parent, LMAC.

2. Received return of capital distributions of $75,162,115.

3. Contributed capital in the amount of $72,910,621.

4. Received dividends in the amount of $191,537,885.

D. At December 31, 2013, the Company reported a net $189,831,520 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

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

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

The Company is a party to a management services agreement (the “Agreement”) with Liberty Mutual Insurance Company (“LMIC”). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and Liberty Mutual Group Inc. ("LMGI"). Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

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

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

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

Company	*Credit Line*
Indiana Insurance Company	$50,000,000
Liberty Mutual Insurance Company	$150,000,000
The Ohio Casualty Insurance Company	$100,000,000
Peerless Indemnity Insurance Company	$50,000,000
Safeco Insurance Company of America	$100,000,000
The Netherlands Insurance Company	$50,000,000

NOTES TO FINANCIAL STATEMENTS

There were no outstanding loans as of December 31, 2013.

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

Company	***Credit Line***
Indiana Insurance Company	$50,000,000
Liberty Mutual Insurance Company	$150,000,000
The Ohio Casualty Insurance Company	$100,000,000
Peerless Indemnity Insurance Company	$50,000,000
Safeco Insurance Company of America	$100,000,000
The Netherlands Insurance Company	$50,000,000

There were no outstanding borrowings as of December 31, 2013.

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

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

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

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

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

L. The Company does not hold any investments in downstream non-insurance holding companies.

Note 11- Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

The Company is a member of the Federal Home Loan Bank of Boston. There were no outstanding borrowings as of December 31, 2013.

	12/31/2013	12/31/2012
(2) FHLB stock purchased/owned as part of the agreement	$3,815,500	$4,036,500
(3) Collateral pledged to the FHLB	$-	$-
(4) Borrowing capacity currently available	$1,200,000,000	$1,200,000,000
(5) Agreement assets and liabilities	$-	$-
General Account:		
a. Assets	$-	$-
b. Liabilities	$-	$-
Separate Account:		
c. Assets	$-	$-
d. Liabilities	$-	$-

Borrowing capacity is based on LMHC Board authorized amount.

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

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

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

1. The Company has 5,000,000 common shares authorized, and 3,524,456 shares issued and outstanding as of December 31, 2013. All shares have a stated par value of $2.50.

   The Company has 113,043 preferred shares authorized and no shares are issued and outstanding as of December 31, 2013. All shares have a stated par value of $2.50.

   Treasury Stock held by the Company in the amount of $165,716 was retired.

2. Preferred Stock

   Not applicable

NOTES TO FINANCIAL STATEMENTS

3. The Company has no dividend restrictions.

4. The Company did not pay any dividends to its parent in 2013.

5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of surplus. The maximum dividend payout that may be made without prior approval in 2014 is $278,644,289.

6. As of December 31, 2013, the Company has pre-tax restricted surplus of $22,274,741 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

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

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $(426,232,557) after applicable deferred taxes of $(16,621,806).

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

   Refer to Note 10E.

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $33,242,041 that is offset by future premium tax credits of $2,456,995. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2013 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 3,799,316
b.	Decreases current year: Premium tax offset applied	1,511,728
c.	Increases current year: Premium tax offset increase	169,407
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 2,456,995

C. Gain Contingencies

   Not applicable

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

   The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$2,893,581

NOTES TO FINANCIAL STATEMENTS

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

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

Indicate whether claim count information is disclosed per claim or per claimant.
(f) Per Claim [X]   (g) Per Claimant [ ]

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	Operating Leases
2013	$ 22,702,499
2014	22,953,741
2015	18,453,392
2016	10,352,238
2017	7,427,936
2018 & thereafter	59,283,971
Total	$141,173,776

   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 $1,953,214.

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

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

NOTES TO FINANCIAL STATEMENTS

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, 2013 the total fair value of securities on loan was $132,038,224, with corresponding collateral value of $134,827,463 of which $109,976,126 represents cash collateral that was reinvested.

C. Wash Sales

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

Note 18 - Gain or Loss from Uninsured 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

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

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

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

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$108,314,048	$4,805,110	$113,119,158
Non-Issuer Obligations	-	5,466,918	-	5,466,918
Total Bonds	$ -	$113,780,966	$4,805,110	$118,586,076
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$35,989,700	$ -	$35,989,700
Total Preferred Stocks	$ -	$35,989,700	$ -	$35,989,700
Common Stocks				
Industrial and Miscellaneous	$737,179,562	$ -	$3,815,500	$740,995,062
Total Common Stocks	$737,179,562	$ -	$3,815,500	$740,995,062

NOTES TO FINANCIAL STATEMENTS

Other Assets				
Other	$ -	$ -	$23,200,935	$23,200,935
Total Other Assets	$ -	$ -	$23,200,935	$23,200,935
Total assets at fair value	$737,179,562	$149,770,666	$31,821,545	$918,771,773
Liabilities at fair value				
Derivative Liabilities	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2012	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2013
Bonds	$ -	$4,804,790	($22,961,929)	$ -	($1,729)	$24,116,530	$ -	($1,151,401)	($1,151)	$4,805,110
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	4,993,188	-	(956,688)	-	-			(221,000)		3,815,500
Other Assets	-	-	-	-	-	24,151,810		(950,875)		23,200,935
Total	$4,993,188	$4,804,790	($23,918,617)	$ -	($1,729)	$48,268,340	$ -	($2,323,276)	($1,151)	$31,821,545

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents, and Short Term	$162,390,819	$162,390,819	$155,742,387	$6,648,432	-	-
Bonds	8,546,807,176	8,420,957,292	67,905,257	8,405,766,922	73,134,997	-
Preferred Stock	35,989,700	35,989,700	-	35,989,700	-	-
Common Stock	740,995,062	1,386,893,605	737,179,562	-	3,815,500	-
Other Assets	23,200,935	23,200,935	-	-	23,200,935	
Securities Lending	109,976,126	109,976,126	-	109,976,126	-	-
Mortgage Loans	227,233,615	216,564,506	-	-	227,233,615	-
Surplus Notes	-	-	-	-	-	-
Total	$9,846,593,433	$10,355,972,983	$960,827,206	$8,558,381,180	$327,385,047	$ -

D. Not Practicable 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 $854,613,558 and $855,254,223 as of December 31, 2013 and 2012, respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

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

Interrogatory 6.2

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

Interrogatory 6.3

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

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

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

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Film Credit	CT	$ 220,000	$ 220,000
Total		$ 220,000	$ 220,000

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

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

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

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

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
Transferable	-	-
Non-transferable	$ 220,000	-

F. Subprime-Mortgage-Related Risk Exposure

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

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

NOTES TO FINANCIAL STATEMENTS

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
$4,465,165	$4,403,148	$4,269,386	$7,903

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

G. Offsetting and Netting of Assets and Liabilities

Not applicable.

H. Joint and Several Liabilities

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2014, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2013 that would require disclosure.

Note 23 - Reinsurance

Effective January 1, 2013, all of the Company's reinsurance was assigned to Liberty Mutual Insurance Company ("LMIC"), the lead company in the Liberty Mutual Pool. As of December 31, 2013 all unaffiliated reinsurance is reflected on LMIC. There was no impact to surplus as a result of this assignment.

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$2,376,172,424	$186,485,424	$340,050,084	$89,133,928	$2,036,122,340	$97,351,496
b. All Other	-	-	-	-	-	-
c. TOTAL	$2,376,172,424	$186,485,424	$340,050,084	$89,133,928	$2,036,122,340	$97,351,496
d. Direct Unearned Premium Reserve $340,050,084						

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

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$158,501,854	$83,541,136	$158,501,854	$83,541,136
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	$158,501,854	$83,541,136	$158,501,854	$83,541,136

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.

NOTES TO FINANCIAL STATEMENTS

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(212,437,099)	$ -
2. Adjustments – Prior Year (s)	(22,957,731)	-
3. Adjustments – Current Year	227,531,206	-
4. Current Total	$ (7,863,624)	$ -
b. Consideration Paid or Received:		
1. Initial Consideration	$ (31,647,207)	$ -
2. Adjustments – Prior Year (s)	(10,873,644)	-
3. Adjustments – Current Year	(93,443)	-
4. Current Total	$ (42,614,294)	$ -
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$ 35,509,757	$ -
2. Current Year	(227,749,724)	-
3. Current Total	$ (192,239,967)	$ -
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$ 187,896,524	$ -
2. Adjustments – Prior Year (s)	(30,532,302)	-
3. Adjustments – Current Year	125,075	-
4. Current Year Restricted Surplus	22,274,741	-
5. Cumulative Total Transferred to Unassigned Funds	$ 135,214,556	$ -
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company	$(7,863,624)	$ -
Total	$(7,863,624)	$ -

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

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

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, 2013.

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

The Company does not transact business with Certified Reinsurers.

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. Medical Loss Ratio Rebates

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

NOTES TO FINANCIAL STATEMENTS

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

a.	Total accrued retro premium	$104,589,584
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	10,441,952
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$94,147,632

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

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

NOTES TO FINANCIAL STATEMENTS

	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

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

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

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

Affiliate:	Amount:
Liberty Mutual Insurance Company	$81,722,792

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $120,618,050 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 $120,618,050 as of December 31, 2013.

B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 59,657,623

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

As of December 31, 2013, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $1,171,966,285 and the amount billed and recoverable on paid claims was $39,053,591.

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

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

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	122,975,699	160,411,756
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	935,330	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	123,911,029	160,411,756

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

NOTES TO FINANCIAL STATEMENTS

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

In the third quarter of 2013, the Company completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded asbestos and environmental unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. Asbestos and environmental unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of $56 million including: a $23 million final contingent payment triggered on a large settlement; $20 million of other asbestos reserves, primarily associated with increased defense costs; and $12 million of pollution reserves.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Asbestos:

	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	346,110,846	401,609,234	300,622,251	317,001,708	311,316,538
Incurred losses and LAE	110,285,088	15,370,512	80,731,751	47,802,224	82,917,125
Calendar year payments	54,786,700	116,357,495	64,352,294	53,487,394	44,381,168
Ending Reserves	401,609,234	300,622,251	317,001,708	311,316,538	349,852,494
Assumed Reinsurance Basis					
Beginning Reserves	156,877,950	127,708,779	123,203,356	124,624,879	115,013,707
Incurred losses and LAE	(19,295,501)	9,738,153	8,876,594	3,016,561	14,932,887
Calendar year payments	9,873,669	14,243,576	7,455,071	12,627,733	5,993,524
Ending Reserves	127,708,779	123,203,356	124,624,879	115,013,707	123,953,071
Net of Ceded Reinsurance Basis					
Beginning Reserves	177,698,801	231,335,292	162,852,612	193,548,043	178,029,817
Incurred losses and LAE	91,818,935	(21,409,037)	65,347,679	29,834,481	47,104,818
Calendar year payments	38,182,445	47,073,643	34,652,248	45,352,708	25,689,914
Ending Reserves	231,335,292	162,852,612	193,548,043	178,029,817	199,444,721

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	206,928,363
Assumed Reinsurance Basis	92,529,285
Net of Ceded Reinsurance Basis	117,410,324
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	179,084,700
Assumed Reinsurance Basis	5,316,271
Net of Ceded Reinsurance Basis	76,574,235

Environmental:

	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	106,417,765	88,369,999	82,934,147	84,948,623	84,028,567
Incurred losses and LAE	4,251,690	7,743,516	17,266,195	12,207,065	19,045,897
Calendar year payments	22,299,456	13,179,369	15,251,719	13,127,121	13,380,355
Ending Reserves	88,369,999	82,934,147	84,948,623	84,028,567	89,694,109
Assumed Reinsurance Basis					
Beginning Reserves	15,013,680	15,492,261	12,667,544	11,860,453	12,997,868
Incurred losses and LAE	1,687,575	(19,511)	1,399,381	(3,628,401)	868,965
Calendar year payments	1,208,995	2,805,206	2,206,472	(4,765,816)	1,034,276
Ending Reserves	15,492,261	12,667,543	11,860,453	12,997,868	12,832,557
Net of Ceded Reinsurance Basis					
Beginning Reserves	97,208,269	80,651,128	71,081,851	69,398,962	61,699,541
Incurred losses and LAE	(3,687,603)	(551,298)	2,796,829	(384,461)	12,201,343
Calendar year payments	12,869,539	9,017,979	4,479,718	7,314,959	9,304,179
Ending Reserves	80,651,128	71,081,851	69,398,962	61,699,541	64,596,706

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	54,358,703
Assumed Reinsurance Basis	8,891,166
Net of Ceded Reinsurance Basis	34,621,921
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	31,366,033
Assumed Reinsurance Basis	1,884,936
Net of Ceded Reinsurance Basis	14,661,398

NOTES TO FINANCIAL STATEMENTS

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

1.3 State Regulating? New Hampshire

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?
State of New Hampshire Insurance Department

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] 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).
Effective May 6, 2013, Liberty made significant revisions to the format and contents of its Code to make this easier for employees to read and understand. These revisions did not change the core requirements and policies in the Code.

GENERAL INTERROGATORIES

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

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

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 134,827,463

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 109,976,126

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 109,976,126

24.103 Total payable for securities lending reported on the liability page $ 109,976,126

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 3,815,500
25.28	On deposit with state or other regulatory body	$ 854,613,558
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK BOSTON	3,815,500
		0
		0

GENERAL INTERROGATORIES

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
Bank of Itau	Av. Engenheiro Armondo de Arruda Pereira, 707 Torre Eudoro Villela

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

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	8,524,831,007	8,650,680,698	125,849,691
30.2 Preferred stocks	35,989,700	35,989,700	0
30.3 Totals	8,560,820,707	8,686,670,398	125,849,691

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? $ 11,362,420

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? $ 10,758,017

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? $ 419,407

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	$ 1,219,916	$ 0
2.2	Premium Denominator	$ 4,871,490,812	$ 2,705,579,983
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 5,811,716	$ 12,703,262
2.5	Reserve Denominator	$ 9,589,550,422	$ 4,383,509,523
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 5,381,129
3.22	Non-participating policies	$ 754,937,058

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

5.21	Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [X]
5.22	As a direct expense of the exchange	Yes [ ] No [ ] N/A [X]

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

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

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 21C2

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C2

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C2

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 69,055,110

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 27,683,917

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? $ 10,712,643

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

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

12.41 From 4.00 %

12.42 To 7.00 %

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

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

12.61 Letters of Credit $ 1,221,501,776

12.62 Collateral and other funds $ 370,923,140

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 150,000,000

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

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

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] 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 [ ]

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

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

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

15.2 If yes, give full information

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

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

		1 2013	2 2012	3 2011	4 2010	5 2009
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,965,421,100	4,206,657,472	4,241,266,729	4,348,696,044	5,502,241,216
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	668,792,812	2,232,138,690	2,092,669,416	2,094,280,352	2,492,748,247
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	596,263,093	3,938,437,915	3,721,443,719	3,551,922,527	4,234,106,509
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(182,145,287)	731,723,077	769,919,108	763,947,049	1,007,375,003
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	57,079,471	15,738	5,593	101,324	447
6.	Total (Line 35)	3,105,411,189	11,108,972,892	10,825,304,565	10,758,947,296	13,236,471,422
	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)	2,845,860,067	1,047,170,720	1,057,486,168	1,083,788,422	1,203,777,911
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,192,399,122	559,210,424	521,337,402	521,044,350	558,694,420
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,594,441,936	964,060,594	912,053,153	867,865,058	797,777,742
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	137,717,244	180,948,281	188,720,524	184,097,912	205,445,421
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	57,079,471				27
12.	Total (Line 35)	5,827,497,840	2,751,390,019	2,679,597,247	2,656,795,742	2,765,695,521
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(276,931,495)	(14,777,982)	(180,298,775)	(37,497,227)	111,053,844
14.	Net investment gain (loss) (Line 11)	556,336,031	443,353,245	196,759,465	240,617,073	227,521,942
15.	Total other income (Line 15)	1,067,419	11,655,347	5,307,361	(28,460,537)	(8,145,894)
16.	Dividends to policyholders (Line 17)	7,705,772	6,488,375	5,299,127	(888,116)	11,295,896
17.	Federal and foreign income taxes incurred (Line 19)	121,256,724	84,330,850	(7,123,147)	5,115,645	105,839,007
18.	Net income (Line 20)	151,509,459	349,411,385	23,592,071	170,431,780	213,294,989
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	13,621,186,110	7,629,799,775	7,361,784,538	7,420,492,899	8,377,241,549
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	314,702,685	80,100,722	100,980,868	94,609,867	104,541,562
	20.2 Deferred and not yet due (Line 15.2)	1,499,281,420	1,116,743,314	1,014,073,115	967,205,954	894,771,266
	20.3 Accrued retrospective premiums (Line 15.3)	94,147,632	17,177	1,163,639	2,308,536	4,115,082
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	10,834,743,223	5,742,491,090	5,559,307,309	5,642,817,569	5,967,896,625
22.	Losses (Page 3, Line 1)	5,698,661,689	2,228,057,451	2,271,621,602	2,250,497,523	2,368,875,142
23.	Loss adjustment expenses (Page 3, Line 3)	1,223,350,214	509,545,123	502,296,047	502,280,553	563,987,478
24.	Unearned premiums (Page 3, Line 9)	2,376,172,424	1,321,805,644	1,269,858,758	1,222,995,740	1,159,485,799
25.	Capital paid up (Page 3, Lines 30 & 31)	8,848,635	8,848,635	8,848,635	8,848,635	8,848,635
26.	Surplus as regards policyholders (Page 3, Line 37)	2,786,442,887	1,887,308,685	1,802,477,229	1,777,675,330	2,409,344,924
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	4,805,586,842	409,142,233	133,352,265	(187,953,149)	167,282,626
	Risk-Based Capital Analysis					
28.	Total adjusted capital	2,786,442,887	1,887,308,685	1,802,477,229	1,777,675,330	2,409,344,924
29.	Authorized control level risk-based capital	624,080,541	363,747,637	355,139,007	348,747,336	360,340,526
	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)	76.5	67.3	65.7	68.9	73.7
31.	Stocks (Lines 2.1 & 2.2)	12.9	22.8	25.6	21.6	18.5
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)	2.0	2.4	2.3	2.4	1.9
33.	Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.1	0.1	0.1	0.1
34.	Cash, cash equivalents and short-term investments (Line 5)	1.5	4.6	4.6	5.4	4.9
35.	Contract loans (Line 6)					
36.	Derivatives (Line 7)					X X X
37.	Other invested assets (Line 8)	6.0	1.7	0.9	0.2	1.0
38.	Receivables for securities (Line 9)	0.2	0.1	0.0	0.0	
39.	Securities lending reinvested collateral assets (Line 10)	1.0	0.9	0.8	1.3	X X X
40.	Aggregate write-ins for invested assets (Line 11)					
41.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					14,367,920
44.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	645,898,544	829,047,415	1,075,241,775	1,051,840,464	1,080,828,590
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	482,371,874				
48.	Total of above Lines 42 to 47	1,128,270,418	829,047,415	1,075,241,775	1,051,840,464	1,095,196,510
49.	Total investment in parent included in Lines 42 to 47 above					
50.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	40.5	43.9			

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2013	2 2012	3 2011	4 2010	5 2009
	Capital and Surplus Accounts (Page 4)					
51.	Net unrealized capital gains (losses) (Line 24)	(55,891,114)	(166,358,574)	5,608,420	63,859,482	159,361,186
52.	Dividends to stockholders (Line 35)		(175,000,000)		(1,087,270,097)	
53.	Change in surplus as regards policyholders for the year (Line 38)	899,134,202	84,831,456	24,801,899	(631,669,594)	390,277,517
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,428,787,446	2,484,795,591	2,605,914,794	3,238,365,280	(211,888,056)
55.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	590,248,543	1,167,444,606	1,175,686,120	1,062,145,551	1,005,318,086
56.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,199,835,322	2,194,857,770	2,531,818,792	1,921,266,867	1,225,018,873
57.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	170,801,156	280,667,929	189,950,176	145,057,226	(16,258,447)
58.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(76,839,475)	8,440,201	9,625,235	22,590,406	(205,135,158)
59.	Total (Line 35)	6,312,832,992	6,136,206,097	6,512,995,117	6,389,425,330	1,797,055,298
	Net Losses Paid (Page 9, Part 2, Col. 4)					
60.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	(1,564,988,550)	595,979,990	640,132,157	803,359,317	728,746,061
61.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	435,223,334	294,815,285	295,835,761	267,003,448	262,985,915
62.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	590,389,932	548,574,270	625,895,627	462,532,552	478,434,177
63.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	39,261,817	70,646,855	47,569,969	36,429,413	29,040,723
64.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(100,676,737)	1,783,371	1,987,156	5,395,568	(46,870,018)
65.	Total (Line 35)	(600,790,204)	1,511,799,771	1,611,420,670	1,574,720,298	1,452,336,858
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67.	Losses incurred (Line 2)	59.2	54.3	61.9	56.0	50.7
68.	Loss expenses incurred (Line 3)	14.3	12.4	12.1	11.8	11.9
69.	Other underwriting expenses incurred (Line 4)	32.2	33.9	32.9	33.6	33.2
70.	Net underwriting gain (loss) (Line 8)	(5.7)	(0.5)	(6.8)	(1.4)	4.2
	Other Percentages					
71.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	26.9	32.9	32.2	33.9	32.0
72.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.5	66.7	73.9	67.8	62.6
73.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	209.1	145.8	148.7	149.5	114.8
	One Year Loss Development (000 omitted)					
74.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	163,042	(105,626)	(70,998)	(30,610)	(194,378)
75.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	8.6	(5.9)	(4.0)	(1.3)	(9.6)
	Two Year Loss Development (000 omitted)					
76.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	175,800	(135,500)	(63,709)	(155,396)	(280,089)
77.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	9.8	(7.6)	(2.6)	(7.7)	(19.1)

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

If no, please explain:

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	162,462	62,401	49,791	17,918	8,834	1,063	2,023	139,705	X X X
2. 2004	4,705,709	766,664	3,939,045	2,315,525	376,373	172,272	23,424	325,816	11,235	156,833	2,402,581	X X X
3. 2005	4,870,806	686,759	4,184,047	2,594,786	504,199	182,490	26,180	333,009	12,960	148,864	2,566,946	X X X
4. 2006	5,090,272	720,761	4,369,511	2,412,040	288,155	187,149	20,235	350,190	15,855	140,774	2,625,134	X X X
5. 2007	5,264,803	776,032	4,488,771	2,601,870	368,739	198,104	21,390	355,460	16,956	166,092	2,748,349	X X X
6. 2008	5,411,669	887,352	4,524,317	3,022,909	461,447	213,860	21,988	399,338	14,860	151,035	3,137,812	X X X
7. 2009	5,112,454	1,025,239	4,087,215	2,586,251	464,225	174,325	18,498	371,268	3,913	142,228	2,645,208	X X X
8. 2010	5,114,656	902,912	4,211,744	2,615,542	433,151	159,383	13,905	387,026	1,254	159,570	2,713,641	X X X
9. 2011	5,374,402	1,062,698	4,311,704	2,716,469	518,440	128,367	18,467	378,612	1,088	187,533	2,685,453	X X X
10. 2012	5,790,307	1,142,389	4,647,918	2,515,311	533,154	84,883	11,661	377,960	121	181,951	2,433,218	X X X
11. 2013	6,091,742	1,220,252	4,871,490	1,697,709	440,688	28,948	2,889	299,101	105	96,824	1,582,076	X X X
12. Totals	X X X	X X X	X X X	25,240,874	4,450,972	1,579,572	196,555	3,586,614	79,410	1,533,727	25,680,123	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						Number of Claims Outstanding Direct and Assumed
	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	
1. Prior	1,214,780	425,115	567,522	315,947	66,579	46,579	248,173	111,745	50,902	99	15,836	1,248,471	X X X
2. 2004	65,950	22,635	86,367	25,829	1,481	502	18,499	1,782	3,535		2,851	125,084	X X X
3. 2005	69,810	22,422	85,227	36,733	1,460	384	15,398	1,861	4,042	1	3,557	114,536	X X X
4. 2006	72,511	18,433	123,149	31,949	2,446	841	16,261	3,133	4,543	5	14,068	164,549	X X X
5. 2007	116,999	20,632	128,934	29,614	4,398	1,580	25,294	3,369	4,595		4,302	225,025	X X X
6. 2008	151,698	29,641	184,684	37,732	6,060	1,186	44,695	7,335	8,509	49	14,839	319,703	X X X
7. 2009	173,807	24,372	208,575	43,119	7,473	1,458	61,623	7,107	13,597	(9)	7,720	389,028	X X X
8. 2010	261,114	36,250	245,138	38,530	9,772	1,865	74,728	7,584	21,686	95	10,846	528,114	X X X
9. 2011	369,522	41,096	374,843	67,258	15,211	2,982	117,167	12,030	36,679	7	23,062	790,049	X X X
10. 2012	526,785	59,967	598,365	89,928	15,478	2,561	173,634	15,952	51,862	35	57,762	1,197,681	X X X
11. 2013	649,891	78,689	1,082,550	163,669	10,701	1,236	191,999	12,980	141,302	100	87,512	1,819,769	X X X
12. Totals	3,672,867	779,252	3,685,354	880,308	141,059	61,174	987,471	184,878	341,252	382	242,355	6,922,009	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	1,041,240	207,231
2. 2004	2,989,445	461,780	2,527,665	63.528	60.232	64.169			20.000	103,853	21,231
3. 2005	3,286,222	604,740	2,681,482	67.468	88.057	64.088			20.000	95,882	18,654
4. 2006	3,168,289	378,606	2,789,683	62.242	52.529	63.844			20.000	145,278	19,271
5. 2007	3,435,654	462,280	2,973,374	65.257	59.570	66.240			20.000	195,687	29,338
6. 2008	4,031,753	574,238	3,457,515	74.501	64.714	76.421			20.000	269,009	50,694
7. 2009	3,596,919	562,683	3,034,236	70.356	54.883	74.237			20.000	314,891	74,137
8. 2010	3,774,389	532,634	3,241,755	73.796	58.991	76.969			20.000	431,472	96,642
9. 2011	4,136,870	661,368	3,475,502	76.974	62.235	80.606			20.000	636,011	154,038
10. 2012	4,344,278	713,379	3,630,899	75.027	62.446	78.119			20.000	975,255	222,426
11. 2013	4,102,201	700,356	3,401,845	67.340	57.394	69.832			20.000	1,490,083	329,686
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	5,698,661	1,223,348

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	3,629,323	3,819,013	4,028,006	4,204,996	4,165,069	4,312,806	4,328,972	4,427,820	4,449,312	4,506,084	56,772	78,264
2. 2004	2,468,806	2,346,988	2,299,062	2,256,757	2,247,588	2,233,238	2,236,975	2,231,405	2,229,069	2,221,079	(7,990)	(10,326)
3. 2005	X X X	2,634,664	2,519,664	2,426,452	2,399,929	2,386,312	2,379,223	2,374,456	2,372,568	2,370,437	(2,131)	(4,019)
4. 2006	X X X	X X X	2,646,576	2,557,426	2,499,642	2,468,443	2,460,434	2,458,131	2,464,620	2,464,537	(83)	6,406
5. 2007	X X X	X X X	X X X	2,832,150	2,761,300	2,644,671	2,640,410	2,629,406	2,642,576	2,643,628	1,052	14,222
6. 2008	X X X	X X X	X X X	X X X	3,157,767	3,079,820	3,039,882	3,039,574	3,051,219	3,083,422	32,203	43,848
7. 2009	X X X	X X X	X X X	X X X	X X X	2,709,550	2,700,835	2,674,500	2,649,595	2,667,661	18,066	(6,839)
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	2,812,962	2,811,454	2,824,686	2,854,028	29,342	42,574
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,067,032	3,066,650	3,078,702	12,052	11,670
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,189,443	3,213,202	23,759	X X X
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,970,855	X X X	X X X
									12. Totals		163,042	175,800

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	832,039	1,422,489	1,858,639	2,191,370	2,438,680	2,680,950	2,884,778	3,035,256	3,167,190	X X X	X X X
2. 2004	949,796	1,445,510	1,679,810	1,843,121	1,946,356	2,005,417	2,038,913	2,060,810	2,077,087	2,087,999	X X X	X X X
3. 2005	X X X	1,030,341	1,557,143	1,816,412	1,987,370	2,099,325	2,162,977	2,198,274	2,227,480	2,246,897	X X X	X X X
4. 2006	X X X	X X X	1,027,563	1,554,434	1,818,891	2,012,592	2,135,897	2,212,178	2,261,721	2,290,798	X X X	X X X
5. 2007	X X X	X X X	X X X	1,062,132	1,641,587	1,933,344	2,139,086	2,275,279	2,360,058	2,409,845	X X X	X X X
6. 2008	X X X	X X X	X X X	X X X	1,264,234	1,946,042	2,275,672	2,504,818	2,659,496	2,753,334	X X X	X X X
7. 2009	X X X	X X X	X X X	X X X	X X X	1,068,374	1,629,792	1,925,741	2,135,990	2,277,853	X X X	X X X
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	1,175,391	1,789,850	2,101,843	2,327,869	X X X	X X X
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,384,287	1,974,892	2,307,929	X X X	X X X
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,360,973	2,055,379	X X X	X X X
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,283,080	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	1,123,592	889,888	835,743	788,748	656,375	683,524	526,776	513,089	424,088	437,256
2. 2004	961,678	514,619	341,939	236,610	187,028	142,317	125,873	112,200	98,702	84,426
3. 2005	X X X	1,046,676	549,758	332,969	225,273	162,443	123,469	105,091	82,376	71,411
4. 2006	X X X	X X X	1,033,858	576,351	375,609	248,247	177,770	141,790	126,214	114,261
5. 2007	X X X	X X X	X X X	1,091,470	632,228	377,178	256,720	184,672	154,991	130,368
6. 2008	X X X	X X X	X X X	X X X	1,157,442	634,728	409,341	284,216	205,863	199,603
7. 2009	X X X	X X X	X X X	X X X	X X X	1,037,868	622,416	410,425	275,858	231,137
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	1,014,713	566,314	384,338	289,048
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,020,881	621,185	428,125
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,174,160	676,181
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,106,237

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.		Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L				105	226	788		
2. Alaska	AK	L		26,525			(28,313)			
3. Arizona	AZ	L	43,662	40,392		28,930	(13,388)	23,404	301	
4. Arkansas	AR	L	1,120,281	1,318,962		238,786	278,647	1,092,914	7,713	
5. California	CA	L	192,502,203	193,835,909	13,980	61,653,153	66,019,205	113,440,736	1,325,373	
6. Colorado	CO	L	1,755	1,823		989	(1,100,993)	36,337	12	
7. Connecticut	CT	L	36,811,163	68,405,616	71,125	41,809,839	47,951,017	80,621,397	253,444	
8. Delaware	DE	L	3,089,527	3,321,879		2,344,241	1,973,510	4,910,402	21,271	
9. District of Columbia	DC	L	789,219	825,582		40,574	(172,611)	608,883	5,434	
10. Florida	FL	L	11,968	40,611			(40,907)	10,898	82	
11. Georgia	GA	L	16,890,757	20,059,085		12,210,716	10,774,486	9,689,478	116,292	
12. Hawaii	HI	N								
13. Idaho	ID	L								
14. Illinois	IL	L	9,214,136	9,595,325	606	3,375,733	725,479	13,529,769	63,439	
15. Indiana	IN	L	15,596,616	15,340,966		6,814,427	3,962,723	18,440,870	107,382	
16. Iowa	IA	L	927,513	917,178		719,894	77,880	1,045,933	6,386	
17. Kansas	KS	L	1,665,565	1,951,549		744,325	334,028	2,116,610	11,467	
18. Kentucky	KY	L	6,230,465	5,697,404		3,055,887	3,322,184	4,737,806	42,897	
19. Louisiana	LA	L	8,831,333	9,259,020		7,346,020	5,217,012	6,501,492	60,803	
20. Maine	ME	L	52,733,383	53,745,226	17,234	23,118,280	26,688,276	27,478,478	363,068	
21. Maryland	MD	L	11,573,834	12,332,616		6,120,366	6,071,546	15,191,049	79,686	
22. Massachusetts	MA	L	60,636,856	67,805,119	371	33,023,054	33,183,281	64,232,772	417,483	
23. Michigan	MI	L	885,576	973,321		394,273	11,734	612,657	6,097	
24. Minnesota	MN	L	2,789,765	3,210,425		1,553,158	1,954,483	5,806,180	19,207	
25. Mississippi	MS	L								
26. Missouri	MO	L	4,810,503	5,239,110		2,871,753	2,090,767	4,660,832	33,120	
27. Montana	MT	L								
28. Nebraska	NE	L	1,009,030	965,907	674	291,675	396,348	1,546,355	6,947	
29. Nevada	NV	L	25,515	13,804			487	1,904	176	
30. New Hampshire	NH	L	28,561,645	35,510,867	38,731	17,322,182	13,005,834	52,182,259	196,646	
31. New Jersey	NJ	Q	(350)	(21)			1	24,745		
32. New Mexico	NM	L	420	4,227			2,698	2,698		
33. New York	NY	L	83,628,603	140,167,196	612,352	96,598,998	92,317,310	182,656,690	575,781	
34. North Carolina	NC	L	77,423,113	97,008,825		45,812,147	40,192,178	39,669,887	533,056	
35. North Dakota	ND	L								
36. Ohio	OH	L	5,725,642	5,772,054		1,265,349	5,669,382	2,899,094	39,421	
37. Oklahoma	OK	L	9,800,682	10,680,667		7,543,447	8,650,001	14,942,118	67,477	
38. Oregon	OR	L					(1,295,552)	790,821		
39. Pennsylvania	PA	L	40,638,306	42,989,182	1,684	16,682,616	16,996,621	46,804,044	279,794	
40. Rhode Island	RI	L	31,821,581	32,422,845	529	19,989,010	19,564,730	21,504,065	219,091	
41. South Carolina	SC	L	7,235,017	8,201,337		8,603,418	(3,577,318)	18,562,320	49,813	
42. South Dakota	SD	L								
43. Tennessee	TN	L	5,025,137	5,237,177	11,862	3,194,425	1,030,032	3,277,423	34,598	
44. Texas	TX	L	5,211,841	5,907,180	492	2,245,862	3,727,889	5,279,476	35,883	
45. Utah	UT	L	2,395	2,395			420	891	16	
46. Vermont	VT	L	17,343,525	18,219,725	118,584	9,315,530	5,826,659	22,632,635	119,410	
47. Virginia	VA	L	18,281,243	19,479,495	1,674	9,068,781	8,502,012	15,807,448	125,866	
48. Washington	WA	L					(1,381,076)	6,556,391		
49. West Virginia	WV	L	184	184					1	
50. Wisconsin	WI	L	1,430,499	1,397,194	102,794	596,687	291,273	2,109,448	9,849	
51. Wyoming	WY	L								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N	(1,917)	(1,917)						
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	XXX								
59. Totals		(a) 49	760,318,191	897,921,966	992,692	445,994,630	419,200,201	812,040,397	5,234,782	

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

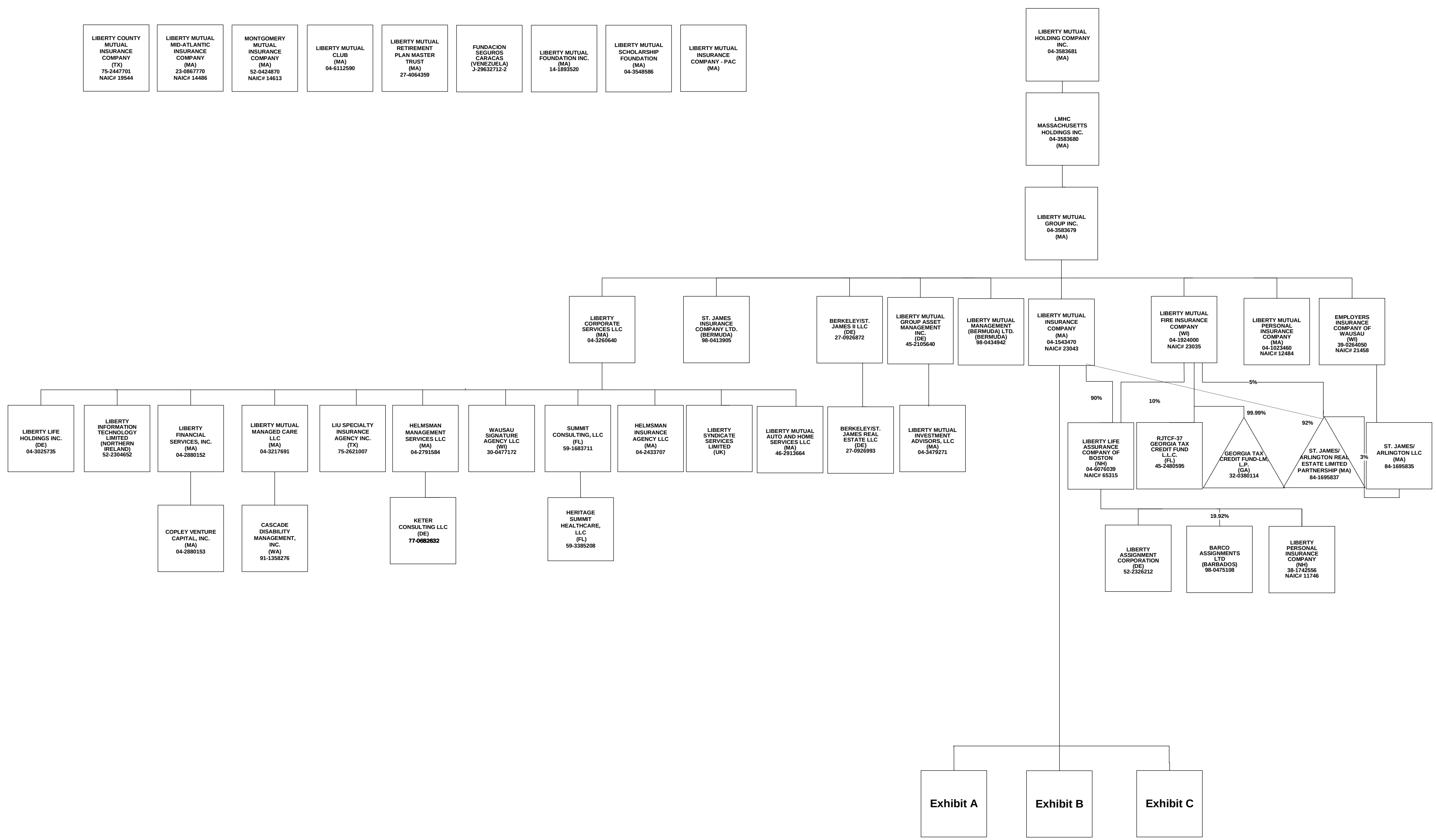
Explanation of basis of allocation of premiums by states, etc.

*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 Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty
*Point of origin of shipment or principal location of assured - Inland Marine
*State in which employees regularly work - Group Accident and Health
*Location of Court or Obligee - Surety
*Address of Assured - Other Accident and Health
*Location of Properties covered - Burglary and Theft
*Principal Location of Assured - Ocean Marine, Credit
*Primary residence of Assured - Aircraft (all perils)

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

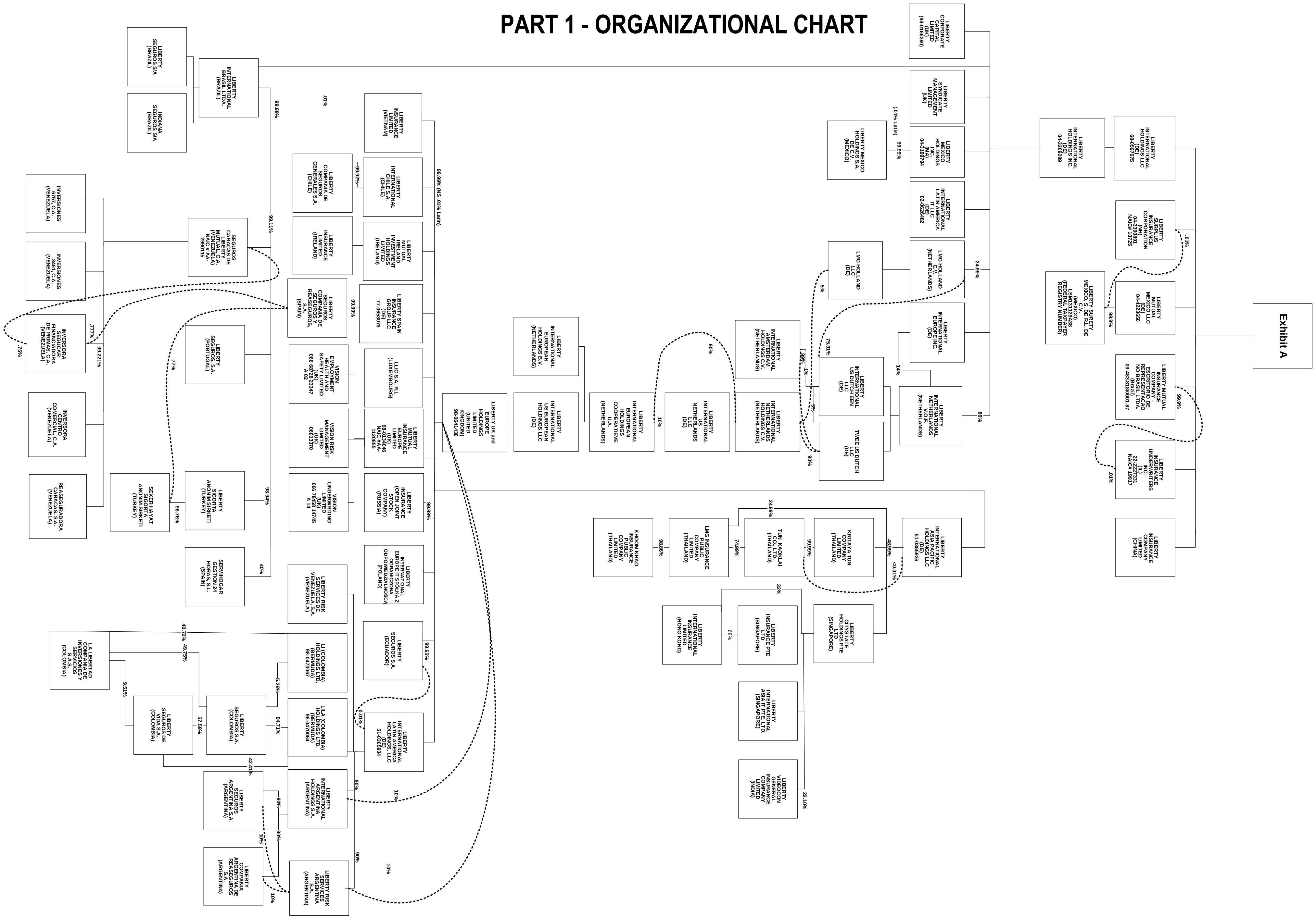
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



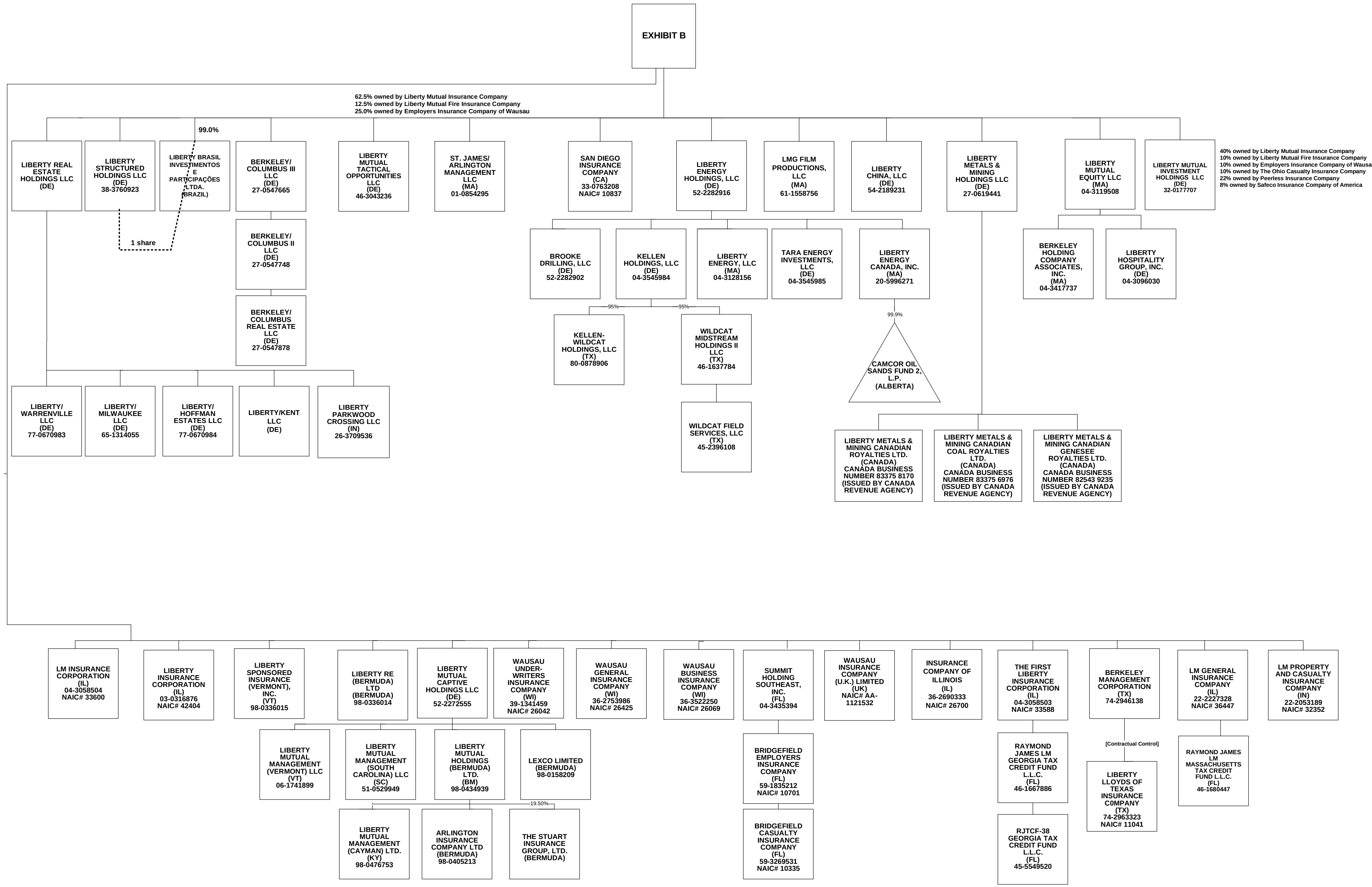
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



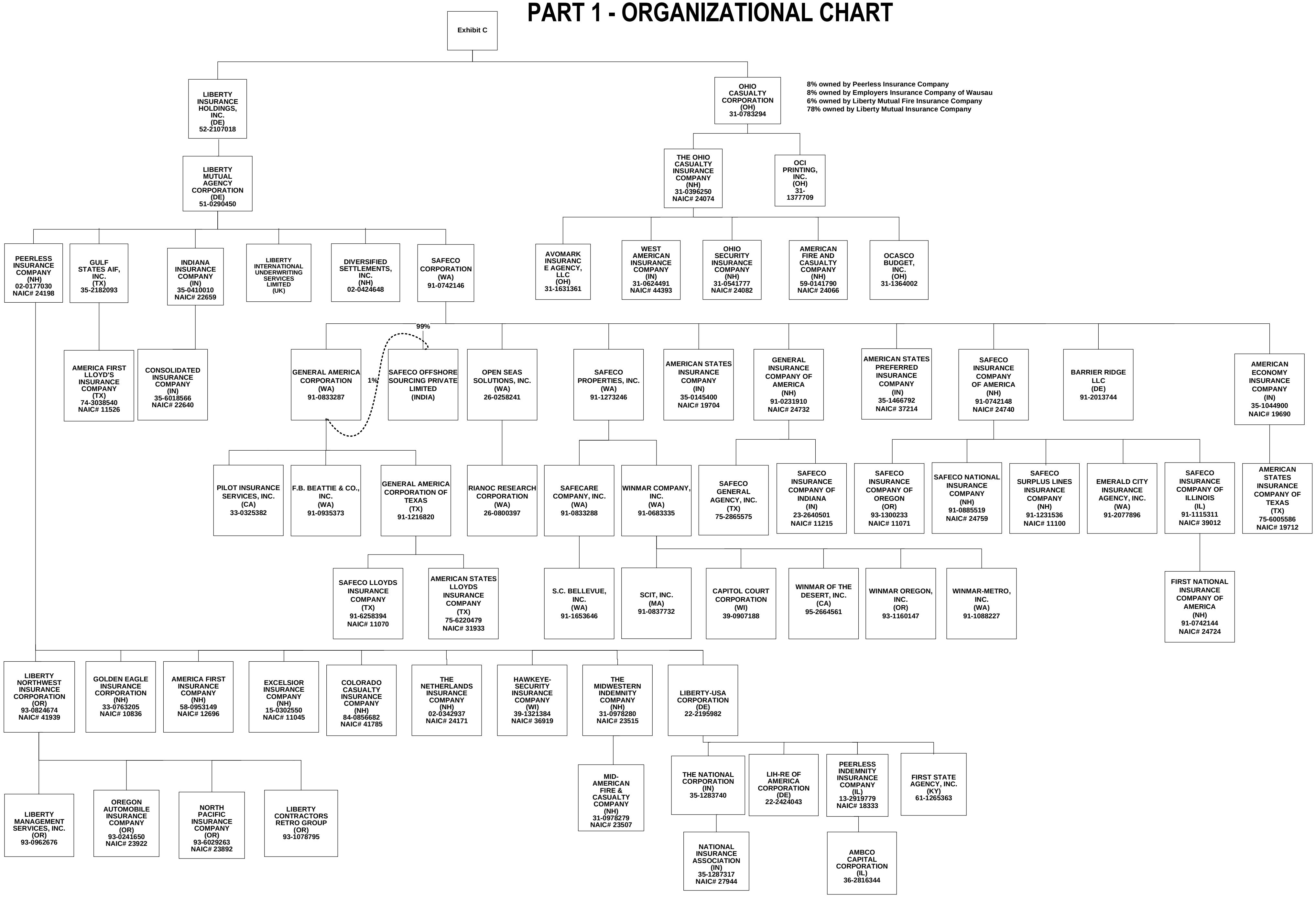
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
2504. Other assets	18,215,592	4,839,234	13,376,358	5,968,991
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	18,215,592	4,839,234	13,376,358	5,968,991

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT