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, 2015

PROPERTY AND CASUALTY

2015

24198201520100100

ANNUAL STATEMENT

For the Year Ended December 31, 2015
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 Gennaro Petruzziello (Name) 617-357-9500 x44532 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 857-224-1430 (Fax Number)

OFFICERS

Chairman of the Board

James Paul Condrin, III

	Name	Title
1.	James Paul Condrin, III	President and Chief Executive Officer
2.	Mark Charles Touhey #	Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Alison Brooke Erbig #	Vice President and Comptroller	Michael Joseph Fallon	Vice President and Chief Financial Officer
Anthony Alexander Fontanes	Vice President and Chief Investment Officer	Elizabeth Julia Morahan	Vice President and General Counsel

DIRECTORS OR TRUSTEES

Kristen Maria Bessette	James Paul Condrin, III	Alison Brooke Erbig #	Michael Joseph Fallon
Michael Henry Hughes	Elizabeth Julia Morahan	Mark Charles Touhey #	

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	Mark Charles Touhey #	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 this on this
25th day of January , 2016, 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)	8,045,029,630		8,045,029,630	7,811,909,926
2. Stocks (Schedule D):				
2.1 Preferred stocks	40,375,447		40,375,447	39,186,300
2.2 Common stocks	1,380,067,061		1,380,067,061	1,430,534,170
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	322,205,315		322,205,315	267,005,473
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	3,170,614		3,170,614	3,363,537
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 29,314,069, Schedule E - Part 1), cash equivalents ($ 22,672,510, Schedule E - Part 2), and short-term investments ($ 164,158,523, Schedule DA)	216,145,102		216,145,102	98,967,420
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	757,415,234		757,415,234	725,263,075
9. Receivables for securities	4,052,482		4,052,482	48,924,907
10. Securities lending reinvested collateral assets (Schedule DL)	176,462,256		176,462,256	193,761,232
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	10,944,923,141		10,944,923,141	10,618,916,040
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	74,520,348		74,520,348	75,480,935
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	292,370,819	17,425,494	274,945,325	276,159,867
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 5,871,944 earned but unbilled premiums)	1,239,459,051	587,195	1,238,871,856	1,172,868,764
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)	87,534,656	8,736,100	78,798,556	89,634,524
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	6,257	430	5,827	74,634
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	330,307,000	16,348,503	313,958,497	316,703,436
19. Guaranty funds receivable or on deposit	3,946,225		3,946,225	4,505,691
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	3,714	3,714		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	438,615		438,615	2,655,867
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	264,550,746	22,567,453	241,983,293	243,885,140
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,238,060,572	65,668,889	13,172,391,683	12,800,884,898
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	13,238,060,572	65,668,889	13,172,391,683	12,800,884,898

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	168,510,661		168,510,661	161,111,219
2502. Equities and deposits in pools and associations	35,273,456		35,273,456	33,045,792
2503. Amounts receivable under high deductible policies	32,656,455	46,822	32,609,633	37,885,359
2598. Summary of remaining write-ins for Line 25 from overflow page	28,110,174	22,520,631	5,589,543	11,842,770
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	264,550,746	22,567,453	241,983,293	243,885,140

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	28,110,174	22,520,631	5,589,543	11,842,770
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	28,110,174	22,520,631	5,589,543	11,842,770

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	5,595,335,919	5,548,539,375
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	5,334,052	12,266,858
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,171,519,559	1,203,190,482
4.	Commissions payable, contingent commissions and other similar charges	113,559,222	105,351,524
5.	Other expenses (excluding taxes, licenses and fees)	185,377,927	164,497,202
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	48,950,487	48,937,786
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	34,428,195	61,068,032
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 $ 174,163,835 and including warranty reserves of $ 0 and accrued accident and health experience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	2,632,208,126	2,515,271,520
10.	Advance premium	19,186,614	18,251,992
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	143,213	498,619
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	6,860,737	25,737,444
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	173,171,345	163,627,137
19.	Payable to parent, subsidiaries and affiliates	61,308,928	30,536,421
20.	Derivatives	890,522	
21.	Payable for securities	11,130,669	12,619,882
22.	Payable for securities lending	176,462,256	193,761,232
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(380,225,863)	(362,187,517)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	9,855,641,908	9,741,967,989
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	9,855,641,908	9,741,967,989
29.	Aggregate write-ins for special surplus funds	27,156,378	21,581,745
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	2,066,113,364
35.	Unassigned funds (surplus)	1,214,631,397	962,373,165
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	3,316,749,774	3,058,916,909
38.	Totals (Page 2, Line 28, Col. 3)	13,172,391,682	12,800,884,898

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	127,983,710	133,065,260
2502.	Other liabilities	84,857,749	99,901,323
2503.	Retroactive reinsurance reserves	(593,067,322)	(595,154,100)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(380,225,863)	(362,187,517)
2901.	Special surplus from retroactive reinsurance	27,156,378	21,581,745
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)	27,156,378	21,581,745
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)	4,992,563,636	4,928,505,824
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	2,778,321,224	2,776,575,935
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	635,435,327	674,430,032
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,556,136,784	1,572,611,588
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	4,969,893,335	5,023,617,555
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	22,670,301	(95,111,731)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	353,774,110	355,486,281
10.	Net realized capital gains (losses) less capital gains tax of $ 4,434,178 (Exhibit of Capital Gains (Losses))	8,234,902	16,215,017
11.	Net investment gain (loss) (Lines 9 + 10)	362,009,012	371,701,298
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 1,142,492 amount charged off $ 18,107,190)	(16,964,698)	(18,658,921)
13.	Finance and service charges not included in premiums	28,309,798	27,638,771
14.	Aggregate write-ins for miscellaneous income	(6,154,797)	(10,681,278)
15.	Total other income (Lines 12 through 14)	5,190,303	(1,701,428)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	389,869,616	274,888,139
17.	Dividends to policyholders	3,871,075	4,713,460
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)	385,998,541	270,174,679
19.	Federal and foreign income taxes incurred	81,373,822	22,995,837
20.	Net income (Line 18 minus Line 19) (to Line 22)	304,624,719	247,178,842
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	3,058,916,909	2,786,442,887
22.	Net income (from Line 20)	304,624,719	247,178,842
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (18,318,332)	(14,033,120)	55,603,161
25.	Change in net unrealized foreign exchange capital gain (loss)	(12,782,056)	(16,583,989)
26.	Change in net deferred income tax	(15,075,332)	(35,919,784)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(4,901,345)	30,228,744
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus		(8,032,952)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	257,832,866	272,474,022
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	3,316,749,775	3,058,916,909

	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)	3,998,668	(3,291,483)
1402.	Other income/(expense)	(10,153,465)	(7,389,795)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(6,154,797)	(10,681,278)
3701.	Other changes in surplus		(8,032,952)
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		(8,032,952)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	5,056,532,416	5,393,770,055
2.	Net investment income	384,882,569	396,370,671
3.	Miscellaneous income	(18,747,279)	(20,811,313)
4.	Total (Lines 1 through 3)	5,422,667,706	5,769,329,413
5.	Benefit and loss related payments	2,716,459,492	3,159,615,800
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	2,188,825,402	2,267,000,627
8.	Dividends paid to policyholders	4,226,481	4,705,335
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	112,447,837	40,234,317
10.	Total (Lines 5 through 9)	5,021,959,212	5,471,556,079
11.	Net cash from operations (Line 4 minus Line 10)	400,708,494	297,773,334
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	1,627,750,658	1,678,585,067
	12.2 Stocks	501,668,663	584,668,281
	12.3 Mortgage loans	24,294,479	15,540,192
	12.4 Real estate		
	12.5 Other invested assets	692,642,495	671,650,993
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	44,014,233	(32,821,689)
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,890,370,528	2,917,622,844
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	1,904,244,635	1,086,074,937
	13.2 Stocks	472,908,683	608,048,884
	13.3 Mortgage loans	79,523,549	66,229,222
	13.4 Real estate	230,042	25,517
	13.5 Other invested assets	713,824,733	803,371,950
	13.6 Miscellaneous applications	(1,782,723)	3,530,391
	13.7 Total investments acquired (Lines 13.1 to 13.6)	3,168,948,919	2,567,280,901
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(278,578,391)	350,341,943
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	(4,952,421)	(711,538,676)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,952,421)	(711,538,676)
	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)	117,177,682	(63,423,399)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	98,967,420	162,390,819
	19.2 End of year (Line 18 plus Line 19.1)	216,145,102	98,967,420

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

20.0001	2 - Net investment income	1,868,879	3,478,572
20.0002	12.1 - Proceeds from investments sold, matured or repaid - Bonds	56,351,847	521,362
20.0003	12.2 - Proceeds from investments sold, matured or repaid - Stocks	9,844,827	2,637,890
20.0004	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	39,849	112,731
20.0005	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets		464,109
20.0006	13.1 Cost of Investment Acquired - Bonds	58,229,215	3,999,933
20.0007	13.2 Cost of Investment Acquired - Stocks	9,836,121	2,637,890
20.0008	13.5 Cost of Investment Acquired - Other Invested Assets	39,849	576,839

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	112,640,173	58,393,324	53,508,505	117,524,992
2. Allied lines	73,728,039	38,806,590	39,187,064	73,347,565
3. Farmowners multiple peril	20,053,774	9,834,314	10,059,666	19,828,422
4. Homeowners multiple peril	1,118,906,059	572,922,157	604,257,017	1,087,571,199
5. Commercial multiple peril	440,041,308	218,486,848	224,094,883	434,433,273
6. Mortgage guaranty				
8. Ocean marine	23,181,703	9,154,096	13,832,861	18,502,938
9. Inland marine	149,514,275	32,244,435	33,450,785	148,307,925
10. Financial guaranty				
11.1 Medical professional liability—occurrence	15,296,929	4,889,914	6,790,985	13,395,858
11.2 Medical professional liability—claims-made	2,804,056	2,314,218	1,473,025	3,645,249
12. Earthquake	15,337,523	8,626,873	7,457,790	16,506,606
13. Group accident and health	1,725,308	312,616	627,501	1,410,423
14. Credit accident and health (group and individual)				
15. Other accident and health	1,009,302	87,376	38,842	1,057,836
16. Workers' compensation	401,571,256	17,066,400	16,827,730	401,809,926
17.1 Other liability—occurrence	326,236,397	143,975,023	149,945,239	320,266,181
17.2 Other liability—claims-made	116,420,899	67,603,576	68,805,121	115,219,354
17.3 Excess workers' compensation	9,536,167	5,861,546	5,110,591	10,287,122
18.1 Products liability—occurrence	39,173,712	18,593,935	20,400,664	37,366,983
18.2 Products liability—claims-made	2,124,744	947,025	805,274	2,266,495
19.1,19.2 Private passenger auto liability	1,169,602,678	551,536,528	580,423,140	1,140,716,066
19.3,19.4 Commercial auto liability	234,628,609	109,774,475	113,463,947	230,939,137
21. Auto physical damage	590,762,319	422,796,355	463,040,211	550,518,463
22. Aircraft (all perils)	10,486,192	1,952,834	3,113,285	9,325,741
23. Fidelity	10,006,313	4,716,953	4,923,881	9,799,385
24. Surety	158,194,008	93,710,967	101,050,905	150,854,070
26. Burglary and theft	178,381	100,851	79,470	199,762
27. Boiler and machinery	7,595,192	3,250,068	3,340,618	7,504,642
28. Credit	(91,111)	691,894	487,572	113,211
29. International				
30. Warranty	(36,224)	793,776	446,796	310,756
31. Reinsurance-nonproportional assumed property	59,462,737	8,056,384	7,619,598	59,899,523
32. Reinsurance-nonproportional assumed liability	16,343,366	3,425,654	5,127,532	14,641,488
33. Reinsurance-nonproportional assumed financial lines	1,052			1,052
34. Aggregate write-ins for other lines of business				
35. TOTALS	5,126,435,136	2,410,927,005	2,539,790,498	4,997,571,643

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	52,643,993	864,512			53,508,505
2. Allied lines	38,887,461	299,603			39,187,064
3. Farmowners multiple peril	10,059,666				10,059,666
4. Homeowners multiple peril	604,257,017				604,257,017
5. Commercial multiple peril	222,317,151	3,873,084	(2,106,617)	11,265	224,094,883
6. Mortgage guaranty					
8. Ocean marine	9,941,529	3,891,333			13,832,862
9. Inland marine	30,324,010	3,126,775			33,450,785
10. Financial guaranty					
11.1 Medical professional liability—occurrence	5,958,788	832,197			6,790,985
11.2 Medical professional liablity—claims-made	1,368,778	104,247			1,473,025
12. Earthquake	7,359,241	98,550			7,457,791
13. Group accident and health	627,501				627,501
14. Credit accident and health (group and individual)					
15. Other accident and health	38,842				38,842
16. Workers' compensation	104,038,161	3,820,601	(2,526,761)	(88,504,272)	16,827,729
17.1 Other liability—occurrence	139,577,222	11,161,596	(189,087)	(604,492)	149,945,239
17.2 Other liability—claims-made	49,568,831	19,177,453	(10,939)	69,776	68,805,121
17.3 Excess workers' compensation	4,864,933	245,658			5,110,591
18.1 Products liability—occurrence	12,471,704	7,452,165	(49,567)	526,363	20,400,665
18.2 Products liability—claims-made	781,833	23,442			805,275
19.1,19.2 Private passenger auto liability	580,423,140				580,423,140
19.3,19.4 Commercial auto liability	111,397,211	1,100,032		966,704	113,463,947
21. Auto physical damage	462,825,712	214,499			463,040,211
22. Aircraft (all perils)	3,113,285				3,113,285
23. Fidelity	4,877,953	45,928			4,923,881
24. Surety	99,227,702	1,823,204			101,050,906
26. Burglary and theft	78,786	684			79,470
27. Boiler and machinery	3,204,020	136,597			3,340,617
28. Credit	487,572				487,572
29. International					
30. Warranty		446,796			446,796
31. Reinsurance-nonproportional assumed property	7,618,721	878			7,619,599
32. Reinsurance-nonproportional assumed liability	5,052,144	75,389			5,127,533
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	2,573,392,907	58,815,223	(4,882,971)	(87,534,656)	2,539,790,503
36. Accrued retrospective premiums based on experience					87,534,656
37. Earned but unbilled premiums					4,882,971
38. Balance (Sum of Lines 35 through 37)					2,632,208,130

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	9,725,434	112,640,173		9,725,434		112,640,173
2. Allied lines	4,689,465	73,728,039		4,689,465		73,728,039
3. Farmowners multiple peril	11,526,315	20,053,774		11,526,315		20,053,774
4. Homeowners multiple peril	22,905,445	1,118,906,059		22,905,445		1,118,906,059
5. Commercial multiple peril	107,563,885	440,041,308		107,563,885		440,041,308
6. Mortgage guaranty						
8. Ocean marine		23,181,703				23,181,703
9. Inland marine	40,901,423	149,514,275		40,901,423		149,514,275
10. Financial guaranty						
11.1 Medical professional liability--occurrence		15,296,929				15,296,929
11.2 Medical professional liability--claims-made		2,804,056				2,804,056
12. Earthquake	713,911	15,337,523		713,911		15,337,523
13. Group accident and health		1,725,308				1,725,308
14. Credit accident and health (group and individual)						
15. Other accident and health		1,009,302				1,009,302
16. Workers' compensation	58,941,559	401,571,256		58,941,559		401,571,256
17.1 Other liability—occurrence	37,805,916	326,236,397		37,805,916		326,236,397
17.2 Other liability—claims-made	215,448	116,420,899		215,448		116,420,899
17.3 Excess workers' compensation		9,536,167				9,536,167
18.1 Products liability—occurrence	534,952	39,173,712		534,952		39,173,712
18.2 Products liability—claims-made		2,124,744				2,124,744
19.1,19.2 Private passenger auto liability	15,279,704	1,169,602,678		15,279,704		1,169,602,678
19.3,19.4 Commercial auto liability	38,550,920	234,628,609		38,550,920		234,628,609
21. Auto physical damage	24,973,562	590,762,319		24,973,562		590,762,319
22. Aircraft (all perils)		10,486,192				10,486,192
23. Fidelity	28,641	10,006,313		28,641		10,006,313
24. Surety	353,474	158,194,008		353,474		158,194,008
26. Burglary and theft	26,312	178,381		26,312		178,381
27. Boiler and machinery	274,789	7,595,192		274,789		7,595,192
28. Credit		(91,111)				(91,111)
29. International						
30. Warranty		(36,224)				(36,224)
31. Reinsurance-nonproportional assumed property	X X X	59,462,737				59,462,737
32. Reinsurance-nonproportional assumed liability	X X X	16,343,366				16,343,366
33. Reinsurance-nonproportional assumed financial lines	X X X	1,052				1,052
34. Aggregate write-ins for other lines of business						
35. TOTALS	375,011,155	5,126,435,136		375,011,155		5,126,435,136

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	6,102,955	59,534,472	6,102,955	59,534,472	49,485,079	50,745,771	58,273,780	49.584
2. Allied lines	3,949,175	40,551,111	3,949,175	40,551,111	19,894,368	18,749,762	41,695,717	56.847
3. Farmowners multiple peril	2,761,662	9,564,736	2,761,662	9,564,736	3,520,656	4,120,878	8,964,514	45.210
4. Homeowners multiple peril	20,129,238	564,449,632	20,129,238	564,449,632	221,943,898	187,904,175	598,489,355	55.030
5. Commercial multiple peril	74,128,753	210,523,553	74,128,753	210,523,553	384,398,776	405,867,783	189,054,546	43.518
6. Mortgage guaranty								
8. Ocean marine		8,260,034		8,260,034	15,255,355	12,890,892	10,624,497	57.421
9. Inland marine	14,163,264	86,911,060	14,163,264	86,911,060	19,603,433	19,021,492	87,493,001	58.994
10. Financial guaranty								
11.1 Medical professional liability—occurrence		871,848		871,848	19,957,129	15,441,850	5,387,127	40.215
11.2 Medical professional liability—claims-made		1,259,670		1,259,670	4,493,931	2,880,906	2,872,695	78.807
12. Earthquake	(26,549)	308,048	(26,549)	308,048	315,458	370,655	252,851	1.532
13. Group accident and health		630,401		630,401	731,091	550,082	811,410	57.530
14. Credit accident and health (group and individual)								
15. Other accident and health		767,784		767,784	3,939,284	3,850,368	856,700	80.986
16. Workers' compensation	38,300,249	302,047,836	38,300,249	302,047,836	2,455,611,484	2,517,068,920	240,590,400	59.877
17.1 Other liability—occurrence	22,358,289	163,811,705	22,358,289	163,811,705	703,764,231	699,120,442	168,455,494	52.599
17.2 Other liability—claims-made	(5,545)	28,571,324	(5,545)	28,571,324	170,409,945	149,555,585	49,425,684	42.897
17.3 Excess workers' compensation		6,452,139		6,452,139	114,216,068	113,070,018	7,598,189	73.861
18.1 Products liability—occurrence	87,200	17,766,262	87,200	17,766,262	66,220,793	77,419,868	6,567,187	17.575
18.2 Products liability—claims-made		82,567		82,567	4,504,838	3,800,741	786,664	34.708
19.1,19.2 Private passenger auto liability	41,525,457	681,078,068	41,525,457	681,078,068	912,150,844	847,846,587	745,382,325	65.343
19.3,19.4 Commercial auto liability	30,455,339	143,102,569	30,455,339	143,102,569	296,774,274	275,153,148	164,723,695	71.328
21. Auto physical damage	16,278,983	315,920,751	16,278,983	315,920,751	11,417,853	11,806,548	315,532,056	57.315
22. Aircraft (all perils)		4,699,141		4,699,141	7,083,829	7,211,766	4,571,204	49.017
23. Fidelity	(385)	1,626,674	(385)	1,626,674	9,689,820	6,651,512	4,664,982	47.605
24. Surety	231,489	44,618,829	231,489	44,618,829	17,159,894	29,326,122	32,452,601	21.513
26. Burglary and theft		39,250		39,250	30,544	25,508	44,286	22.169
27. Boiler and machinery	36,774	2,581,060	36,774	2,581,060	1,361,712	817,314	3,125,458	41.647
28. Credit		127,212		127,212	1,242,175	783,233	586,154	517.754
29. International								
30. Warranty					336,416	326,555	9,861	3.173
31. Reinsurance-nonproportional assumed property	X X X	15,966,753		15,966,753	32,736,781	37,028,701	11,674,833	19.491
32. Reinsurance-nonproportional assumed liability	X X X	6,895,758		6,895,758	46,320,051	48,323,996	4,891,813	33.411
33. Reinsurance-nonproportional assumed financial lines	X X X	71,469		71,469	765,917	808,201	29,185	2774.240
34. Aggregate write-ins for other lines of business								
35. TOTALS	270,476,348	2,719,091,716	270,476,348	2,719,091,716	5,595,335,927	5,548,539,379	2,765,888,264	55.345

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	5,092,752	35,936,206	5,092,752	35,936,206	(36,880)	13,548,873	(36,880)	49,485,079	4,194,124
2. Allied lines	304,852	13,880,825	304,852	13,880,825	(138,887)	6,013,543	(138,887)	19,894,368	2,306,653
3. Farmowners multiple peril	3,670,263	3,303,463	3,670,263	3,303,463	364,724	217,192	364,724	3,520,655	993,181
4. Homeowners multiple peril	8,790,572	133,179,673	8,790,572	133,179,673	2,109,189	88,764,225	2,109,189	221,943,898	47,081,772
5. Commercial multiple peril	76,720,584	198,169,957	76,720,581	198,169,960	90,143,055	186,228,814	90,143,054	384,398,775	139,493,695
6. Mortgage guaranty									
8. Ocean marine		7,000,774		7,000,774		8,254,580		15,255,354	2,412,038
9. Inland marine	2,943,268	8,890,994	2,943,268	8,890,994	931,286	10,712,439	931,286	19,603,433	3,108,764
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		1,114,328		1,114,328		18,842,801		19,957,129	1,350,598
11.2 Medical professional liablity—claims-made		621,887		621,887		3,872,043		4,493,930	608,208
12. Earthquake		206,475		206,475		108,983		315,458	46,425
13. Group accident and health		377,861		377,861		353,230		(a) 731,091	136,368
14. Credit accident and health (group and individual)									
15. Other accident and health		1,499,833		1,499,833		2,439,451		(a) 3,939,284	1,113,249
16. Workers' compensation	95,077,617	1,201,083,339	95,077,617	1,201,083,339	109,986,916	1,254,528,145	109,986,916	2,455,611,484	358,895,866
17.1 Other liability—occurrence	20,661,785	270,094,864	20,661,785	270,094,864	83,917,496	433,669,367	83,917,496	703,764,231	219,637,873
17.2 Other liability—claims-made	8,343	34,296,691	8,343	34,296,691	157,679	136,113,253	157,679	170,409,944	39,509,796
17.3 Excess workers' compensation		50,766,756	(1)	50,766,757		63,449,312		114,216,069	12,279,220
18.1 Products liability—occurrence	1,815,686	21,935,733	1,815,686	21,935,733	797,622	44,285,061	797,622	66,220,794	48,208,276
18.2 Products liability—claims-made		159,263		159,263		4,345,575		4,504,838	2,229,628
19.1,19.2 Private passenger auto liability	42,516,323	552,177,817	42,516,323	552,177,817	(56,427)	359,973,027	(56,427)	912,150,844	209,435,132
19.3,19.4 Commercial auto liability	40,519,708	167,786,106	40,519,708	167,786,106	32,408,012	128,988,168	32,408,012	296,774,274	41,963,875
21. Auto physical damage	1,038,836	8,492,820	1,038,836	8,492,820	195,391	2,925,032	195,391	11,417,852	15,150,532
22. Aircraft (all perils)		3,266,853		3,266,853		3,816,976		7,083,829	1,508,492
23. Fidelity		1,766,088		1,766,088	385,403	7,923,732	385,403	9,689,820	1,245,895
24. Surety	14,401	1,552,892	14,401	1,552,892	31,351	15,450,838	(124,812)	17,159,893	13,839,978
26. Burglary and theft	20,000	13,369	20,000	13,369	170	17,175	170	30,544	21,198
27. Boiler and machinery		1,127,036		1,127,036	(12,332)	234,676	(12,332)	1,361,712	101,995
28. Credit		116,395		116,395		1,125,780		1,242,175	992
29. International									
30. Warranty						336,416		336,416	197,551
31. Reinsurance-nonproportional assumed property	X X X	15,503,112		15,503,112	X X X	17,233,668		32,736,780	609,765
32. Reinsurance-nonproportional assumed liability	X X X	13,808,209		13,808,209	X X X	32,511,842		46,320,051	3,832,569
33. Reinsurance-nonproportional assumed financial lines	X X X	753,918		753,918	X X X	11,999		765,917	5,853
34. Aggregate write-ins for other lines of business									
35. TOTALS	299,194,990	2,748,883,537	299,194,986	2,748,883,541	321,183,768	2,846,296,216	321,027,604	5,595,335,921	1,171,519,561

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	7,097,273			7,097,273
1.2 Reinsurance assumed	265,617,438			265,617,438
1.3 Reinsurance ceded	7,097,273			7,097,273
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	265,617,438			265,617,438
2. Commission and brokerage:				
2.1 Direct, excluding contingent		54,403,576		54,403,576
2.2 Reinsurance assumed, excluding contingent		275,176,224		275,176,224
2.3 Reinsurance ceded, excluding contingent		54,403,576		54,403,576
2.4 Contingent—direct		283,311		283,311
2.5 Contingent—reinsurance assumed		83,330,195		83,330,195
2.6 Contingent—reinsurance ceded		283,311		283,311
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)		358,506,419		358,506,419
3. Allowances to manager and agents		49,238,727		49,238,727
4. Advertising	482,381	98,822,351	6,665	99,311,397
5. Boards, bureaus and associations	1,487,535	8,495,123	1,121	9,983,779
6. Surveys and underwriting reports	27,586	22,599,746		22,627,332
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	225,259,479	444,499,218	14,891,869	684,650,566
8.2 Payroll taxes	10,317,456	37,052,439	108,315	47,478,210
9. Employee relations and welfare	37,727,253	129,334,222	703,048	167,764,523
10. Insurance	8,927,860	5,963,091	80,943	14,971,894
11. Directors' fees	73	(5,323)	1	(5,249)
12. Travel and travel items	15,641,317	35,144,184	470,193	51,255,694
13. Rent and rent items	12,515,446	45,419,149	225,798	58,160,393
14. Equipment	8,480,228	22,308,095	602,572	31,390,895
15. Cost or depreciation of EDP equipment and software	8,475,560	20,756,691	655,693	29,887,944
16. Printing and stationery	1,418,409	5,105,249	68,334	6,591,992
17. Postage, telephone and telegraph, exchange and express	6,121,596	28,604,740	650,130	35,376,466
18. Legal and auditing	1,929,954	6,075,788	376,357	8,382,099
19. Totals (Lines 3 to 18)	338,812,133	959,413,490	18,841,039	1,317,066,662
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 715,688		103,270,022		103,270,022
20.2 Insurance department licenses and fees		12,560,114		12,560,114
20.3 Gross guaranty association assessments		1,303,958		1,303,958
20.4 All other (excluding federal and foreign income and real estate)		18,702,563		18,702,563
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		135,836,657		135,836,657
21. Real estate expenses			1,072,384	1,072,384
22. Real estate taxes			367,582	367,582
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	31,005,756	102,380,219	5,695,516	139,081,491
25. Total expenses incurred	635,435,327	1,556,136,785	25,976,521	(a) 2,217,548,633
26. Less unpaid expenses—current year	1,171,519,559	347,865,167	22,469	1,519,407,195
27. Add unpaid expenses—prior year	1,203,190,482	318,765,730	20,782	1,521,976,994
28. Amounts receivable relating to uninsured plans, prior year		74,634		74,634
29. Amounts receivable relating to uninsured plans, current year		5,827		5,827
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	667,106,250	1,526,968,541	25,974,834	2,220,049,625

DETAILS OF WRITE-IN LINES				
2401. Other expenses	31,005,756	102,380,219	5,695,516	139,081,491
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)	31,005,756	102,380,219	5,695,516	139,081,491

(a) Includes management fees of $ 755,225,398 to affiliates and $ 49,197,839 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	24,911,265	24,280,675
1.1	Bonds exempt from U.S. tax	(a)	78,431,417	77,487,104
1.2	Other bonds (unaffiliated)	(a)	190,395,845	190,832,213
1.3	Bonds of affiliates	(a)		
2.1	Preferred stocks (unaffiliated)	(b)	1,816,804	1,826,565
2.11	Preferred stocks of affiliates	(b)		
2.2	Common stocks (unaffiliated)		19,577,281	19,606,300
2.21	Common stocks of affiliates			
3.	Mortgage loans	(c)	15,019,874	15,168,699
4.	Real estate	(d)	2,026,199	2,026,199
5.	Contract loans			
6.	Cash, cash equivalents and short-term investments	(e)	285,710	278,039
7.	Derivative instruments	(f)		
8.	Other invested assets		48,830,292	48,830,292
9.	Aggregate write-ins for investment income		(160,859)	(160,859)
10.	Total gross investment income		381,133,828	380,175,227
11.	Investment expenses			(g) 25,976,522
12.	Investment taxes, licenses and fees, excluding federal income taxes			(g)
13.	Interest expense			(h) 1,799
14.	Depreciation on real estate and other invested assets			(i) 422,798
15.	Aggregate write-ins for deductions from investment income			
16.	Total deductions (Lines 11 through 15)			26,401,119
17.	Net investment income (Line 10 minus Line 16)			353,774,108

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	(160,859)	(160,859)
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)	(160,859)	(160,859)
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 $ 6,802,246 accrual of discount less $ 27,147,524 amortization of premium and less $ 0 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 $ 56,598 paid for accrued interest on purchases.
(d) Includes $ 2,026,199 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,704,646		1,704,646		
1.1	Bonds exempt from U.S. tax	14,164,282	(3,816,680)	10,347,602		
1.2	Other bonds (unaffiliated)	(2,452,943)	(3,665,696)	(6,118,639)	(25,572,850)	(5,267,119)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				579,129	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	22,102,754	(24,059,016)	(1,956,262)	(10,676,534)	(5,848,055)
2.21	Common stocks of affiliates				(2,607,557)	
3.	Mortgage loans	(122,931)		(122,931)	93,703	
4.	Real estate	(167)		(167)		
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments	3,272,090		3,272,090	(890,522)	
8.	Other invested assets	5,586,427	(43,686)	5,542,741	219,679	
9.	Aggregate write-ins for capital gains (losses)				6,503,500	
10.	Total capital gains (losses)	44,254,158	(31,585,078)	12,669,080	(32,351,452)	(11,115,174)

	DETAILS OF WRITE-IN LINES					
0901.	Miscellaneous Income/(Expense)				6,503,500	
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				6,503,500	

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	17,425,494	15,259,373	(2,166,121)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	587,195	574,254	(12,941)
15.3 Accrued retrospective premiums and contracts subject to redetermination	8,736,100	9,889,038	1,152,938
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	430	2,807	2,377
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	16,348,503	10,360,564	(5,987,939)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	3,714	4,258	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	22,567,453	24,642,358	2,074,905
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	65,668,889	60,732,652	(4,936,237)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	65,668,889	60,732,652	(4,936,237)

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	22,520,631	24,602,912	2,082,281
2502. Amounts receivable under high deductible policies	46,822	39,446	(7,376)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	22,567,453	24,642,358	2,074,905

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 New Hampshire Department of Insurance approved a departure of a prescribed practice pursuant to NH RSA 402:28 I(d)(3), effective April 1, 2014. Pursuant to this departure of a prescribed practice, the Company is permitted to include as admitted assets, limited partnership investments in excess of the five percent (5%) aggregate limitation set forth in RSA 402:28 to the extent such assets, when added to all other equity interests of the insurer, do not exceed the greater of twenty-five percent (25%) of its admitted assets or one hundred percent (100%) of its surplus as regards to policyholders, provided that no investment shall be acquired hereunder if, as a result of and after giving effect to the investment, the insurer would hold more than five percent (5%) of its admitted assets in investments of all kinds issued, assumed, accepted, insured, or guaranteed by a single person.

Risk based capital would not have triggered a regulatory event had the Company not used this departure of a prescribed practice.

	State of Domicile	2015	2014
NET INCOME			
PIC state basis (Page 4, Line 20, Columns 1 & 2)	NH	$304,624,719	$247,178,842
State Prescribed Practices: NONE			-
State Permitted Practices: NONE			-
NAIC SAP		$304,624,719	$247,178,842

	State of Domicile	2015	2014
SURPLUS			
PIC state basis (Page 3, Line 37, Columns 1 & 2)	NH	$3,316,749,774	$3,058,916,909
State Prescribed Practices:		98,897,214	85,218,830
State Permitted Practices: NONE			-
NAIC SAP		$3,217,852,560	$2,973,698,079

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 Investment Analysis Office (SVO Manual).

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

12. The Company did not change its capitalization policy in 2015.

13. The Company has no pharmaceutical rebate receivables.

D. Going Concern

The Company is not aware of any conditions that would impact its ability to continue as a going concern.

Note 2 - Accounting Changes and Correction of Errors

There were no material changes in accounting principles and/or correction of errors.

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, 2015; 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 2015 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.500% and 6.250%

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: 75%

3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2015	2014
$ 27,831	$ 13,214

NOTES TO FINANCIAL STATEMENTS

4. Age Analysis of Mortgage Loans:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$321,709,234	$ -	$321,709,234
(b) 30-59 Days Past Due	-	-	-	-	142,612	-	142,612
(c) 60-89 Days Past Due	-	-	-	-	619,683	-	619,683
(d) 90-179 Days Past Due	-	-	-	-	73,385	-	73,385
(e) 180+ Days Past Due	-	-	-	-	136,597	-	136,597
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	$ -	$ -	$ -	$ -	$7,366,102	$ -	$7,366,102
(b) Number of Loans	-	-	-	-	512	-	512
(c) Percent Reduced	-	-	-	-	1.912%	-	1.912%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$267,221,441	$ -	$267,221,441
(b) 30-59 Days Past Due	-	-	-	-	97,232	-	97,232
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	303	-	303
(e) 180+ Days Past Due	-	-	-	-	256,396	-	256,396
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	$ -	$ -	$ -	$ -	$4,939,066	$ -	$4,939,066
(b) Number of Loans	-	-	-	-	324	-	324
(c) Percent Reduced	-	-	-	-	1.831%	-	1.831%

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

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$882,903	$ -	$882,903
2. No Allowance for Credit Losses	-	-	-	-	503,312	-	503,312
b. Prior Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$1,261,838	$ -	$1,261,838
2. No Allowance for Credit Losses	-	-	-	-	493,113	-	493,113

NOTES TO FINANCIAL STATEMENTS

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:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$1,570,583	$ -	$1,570,583
2. Interest Income Recognized	-	-	-	-	84,322	-	84,322
3. Recorded Investments on Nonaccrual Status	-	-	-	-	210,147	-	210,147
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	87,019	-	87,019
b. Prior Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$1,558,559	$ -	$1,558,559
2. Interest Income Recognized	-	-	-	-	84,232	-	84,232
3. Recorded Investments on Nonaccrual Status	-	-	-	-	256,700	-	256,700
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	70,664	-	70,664

7. Allowance for Credit Losses:

	2015	2014
a. Balance at beginning of period	$ 569,899	$ 437,906
b. Additions charged to operations	85,735	261,749
c. Direct write-downs charged against the allowances	(179,438)	(140,474)
d. Recoveries of amounts previously charged off	-	10,718
e. Balance at end of period	$ 476,196	$ 569,899

8. Mortgage Loans Derecognized as a Result of Foreclosure:

	2015
a. Aggregate amount of mortgage loans derecognized	$ 21,334
b. Real estate collateral recognized	23,666
c. Other collateral recognized	-
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	-

9. Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probably that the loan will continue to perform.

B. Debt Restructuring

	2015	2014
1. The total recorded investment in restructured loans, as of year end	$1,614,333	$1,542,297
2. The realized capital losses related to these loans	-	-
3. Total contractual commitments to extend credit to debtors owning 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 2015 as of December 31, 2015: None

NOTES TO FINANCIAL STATEMENTS

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2015:

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
32056FAC6	2,053,632	2,042,189	11,443	2,042,189	2,038,125	3/31/2015
12544LAK7	475,891	474,572	1,319	474,572	474,289	3/31/2015
12544LAK7	1,427,673	1,423,716	3,957	1,423,716	1,422,866	3/31/2015
12544LAK7	475,891	474,572	1,319	474,572	474,289	3/31/2015
61749BAB9	25,751	25,724	27	25,724	19,789	3/31/2015
61749BAB9	372,079	371,690	389	371,690	285,941	3/31/2015
61749BAB9	33,682	33,648	35	33,648	25,885	3/31/2015
12544LAK7	475,891	474,572	1,319	474,572	474,289	3/31/2015
12544LAK7	450,470	448,942	1,529	448,942	448,430	6/30/2015
12544LAK7	1,351,410	1,346,825	4,586	1,346,825	1,345,291	6/30/2015
12544LAK7	450,470	448,942	1,529	448,942	448,430	6/30/2015
12544LAK7	450,470	448,942	1,528	448,942	448,430	6/30/2015
32056FAC6	1,867,629	1,848,163	19,466	1,848,163	1,836,140	6/30/2015
32056FAC6	1,760,635	1,740,034	20,601	1,740,034	1,735,761	9/30/2015
61749BAB9	24,473	24,430	43	24,430	16,750	12/31/2015
61749BAB9	353,620	352,999	621	352,999	242,026	12/31/2015
61749BAB9	32,012	31,956	56	31,956	21,909	12/31/2015
32056FAC6	1,640,782	1,625,700	15,082	1,625,700	1,624,249	12/31/2015
21075WBF1	110,908	107,035	3,873	107,035	104,781	12/31/2015

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, 2015:

a. The aggregate amount of unrealized losses:

1.	Less than 12 Months	$	6,654,007
2.	12 Months or Longer	$	5,189,339

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

1.	Less than 12 Months	$	773,751,202
2.	12 Months or Longer	$	281,407,849

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. Refer to Note 17B for the policy on requiring collateral to security lending.

2. The Company has not pledged any of its assets as collateral as of December 31, 2015.

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	

NOTES TO FINANCIAL STATEMENTS

2. Securities Lending

(a) Open	
(b) 30 Days or Less	$81,841,373
(c) 31 to 60 Days	$68,811,174
(d) 61 to 90 Days	$25,809,709
(e) Greater Than 90 Days	
(f) Sub-Total	$176,462,256
(g) Securities Received	$49,228,548
(h) Total Collateral Received	$225,690,804

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) $225,690,804

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		
(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	$81,849,710	$81,849,313
(c) 31 to 60 Days	$68,821,645	$68,819,590
(d) 61 to 90 Days	$25,816,052	$25,824,815
(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	$176,487,407	$176,493,718
(l) Securities Received		
(m) Total Collateral Reinvested	$176,487,407	$176,493,718

NOTES TO FINANCIAL STATEMENTS

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 (“LIHTC”)

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

2. There were $15,480,875 of LIHTC and other tax benefits recognized during the year.

3. The balance of the investment recognized in the statement of financial position for the current year is $83,452,248.

4. 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.

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

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

7. 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)

Restricted Asset Category	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
	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	176,462,256	-	-	-	$176,462,256	$193,761,232	($17,298,976)	$176,462,256	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 – excluding FHLB capital stock	-	-	-	-	$-	$-	$-	$-	0%	0%
i. FHLB capital stock	6,251,700	-	-	-	$6,251,700	$6,496,300	($244,600)	$6,251,700	0%	0%
j. On deposit with states	513,096,045	-	-	-	$513,096,045	$508,546,946	$4,549,099	$513,096,045	4%	4%
k. On deposit with other regulatory bodies	-	-	-	-	$-	$-	$-	$-	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	$-	$-	$-	$-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	-	-	$-	$-	$-	$-	0%	0%
n. Other restricted assets	-	-	-	-	$-	$-	$-	$-	0%	0%
o. Total restricted assets	$695,810,001	-	-	-	$695,810,001	$708,804,478	($12,994,477)	$695,810,001	5%	5%

(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

I. Working Capital Finance Investments

The Company does not invest in Working Capital Finance Investments.

J. Offsetting and Netting of Assets and Liabilities

Not applicable

NOTES TO FINANCIAL STATEMENTS

K. Structured Notes

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.

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. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company realized impairment losses of $43,686 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, 2015.

Note 8 - Derivative Instruments

Derivatives are recognized on the balance sheet at fair value and reported as derivative assets and derivative liabilities, net of collateral. Changes in fair value are recorded as unrealized gains or losses in surplus. Realized gains and losses are recognized upon termination or maturity of contracts and reported as net realized capital gains in the statement of income. On the date a derivative contract is entered into, the Company designates the derivative as either (1) a hedge of the fair value exposures of an existing asset or liability, or firm commitment, (2) a cash flow hedge of the variability associated with an existing asset or liability or an anticipated transaction, (3) a foreign currency hedge of the exchange rate risk associated with the fair value or cash flows of its assets or liabilities or (4) an economic hedge (“non-designated derivative”) of the exposures defined above. Currently, the Company has classified its derivatives as economic hedges and has not utilized hedge accounting.

Beginning in March 2015, the Company, as part of its risk management program and economic hedging strategies, entered into Euro FX forward agreements to hedge Euro denominated assets. Through December 31, 2015, the realized gains on these contracts totaled $3,272,090. As of December 31, 2015, there was an unrealized loss of $890,522 related to the open contracts.

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.

Note 9 - Income Taxes

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

1.

	12/31/2015		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 426,524,000	$ 10,607,000	$ 437,131,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	426,524,000	10,607,000	437,131,000
(d) Deferred Tax Assets Nonadmitted	16,348,503	-	16,348,503
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	410,175,497	10,607,000	420,782,497
(f) Deferred Tax Liabilities	73,433,000	33,391,000	106,824,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 336,742,497	$ (22,784,000)	$ 313,958,497

NOTES TO FINANCIAL STATEMENTS

	12/31/2014		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 433,266,000	$ 7,247,000	$ 440,513,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	433,266,000	7,247,000	440,513,000
(d) Deferred Tax Assets Nonadmitted	10,360,564	-	10,360,564
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	422,905,436	7,247,000	430,152,436
(f) Deferred Tax Liabilities	90,511,000	22,938,000	113,449,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 332,394,436	$ (15,691,000)	$ 316,703,436

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ (6,742,000)	$ 3,360,000	$ (3,382,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(6,742,000)	3,360,000	(3,382,000)
(d) Deferred Tax Assets Nonadmitted	5,987,939	-	5,987,939
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(12,729,939)	3,360,000	(9,369,939)
(f) Deferred Tax Liabilities	(17,078,000)	10,453,000	(6,625,000)
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 4,348,061	$ (7,093,000)	$ (2,744,939)

2.

	12/31/2015		
	(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	$ 138,656,080	$ 1,157,283	$ 139,813,363
(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)	174,145,134	-	174,145,134
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	174,145,134	-	174,145,134
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	-	-	458,544,859
(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	73,433,000	33,391,000	106,824,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 386,234,214	$ 34,548,283	$ 420,782,497

	12/31/2014		
	(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	$ 181,918,904	$ 1,653,885	$ 183,572,789
(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)	133,130,647	-	133,130,647
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	133,130,647	-	133,130,647
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			416,650,412
(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	90,511,000	22,938,000	113,449,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 405,560,551	$ 24,591,885	$ 430,152,436

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	$ (43,262,824)	$ (496,602)	$ (43,759,426)
(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)	41,014,487	-	41,014,487
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	41,014,487	-	41,014,487
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	-	-	41,894,447
(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	(17,078,000)	10,453,000	(6,625,000)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ (19,326,337)	$ 9,956,398	$ (9,369,939)

3.

	2015	2014
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	483.8%	441.3%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	3,002,791,277	2,742,213,473

4.

	12/31/2015		12/31/2014		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)	$ 426,524,000	$ 10,607,000	$ 433,266,000	$ 7,247,000	$ (6,742,000)	$ 3,360,000
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)	$ 410,175,497	$ 10,607,000	$ 422,905,436	$ 7,247,000	$ (12,729,939)	$ 3,360,000
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) 12/31/2015	(2) 12/31/2014	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 81,365,702	$ 22,995,837	$ 58,369,865
(b) Foreign	8,120	-	8,120
(c) Subtotal	81,373,822	22,995,837	58,377,985
(d) Federal income tax on net capital gains	4,434,178	8,731,163	(4,296,985)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 85,808,000	$ 31,727,000	$ 54,081,000

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 123,420,000	$ 139,127,000	$ (15,707,000)
(2) Unearned premium reserve	191,692,000	184,048,000	7,644,000
(3) Policyholder reserves	-	-	-
(4) Investments	3,582,000	3,379,000	203,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	46,000	385,000	(339,000)
(8) Compensation and benefits accrual	16,752,000	15,570,000	1,182,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	17,262,000	17,630,000	(368,000)
(11) Net operating loss carry-forward	1,294,000	4,282,000	(2,988,000)
(12) Tax credit carry-forward	23,111,000	24,594,000	(1,483,000)
(13) Other (including items <5% of total ordinary tax assets)	49,365,000	44,251,000	5,114,000
(99) Subtotal	426,524,000	433,266,000	(6,742,000)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	16,348,503	10,360,564	5,987,939
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	410,175,497	422,905,436	(12,729,939)
(e) Capital			
(1) Investments	10,607,000	7,247,000	3,360,000
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	10,607,000	7,247,000	3,360,000
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	10,607,000	7,247,000	3,360,000
(i) Admitted deferred tax assets (2d + 2h)	420,782,497	430,152,436	(9,369,939)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	4,610,000	22,958,000	(18,348,000)
(2) Fixed assets	45,602,000	44,119,000	1,483,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	23,221,000	23,434,000	(213,000)
(99) Subtotal	73,433,000	90,511,000	(17,078,000)
(b) Capital:			
(1) Investments	33,391,000	22,938,000	10,453,000
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	33,391,000	22,938,000	10,453,000
(c) Deferred tax liabilities (3a99 + 3b99)	106,824,000	113,449,000	(6,625,000)
4. Net deferred tax assets/liabilities (2i – 3c)	$ 313,958,497	$ 316,703,436	$ (2,744,939)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, LP & LLC income, tax exempt income, utilization of prior year net operating losses, limits on unearned premium reserve deductions, discounting of unpaid losses and loss adjustment expenses, and revisions to prior year estimates.

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

Year Generated	Amount	Expiration
2012	$ 3,697,000	2032

NOTES TO FINANCIAL STATEMENTS

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

Year Generated	Amount	Expiration
2011	$ 942,000	2031
2012	$ 150,000	2032
2013	$ 2,016,000	2033
2014	$ 7,082,000	2034
2015	$ 12,921,000	2035

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 $88,781,000 from the current year and $43,451,000 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
Capitol Court Corporation
Colorado Casualty Insurance Company
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
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty 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.
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.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company

NOTES TO FINANCIAL STATEMENTS

Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company Inc.	Winmar-Metro, Inc.
Liberty Mutual Insurance Company	

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, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

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

C. As of December 31, 2015, the Company had the following capital transactions with its parent and subsidiaries:

3. Contributed capital in the amount of $11,000,000

4. Received dividends in the amount of $53,900,000

D. At December 31, 2015, the Company reported a net $60,870,308 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. Refer to Note 26 for information regarding the 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
	$500,000,000
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 loans as of December 31, 2015.

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:

NOTES TO FINANCIAL STATEMENTS

Company	***Credit Line***
Indiana Insurance Company	$50,000,000
Liberty Mutual Insurance Company	$150,000,000
	$500,000,000
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, 2015.

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.

M. Investments in Non-Insurance SCA's

Description of SCA Investment (excluding 8.b.i entities)	Gross Amount (Balance Sheet column 1)	Nonadmitted Amount (Balance Sheet Column 2)	Admitted Asset Amount (Balance Sheet Column 3)	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)
Ohio Casualty Corporation	$152,348,313	$ -	$152,348,313	12/19/2015	Sub - 2	Yes	$155,481,636	No
Liberty USA Corporation	$190,563,605	$ -	$190,563,605	12/19/2015	Sub - 2	Yes	$187,006,142	No
Liberty Mutual Investment Holdings LLC	$520,132,436	$ -	$520,132,436	N/A	N/A	N/A	N/A	N/A
Aggregate Total:	$863,044,354	$ -	$863,044,354	-	-	-	$342,487,778	-

N. Investments in Insurance SCA's

	State of Domicile	2015	2014
<u>NET INCOME</u>			
OCIC state basis (Page 4, Line 20, Columns 1 & 2)	OH	$ 157,425,960	$ 133,662,477
State Prescribed Practices: NONE		-	-
State Permitted Practices: NONE		-	-
NAIC SAP		$ 157,425,960	$ 133,662,477

	State of Domicile	2015	2014
<u>SURPLUS</u>			
OCIC state basis (Page 3, Line 37, Columns 1 & 2)	OH	$ 1,637,429,540	$ 1,529,783,050
State Prescribed Practices:		8,455,351	5,359,702
State Permitted Practices: NONE		-	-
NAIC SAP		$ 1,628,974,189	$ 1,524,423,348

<u>Note 11- Debt</u>

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

NOTES TO FINANCIAL STATEMENTS

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. There were no outstanding borrowings as of December 31, 2015. The Company has determined the actual maximum borrowing capacity as $1,200,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	6,251,700	6,251,700	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	$ 6,251,700	$ 6,251,700	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	6,496,300	6,496,300	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	$ 6,496,300	$ 6,496,300	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	$ -	$ -	$ -	$ -	$ -	$ -
Class A	-	-	-	-	-	-
Class B	$ -	$ 6,251,700	$ -	$ -	$ -	$ -

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

2. Current Year General Account

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ -	$ -	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ -	$ -	$ -	$ -

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ -	$ -	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ -	$ -	$ -	$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	$ -	$ -	$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	$ -	$ -	$ -

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	N/A
Other	N/A

C. There were no outstanding borrowings as of December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

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

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

Note 13 - Capital and Surplus, 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, 2015. 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, 2015. All shares have a stated par value of $2.50.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent in 2015.

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 less than 10% of surplus or net income. The maximum dividend payout that may be made without prior approval in 2016 is $331,674,977.

6. As of December 31, 2015, the Company has pre-tax restricted surplus of $27,156,378 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 2015.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is ($444,647,887) after applicable deferred taxes of $267,310.

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 $24,385,211 that is offset by future premium tax credits of $1,263,395. 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 2016. During 2015 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

NOTES TO FINANCIAL STATEMENTS

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 1,635,293
b.	Decreases current year: Premium tax offset applied	719,505
c.	Increases current year: Premium tax offset increase	347,608
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 1,263,396

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	$791,602

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. Joint and Several Liabilities

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

G. 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 refunded all premium and interest held in an escrow fund to certain of its policyholders in accordance with North Carolina General Statutes § 58-36-25(b). These distributions represented the full disposition of the Company’s escrow fund.

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
2016	$ 32,355,386
2017	29,686,446
2018	22,367,039
2019	16,274,125
2020	12,968,331
2021 & thereafter	69,283,501
Total	$182,934,828

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 $704,979.

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 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, 2015 the total fair value of securities on loan was $220,642,030, with corresponding collateral value of $225,690,804 of which $176,493,718 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:

NOTES TO FINANCIAL STATEMENTS

- 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, 2015:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$-	$363,454,396	$6,999,899	$370,454,295
Non-Issuer Obligations	-	280,685	63,304	343,989
Total Bonds	$-	$363,735,081	$7,063,203	$370,798,284
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$-	$40,375,447	$-	$40,375,447
Total Preferred Stocks	$-	$40,375,447	$-	$40,375,447
Common Stocks				
Industrial and Miscellaneous	$721,271,849	$-	$6,268,571	$727,540,420
Total Common Stocks	$721,271,849	$-	$6,268,571	$727,540,420
Derivative Assets	$-	$-	$-	$-
Total assets at fair value	$721,271,849	$404,110,528	$13,331,774	$1,138,714,151
Liabilities at fair value				
Derivative Liabilities	$-	($890,522)	$-	($890,522)
Total liabilities at fair value	$-	($890,522)	$-	($890,522)

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2015.

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 12/31/2014	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 12/31/2015
Bonds	$370	$12,956,241	($15,138,923)	$32,639	$253,187	$10,000,000	$-	($135,925)	($904,386)	$7,063,203
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	6,946,300	345,972	(98,265)	317	5,866	305,400	-	(1,222,372)	(14,647)	$6,268,571
Total	$6,946,670	$13,302,213	($15,237,188)	$32,956	$259,053	$10,305,400	$-	($1,358,297)	($919,033)	$13,331,774

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:

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

5. Derivative Fair Values

	Aggregate Fair Value	Assets/(Liabilities)	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Assets	$-	$-	$-	$-	$-	$-
Derivative Liabilities	(890,522)	(890,522)	-	(890,522)	-	$-
Total	($890,522)	($890,522)	$-	($890,522)	$-	$-

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	$216,145,102	$216,145,102	$216,145,102	$-	$-	$-
Bonds	8,140,086,609	8,045,029,630	85,201,399	7,962,672,644	92,212,566	-
Preferred Stock	40,375,447	40,375,447	-	40,375,447	-	-
Common Stock	727,540,420	727,540,420	721,271,849	-	6,268,571	-
Securities Lending	176,462,256	176,462,256	-	176,462,256	-	-
Mortgage Loans	330,372,400	322,205,315	-	-	330,372,400	-
Surplus Notes	-	-	-	-	-	-
Total	$9,630,982,234	$9,527,758,170	$1,022,618,350	$8,179,510,347	$428,853,537	$-

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

Not applicable

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

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

F. Subprime-Mortgage-Related Risk Exposure

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

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
$711,900	$593,477	$591,029	$32,890

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

H. Insurance Linked Securities

The Company did not receive proceeds as the issuer, ceding insurer or counterparty of insurance linked securities.

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 24, 2016, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2015 that would require disclosure.

The Company did not receive any assessments under the Affordable Care Act.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, there are no unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

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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, 2015.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$2,632,208,126	$271,161,868	$174,163,836	$25,397,852	$2,458,044,290	$245,764,016
b. All Other	-	-	-	-	-	-
c. TOTAL	$2,632,208,126	$271,161,868	$174,163,836	$25,397,852	$2,458,044,290	$245,764,016
d. Direct Unearned Premium Reserve $174,163,836						

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, 2015 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$65,148,086	$88,057,602	$65,148,086	$88,057,602
b. Sliding Scale Adjustments	-	361,129	-	361,129
c. Other Profit Commission Arrangements	-	2,742,195	-	2,742,195
d. TOTAL	$65,148,086	$91,160,926	$65,148,086	$91,160,926

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.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(494,795,405)	-
2. Adjustments – Prior Year (s)	(99,671,559)	-
3. Adjustments – Current Year	1,399,642	-
4. Current Total	$(593,067,322)	-
b. Consideration Paid or Received:		
1. Initial Consideration	$(496,403,346)	-
2. Adjustments – Prior Year (s)	(11,032,809)	-
3. Adjustments – Current Year	(20,210)	-
4. Current Total	$(507,456,365)	-
c. Paid Losses Reimbursed or Recovered:		

NOTES TO FINANCIAL STATEMENTS

1. Prior Year (s)	$65,453,550	-
2. Current Year	(161,125)	-
3. Current Total	$65,292,425	-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$5,498,691	-
2. Adjustments – Prior Year (s)	16,078,568	-
3. Adjustments – Current Year	(1,258,727)	-
4. Current Year Restricted Surplus	27,156,378	-
5. Cumulative Total Transferred to Unassigned Funds	$(6,837,846)	-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(593,067,322)	-
Total	$(593,067,322)	-

f. There are no Paid Loss/ Loss Adjustment Expense 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.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance's U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

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, 2015.

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

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

   The Company does not transact business with Certified Reinsurers.

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

   The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting exception does not apply to the Company.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.

D. 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.

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.

NOTES TO FINANCIAL STATEMENTS

a.	Total accrued retro premium	$ 87,534,656
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	8,736,100
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$ 78,798,556

F. Risk Sharing Provisions of the Affordable Care Act

The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years decreased slightly through the fourth quarter of 2015. The decrease was the result of updated reserve analysis in a number of lines, with the largest decreases in the Commercial Multiple Peril line of business, the Special Property line of business, the Workers Compensation line of business, the Surety line of business, and the Non-Proportional Assumed Liability line of business. Partially offsetting these decreases were increases in reserve estimates on the Commercial Automobile line of business. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

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

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

NOTES TO FINANCIAL STATEMENTS

	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% Quota Share Affiliated Companies:	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.00%	All Lines

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

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

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

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

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

(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, 2015:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$(5,213,161)

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $115,385,284 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 $115,385,284 as of December 31, 2015.

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	$ 58,029,588

Note 28 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	12/31/2015
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2015, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $1,110,722,212 and the amount billed and recoverable on paid claims was $32,656,455. There are no unsecured high dollar deductible recoverables from professional employer organizations included in these amounts.

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 Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2015 liabilities subject to discount were carried at a value representing a discount of $106,342,987 net of all reinsurance.

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	$96,187,285	$102,641,414
5. Commercial Multiple Peril		
6. Medical Professional Liability – occurrence		
7. Medical Professional Liability – claims-made		
8. Special Liability		
9. Other Liability – occurrence		
10. Other Liability – claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity, Surety		
14. Other (including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability – occurrence		
20. Products Liability – claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Warranty		
23. Total	$96,187,285	$102,641,414

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

NOTES TO FINANCIAL STATEMENTS

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

In the third quarter of 2015, the Company completed a review of asbestos, environmental and MTT unpaid loss and ALAE claim liabilities. The review resulted in no change to reserves as they make a reasonable provision for all unpaid losses and loss adjustment expenses.

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, 2015, 2014, 2013, 2012, and 2011 before consideration of the NICO Reinsurance Transaction. Refer to Note 23f.

Asbestos:

	2011	2012	2013	2014	2015
Direct Basis					
Beginning Reserves	300,622,251	317,001,708	311,316,538	349,852,494	351,771,702
Incurred losses and LAE	80,731,751	47,802,224	82,917,125	57,018,172	16,568,687
Calendar year payments	64,352,294	53,487,394	44,381,168	55,098,964	72,264,803
Ending Reserves	317,001,708	311,316,538	349,852,494	351,771,702	296,075,586
Assumed Reinsurance Basis					
Beginning Reserves	123,203,356	124,624,879	115,013,707	123,953,071	114,650,433
Incurred losses and LAE	8,876,594	3,016,561	14,932,887	301,762	2,347,282
Calendar year payments	7,455,071	12,627,733	5,993,524	9,604,400	6,368,520
Ending Reserves	124,624,879	115,013,707	123,953,071	114,650,433	110,629,195
Net of Ceded Reinsurance Basis					
Beginning Reserves	162,852,612	193,548,043	178,029,817	199,444,721	183,609,563
Incurred losses and LAE	65,347,679	29,834,481	47,104,818	17,781,682	1,226,385
Calendar year payments	34,652,248	45,352,708	25,689,914	33,616,840	48,516,249
Ending Reserves	193,548,043	178,029,817	199,444,721	183,609,563	136,319,699

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	167,299,644
Assumed Reinsurance Basis	78,875,980
Net of Ceded Reinsurance Basis	65,167,586
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	183,486,964
Assumed Reinsurance Basis	1,289,530
Net of Ceded Reinsurance Basis	69,165,298

NOTES TO FINANCIAL STATEMENTS

Environmental:

	2011	2012	2013	2014	2015
Direct Basis					
Beginning Reserves	82,934,147	84,948,623	84,028,567	89,694,109	84,120,655
Incurred losses and LAE	17,266,195	12,207,065	19,045,897	11,590,891	5,896,123
Calendar year payments	15,251,719	13,127,121	13,380,355	17,164,345	17,543,303
Ending Reserves	84,948,623	84,028,567	89,694,109	84,120,655	72,473,475
Assumed Reinsurance Basis					
Beginning Reserves	12,667,544	11,860,453	12,997,868	12,832,557	12,086,120
Incurred losses and LAE	1,399,381	(3,628,401)	868,965	229,785	(1,961,600)
Calendar year payments	2,206,472	(4,765,816)	1,034,276	976,222	1,366,246
Ending Reserves	11,860,453	12,997,868	12,832,557	12,086,120	8,758,274
Net of Ceded Reinsurance Basis					
Beginning Reserves	71,081,851	69,398,962	61,699,541	64,596,706	59,774,828
Incurred losses and LAE	2,796,829	(384,461)	12,201,343	5,625,477	63,620
Calendar year payments	4,479,718	7,314,959	9,304,179	10,447,355	7,415,448
Ending Reserves	69,398,962	61,699,541	64,596,706	59,774,828	52,423,000

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	40,253,552
Assumed Reinsurance Basis	4,728,280
Net of Ceded Reinsurance Basis	25,258,791
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	27,172,687
Assumed Reinsurance Basis	47,522
Net of Ceded Reinsurance Basis	12,032,816

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. 12/31/2013

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/20/2015

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

GENERAL INTERROGATORIES

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]

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 18A 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 [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
0

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 committee thereof? Yes [X] No [ ]

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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. $ 225,686,500

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	$	176,462,256
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$	176,462,256
24.103 Total payable for securities lending reported on the liability page	$	176,462,256

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 [ ]

GENERAL INTERROGATORIES

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	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 6,251,700
25.28	On deposit with states	$ 513,096,045
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [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

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

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

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

GENERAL INTERROGATORIES

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
NA	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
NA	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
NA	StanCorp	1100 SW Sixth Avenue, Portland, OR 097204
NA	Prudential Mortgage Capital Company	4 Embarcadero Center, San Francisco, CA 94111

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

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	8,209,188,154	8,304,695,182	95,507,028
30.2 Preferred stocks	40,375,447	40,375,447	0
30.3 Totals	8,249,563,601	8,345,070,629	95,507,028

30.4 Describe the sources or methods utilized in determining the fair values:
The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. 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 [X] No [ ]

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 [X]

GENERAL INTERROGATORIES

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

All brokers used are reviewed and approved by the Valuation Committee which receive detailed assessment on a security by security basis as needed.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis 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? $ 11,016,536

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
INSURANCE SERVICES OFFICE INC	$ 3,377,594
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 9,786,972

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? $ 388,407

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	$ 2,453,480	$ 1,734,345
2.2	Premium Denominator	$ 4,992,563,636	$ 4,928,505,824
2.3	Premium Ratio (2.1 / 2.2)	0.00	0.00
2.4	Reserve Numerator	$ 6,586,334	$ 6,196,450
2.5	Reserve Denominator	$ 9,404,397,656	$ 9,279,268,236
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	$ 2,700,734
3.22	Non-participating policies	$ 372,310,421

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

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:
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.

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?
The Company purchases a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.

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 $ 60,782,039

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 4,542,873

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? $ 6,838,113

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 4.50 %

12.42 To 7.50 %

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 $ 1,013,726,337

12.62 Collateral and other funds $ 243,880,495

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 120,000,000

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

0

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 2015	2 2014	3 2013	4 2012	5 2011
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)	2,468,723,946	2,537,339,145	1,965,421,100	4,206,657,472	4,241,266,729
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,023,190,817	1,091,493,932	668,792,812	2,232,138,690	2,092,669,416
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,762,534,662	1,773,857,465	596,263,093	3,938,437,915	3,721,443,719
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	171,189,711	161,271,555	(182,145,287)	731,723,077	769,919,108
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	75,807,155	58,244,487	57,079,471	15,738	5,593
6. Total (Line 35)	5,501,446,291	5,622,206,584	3,105,411,189	11,108,972,892	10,825,304,565
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)	2,317,395,447	2,327,698,830	2,845,860,067	1,047,170,720	1,057,486,168
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	942,160,710	976,202,271	1,192,399,122	559,210,424	521,337,402
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,620,264,228	1,552,352,417	1,594,441,936	964,060,594	912,053,153
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	170,807,596	160,866,875	137,717,244	180,948,281	188,720,524
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	75,807,155	58,244,487	57,079,471		
12. Total (Line 35)	5,126,435,136	5,075,364,880	5,827,497,840	2,751,390,019	2,679,597,247
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	22,670,301	(95,111,731)	(276,931,495)	(14,777,982)	(180,298,775)
14. Net investment gain (loss) (Line 11)	362,009,012	371,701,298	556,336,031	443,353,245	196,759,465
15. Total other income (Line 15)	5,190,303	(1,701,428)	1,067,419	11,655,347	5,307,361
16. Dividends to policyholders (Line 17)	3,871,075	4,713,460	7,705,772	6,488,375	5,299,127
17. Federal and foreign income taxes incurred (Line 19)	81,373,822	22,995,837	121,256,724	84,330,850	(7,123,147)
18. Net income (Line 20)	304,624,719	247,178,842	151,509,459	349,411,385	23,592,071
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	13,172,391,683	12,800,884,898	13,621,186,110	7,629,799,775	7,361,784,538
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	274,945,325	276,159,867	314,702,685	80,100,722	100,980,868
20.2 Deferred and not yet due (Line 15.2)	1,238,871,856	1,172,868,764	1,499,281,420	1,116,743,314	1,014,073,115
20.3 Accrued retrospective premiums (Line 15.3)	78,798,556	89,634,524	94,147,632	17,177	1,163,639
21. Total liabilities excluding protected cell business (Page 3, Line 26)	9,855,641,908	9,741,967,989	10,834,743,223	5,742,491,090	5,559,307,309
22. Losses (Page 3, Line 1)	5,595,335,919	5,548,539,375	5,698,661,689	2,228,057,451	2,271,621,602
23. Loss adjustment expenses (Page 3, Line 3)	1,171,519,559	1,203,190,482	1,223,350,214	509,545,123	502,296,047
24. Unearned premiums (Page 3, Line 9)	2,632,208,126	2,515,271,520	2,376,172,424	1,321,805,644	1,269,858,758
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)	3,316,749,774	3,058,916,909	2,786,442,887	1,887,308,685	1,802,477,229
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	400,708,494	297,773,334	4,805,586,842	409,142,233	133,352,265
Risk-Based Capital Analysis					
28. Total adjusted capital	3,316,749,774	3,058,916,909	2,786,442,887	1,887,308,685	1,802,477,229
29. Authorized control level risk-based capital	620,712,211	621,450,026	624,080,541	363,747,637	355,139,007
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)	73.5	73.6	76.5	67.3	65.7
31. Stocks (Lines 2.1 & 2.2)	13.0	13.8	12.9	22.8	25.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.9	2.5	2.0	2.4	2.3
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.1	0.1
34. Cash, cash equivalents and short-term investments (Line 5)	2.0	0.9	1.5	4.6	4.6
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	6.9	6.8	6.0	1.7	0.9
38. Receivables for securities (Line 9)	0.0	0.5	0.2	0.1	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.6	1.8	1.0	0.9	0.8
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	652,526,640	655,134,197	645,898,544	829,047,415	1,075,241,775
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)		30,320,506			
46. Affiliated mortgage loans on real estate					
47. All other affiliated	520,132,436	503,266,546	482,371,874		
48. Total of above Lines 42 to 47	1,172,659,076	1,188,721,249	1,128,270,418	829,047,415	1,075,241,775
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)	35.4	38.9	40.5	43.9	

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(14,033,120)	55,603,161	(55,891,114)	(166,358,574)	5,608,420
52. Dividends to stockholders (Line 35)				(175,000,000)	
53. Change in surplus as regards policyholders for the year (Line 38)	257,832,866	272,474,022	899,134,202	84,831,456	24,801,899
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,477,764,977	1,748,147,384	3,428,787,446	2,484,795,591	2,605,914,794
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	543,732,520	571,662,942	590,248,543	1,167,444,606	1,175,686,120
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	897,134,583	876,575,793	2,199,835,322	2,194,857,770	2,531,818,792
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	48,002,004	61,219,155	170,801,156	280,667,929	189,950,176
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	22,933,980	25,735,214	(76,839,475)	8,440,201	9,625,235
59. Total (Line 35)	2,989,568,064	3,283,340,488	6,312,832,992	6,136,206,097	6,512,995,117
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)	1,345,043,988	1,563,159,670	(1,564,988,550)	595,979,990	640,132,157
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	503,264,692	515,198,507	435,223,334	294,815,285	295,835,761
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	800,078,156	754,222,207	590,389,932	548,574,270	625,895,627
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	47,770,900	58,853,846	39,261,817	70,646,855	47,569,969
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	22,933,980	25,735,214	(100,676,737)	1,783,371	1,987,156
65. Total (Line 35)	2,719,091,716	2,917,169,444	(600,790,204)	1,511,799,771	1,611,420,670
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)	55.6	56.3	59.2	54.3	61.9
68. Loss expenses incurred (Line 3)	12.7	13.7	14.3	12.4	12.1
69. Other underwriting expenses incurred (Line 4)	31.2	31.9	32.2	33.9	32.9
70. Net underwriting gain (loss) (Line 8)	0.5	(1.9)	(5.7)	(0.5)	(6.8)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	30.3	31.0	26.9	32.9	32.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	68.4	70.0	73.5	66.7	73.9
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)	154.6	165.9	209.1	145.8	148.7
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(33,651)	(2,991)	163,042	(105,626)	(70,998)
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)	(1.1)	(0.1)	8.6	(5.9)	(4.0)
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)	(38,849)	137,885	175,800	(135,500)	(63,709)
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)	(1.4)	7.3	9.8	(7.6)	(2.6)

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

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	182,717	53,301	53,328	23,353	9,013	1,385	1,406	167,019	X X X
2. 2006	4,928,916	720,761	4,208,155	2,384,250	294,374	187,747	21,263	349,525	15,893	145,942	2,589,992	X X X
3. 2007	5,122,972	776,032	4,346,940	2,595,213	377,072	203,862	24,917	353,516	17,008	167,914	2,733,594	X X X
4. 2008	5,295,454	887,352	4,408,102	3,052,999	480,744	221,537	24,866	399,211	14,893	154,717	3,153,244	X X X
5. 2009	5,014,054	1,025,240	3,988,814	2,649,638	481,483	190,466	20,928	373,668	3,988	146,056	2,707,373	X X X
6. 2010	5,021,547	902,912	4,118,635	2,760,666	461,716	194,505	17,587	393,811	1,340	165,480	2,868,339	X X X
7. 2011	5,277,902	1,062,698	4,215,204	3,018,039	564,064	192,082	24,693	392,563	1,195	202,312	3,012,732	X X X
8. 2012	5,681,635	1,142,390	4,539,245	2,947,166	581,973	169,241	22,010	401,019	325	223,563	2,913,118	X X X
9. 2013	5,982,021	1,220,252	4,761,769	2,616,602	562,772	113,632	12,513	388,696	522	170,178	2,543,123	X X X
10. 2014	6,092,510	1,189,721	4,902,789	2,371,952	498,929	71,080	6,106	364,992	523	124,674	2,302,466	X X X
11. 2015	6,287,100	1,294,532	4,992,568	1,858,634	494,031	26,912	2,485	293,783	127	91,771	1,682,686	X X X
12. Totals	X X X	X X X	X X X	26,437,876	4,850,459	1,624,392	200,721	3,719,797	57,199	1,594,013	26,673,686	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	1,156,010	421,127	619,549	340,353	68,221	46,029	275,477	113,308	38,763	(124)	5,931	1,237,327	X X X
2. 2006	57,722	15,598	105,329	29,283	1,704	491	11,683	2,754	2,849	(7)	5,826	131,168	X X X
3. 2007	83,561	17,071	103,886	17,288	3,336	965	11,506	2,883	2,493		1,697	166,575	X X X
4. 2008	99,005	18,666	148,858	24,950	3,394	492	21,280	5,905	3,870	2	8,093	226,392	X X X
5. 2009	100,881	15,178	159,312	32,819	4,170	1,111	19,063	4,741	4,337	(1)	2,309	233,915	X X X
6. 2010	136,571	25,062	149,254	27,061	5,573	1,660	31,783	4,069	5,581	1,147	4,137	269,763	X X X
7. 2011	173,365	20,481	192,498	33,385	9,399	2,385	55,972	6,782	9,514		9,618	377,715	X X X
8. 2012	254,926	41,135	290,278	39,353	13,503	2,890	79,713	7,807	15,178	18	23,385	562,395	X X X
9. 2013	343,381	49,995	387,959	58,835	12,010	2,154	111,447	9,692	57,211	24	28,858	791,308	X X X
10. 2014	441,013	51,450	534,497	94,248	10,840	1,434	151,287	11,565	53,719	38	45,202	1,032,621	X X X
11. 2015	634,437	56,226	1,011,599	158,992	7,904	617	181,624	10,588	128,728	190	120,322	1,737,679	X X X
12. Totals	3,480,872	731,989	3,703,019	856,567	140,054	60,228	950,835	180,094	322,243	1,287	255,378	6,766,858	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	1,014,079	223,248
2. 2006	3,100,809	379,649	2,721,160	62.911	52.673	64.664			20.000	118,170	12,998
3. 2007	3,357,373	457,204	2,900,169	65.536	58.916	66.717			20.000	153,088	13,487
4. 2008	3,950,154	570,518	3,379,636	74.595	64.294	76.669			20.000	204,247	22,145
5. 2009	3,501,535	560,247	2,941,288	69.834	54.645	73.738			20.000	212,196	21,719
6. 2010	3,677,744	539,642	3,138,102	73.239	59.767	76.193			20.000	233,702	36,061
7. 2011	4,043,432	652,985	3,390,447	76.611	61.446	80.434			20.000	311,997	65,718
8. 2012	4,171,024	695,511	3,475,513	73.412	60.882	76.566			20.000	464,716	97,679
9. 2013	4,030,938	696,507	3,334,431	67.384	57.079	70.025			20.000	622,510	168,798
10. 2014	3,999,380	664,293	3,335,087	65.644	55.836	68.024			20.000	829,812	202,809
11. 2015	4,143,621	723,256	3,420,365	65.907	55.870	68.509			20.000	1,430,818	306,861
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	5,595,335	1,171,523

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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year
1. Prior	4,096,247	4,143,697	4,064,925	4,188,667	4,196,865	4,287,541	4,301,261	4,347,848	4,402,534	4,407,416	4,882	59,568
2. 2006	2,545,310	2,469,746	2,421,178	2,390,924	2,385,016	2,384,748	2,391,996	2,392,876	2,388,273	2,392,509	4,236	(367)
3. 2007	X X X	2,734,695	2,677,306	2,567,213	2,563,275	2,551,646	2,564,552	2,567,076	2,565,174	2,568,632	3,458	1,556
4. 2008	X X X	X X X	3,070,622	2,999,077	2,960,411	2,959,512	2,970,323	3,005,498	3,002,040	3,002,365	325	(3,133)
5. 2009	X X X	X X X	X X X	2,630,507	2,624,082	2,599,839	2,575,638	2,594,403	2,574,069	2,575,891	1,822	(18,512)
6. 2010	X X X	X X X	X X X	X X X	2,738,779	2,737,126	2,748,368	2,779,268	2,751,946	2,753,914	1,968	(25,354)
7. 2011	X X X	X X X	X X X	X X X	X X X	2,990,413	2,990,190	3,002,967	3,002,294	3,000,355	(1,939)	(2,612)
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	3,105,467	3,129,090	3,099,363	3,068,471	(30,892)	(60,619)
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,891,510	2,921,867	2,902,134	(19,733)	10,624
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,920,068	2,922,290	2,222	X X X
11. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,003,198	X X X	X X X
									12. Totals		(33,651)	(38,849)

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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	838,056	1,431,515	1,841,926	2,175,269	2,432,223	2,625,044	2,784,333	2,941,358	3,100,749	X X X	X X X
2. 2006	1,002,595	1,509,894	1,764,615	1,952,085	2,072,940	2,147,471	2,195,736	2,224,039	2,246,705	2,256,360	X X X	X X X
3. 2007	X X X	1,039,553	1,598,826	1,879,897	2,079,820	2,211,760	2,294,314	2,342,862	2,376,275	2,397,086	X X X	X X X
4. 2008	X X X	X X X	1,243,342	1,902,497	2,220,325	2,442,905	2,594,414	2,686,023	2,739,626	2,768,925	X X X	X X X
5. 2009	X X X	X X X	X X X	1,049,323	1,588,591	1,873,135	2,078,059	2,216,263	2,295,031	2,337,693	X X X	X X X
6. 2010	X X X	X X X	X X X	X X X	1,154,422	1,746,305	2,045,545	2,265,291	2,401,423	2,475,867	X X X	X X X
7. 2011	X X X	X X X	X X X	X X X	X X X	1,363,068	1,931,497	2,252,891	2,477,821	2,621,363	X X X	X X X
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	1,339,963	2,010,637	2,315,343	2,512,424	X X X	X X X
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,261,825	1,862,729	2,154,949	X X X	X X X
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,340,762	1,937,996	X X X	X X X
11. 2015	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	1,389,031	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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior	1,673,475	1,324,510	1,041,397	967,985	755,104	709,616	580,356	566,142	549,480	477,809
2. 2006	977,598	546,078	357,863	235,781	168,371	135,248	121,071	110,463	94,432	89,239
3. 2007	X X X	1,037,435	605,427	362,032	245,125	174,580	146,001	123,502	105,359	99,642
4. 2008	X X X	X X X	1,110,927	611,640	394,000	271,211	193,787	192,035	158,862	146,757
5. 2009	X X X	X X X	X X X	996,025	598,832	395,209	264,863	222,843	159,553	146,033
6. 2010	X X X	X X X	X X X	X X X	980,536	547,263	371,398	281,631	192,700	158,068
7. 2011	X X X	X X X	X X X	X X X	X X X	981,953	599,421	414,263	279,517	216,892
8. 2012	X X X	X X X	X X X	X X X	X X X	X X X	1,128,737	647,680	445,400	329,845
9. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,064,034	619,371	442,331
10. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,005,678	585,075
11. 2015	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	1,028,143

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L						788		
2. Alaska AK	L								
3. Arizona AZ	L	161,250	152,665		(156)	5,847	20,792	1,716	
4. Arkansas AR	L	773,641	832,722		115,346	(117,717)	800,823	8,232	
5. California CA	L	50,278,757	81,172,750	30,726	60,246,823	46,519,495	110,995,126	534,966	
6. Colorado CO	L	(478)	(234)		612	25	35,762		
7. Connecticut CT	L	17,867,222	19,170,299	32,359	14,892,076	8,862,418	44,152,335	190,107	
8. Delaware DE	L	2,752,049	2,934,664		926,368	1,069,031	4,643,886	29,282	
9. District of Columbia DC	L	506,958	588,950		151,574	147,471	593,096	5,394	
10. Florida FL	L	12,884	13,747			(1,819)	3,426	137	
11. Georgia GA	L	4,992,437	4,998,210		3,222,006	959,270	5,657,303	53,120	
12. Hawaii HI	N								
13. Idaho ID	L								
14. Illinois IL	L	6,119,932	6,809,204	560	1,981,253	444,899	11,919,811	65,116	
15. Indiana IN	L	13,301,749	14,080,684		7,486,948	2,782,829	13,570,512	141,531	
16. Iowa IA	L	645,088	782,726		146,112	79,591	1,217,877	6,864	
17. Kansas KS	L	1,361,631	1,502,579		303,446	309,135	1,951,411	14,488	
18. Kentucky KY	L	5,178,442	5,554,823		1,387,448	1,814,527	6,814,830	55,099	
19. Louisiana LA	L	5,089,731	5,979,246		3,577,094	877,501	4,322,469	54,155	
20. Maine ME	L	46,922,760	48,271,768		16,675,225	14,055,877	23,691,772	499,258	
21. Maryland MD	L	9,641,878	10,400,943		4,825,992	3,612,573	13,690,013	102,590	
22. Massachusetts MA	L	27,881,142	32,446,224		23,841,968	16,840,757	54,882,771	296,655	
23. Michigan MI	L	689,833	690,006		270,741	380,416	223,867	7,340	
24. Minnesota MN	L	1,227,557	1,801,616		908,123	883,853	5,496,683	13,061	
25. Mississippi MS	L								
26. Missouri MO	L	3,796,553	4,140,818		3,298,243	993,205	3,017,170	40,395	
27. Montana MT	L								
28. Nebraska NE	L	691,895	854,985	2,501	169,477	195,528	935,708	7,362	
29. Nevada NV	L	1,985	7,441			(1,405)	1,085	21	
30. New Hampshire NH	L	24,846,491	25,984,727	107,628	9,192,649	6,854,195	48,389,632	264,367	
31. New Jersey NJ	Q	5,974	5,974			(360,501)	131,662	64	
32. New Mexico NM	L	420	420			(2,363)	130	4	
33. New York NY	L	40,321,623	43,600,708	597,968	46,174,500	15,611,144	115,452,603	429,022	
34. North Carolina NC	L	9,537,829	11,946,840		9,330,883	(340,813)	13,000,461	101,482	
35. North Dakota ND	L								
36. Ohio OH	L	5,531,692	5,691,376	268	1,822,274	1,049,335	3,078,406	58,857	
37. Oklahoma OK	L	5,034,104	5,672,802		3,768,757	3,446,924	10,652,824	53,563	
38. Oregon OR	L					(264,440)	286,356		
39. Pennsylvania PA	L	24,244,072	27,696,703	351	15,586,290	12,347,789	37,410,438	257,957	
40. Rhode Island RI	L	26,506,587	28,303,093	17,668	19,984,731	17,036,205	18,051,233	282,030	
41. South Carolina SC	L	6,150,109	6,366,025		4,527,393	4,554,829	13,168,175	65,437	
42. South Dakota SD	L								
43. Tennessee TN	L	4,218,954	4,407,747	7,596	1,420,067	2,028,706	4,414,211	44,890	
44. Texas TX	L	4,391,542	4,871,416	1,089	1,387,573	2,427,820	5,325,095	46,726	
45. Utah UT	L	1	1			(529)			
46. Vermont VT	L	15,763,473	16,346,825	29,234	9,200,138	4,468,537	20,648,439	167,723	
47. Virginia VA	L	7,917,760	8,276,879	3,223	3,312,915	4,846,843	13,507,746	84,245	
48. Washington WA	L					(115,642)	5,858,954		
49. West Virginia WV	L	184	184			(11)	17	2	
50. Wisconsin WI	L	645,446	818,990	88,852	341,458	480,223	2,363,054	6,868	
51. Wyoming WY	L								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate Other Alien OT	XXX								
59. Totals	(a) 49	375,011,157	433,177,546	920,023	270,476,347	174,781,558	620,378,752	3,990,126	

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.

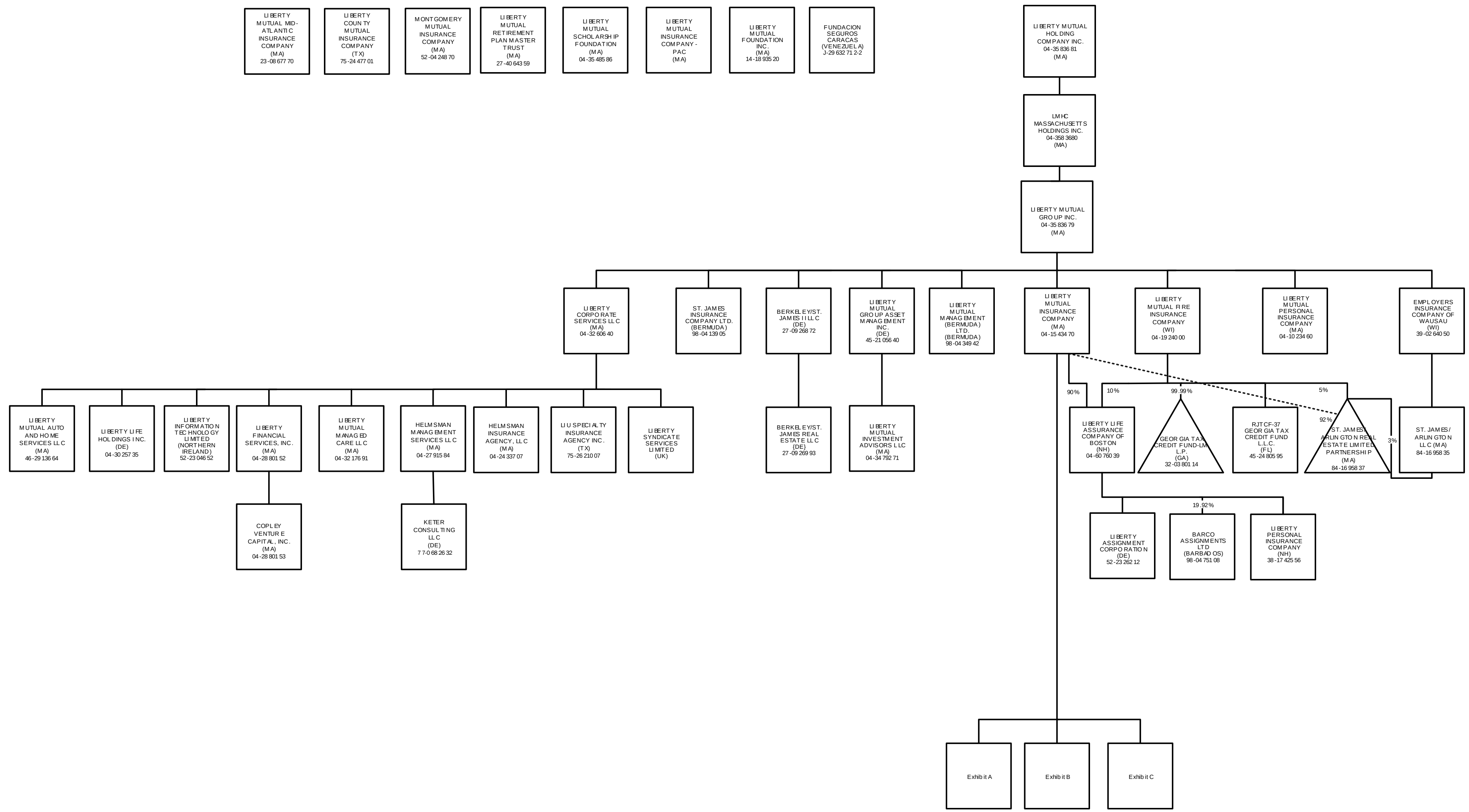
Explanation of basis of allocation of premiums by states, etc.

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

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

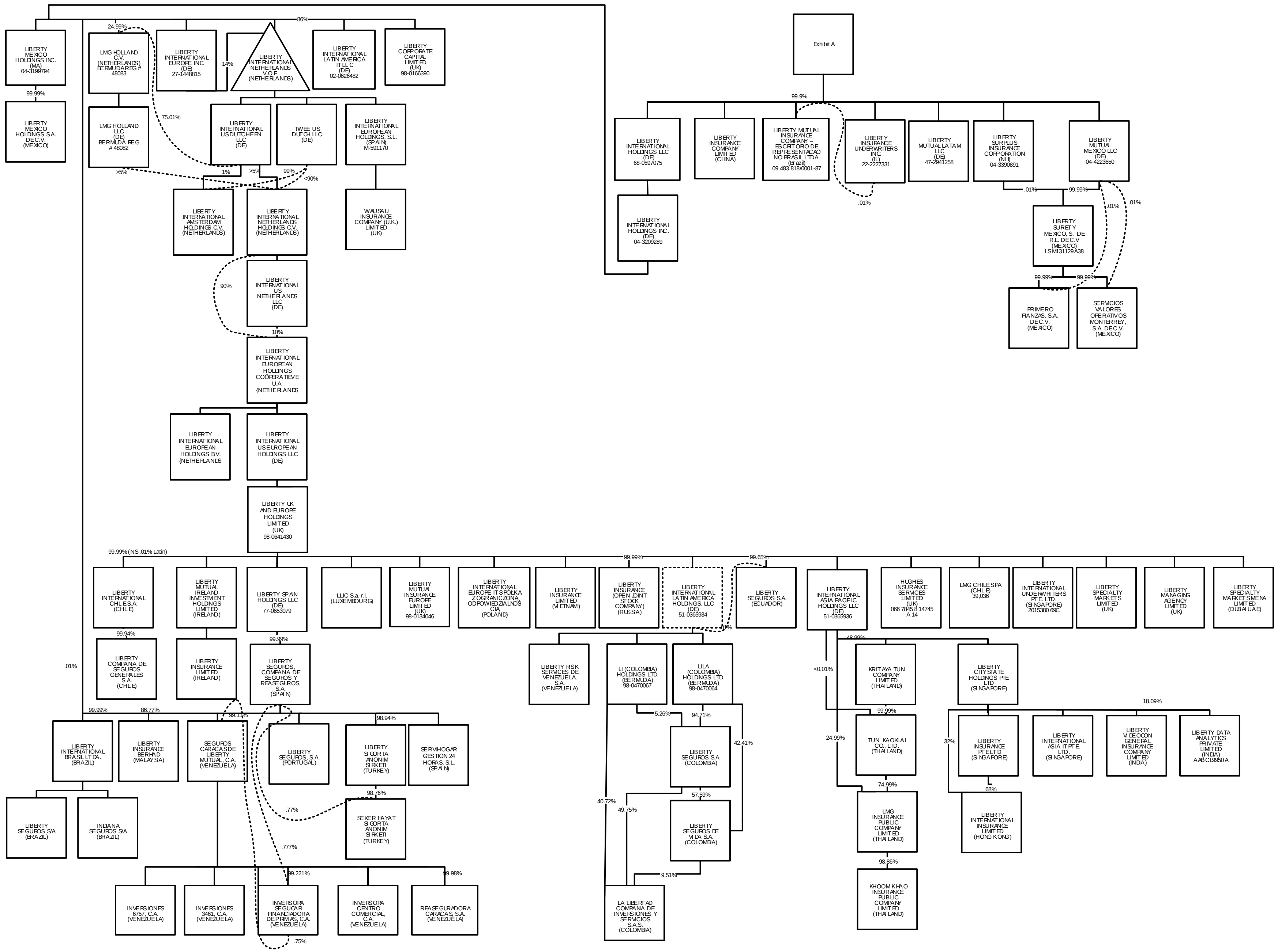
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

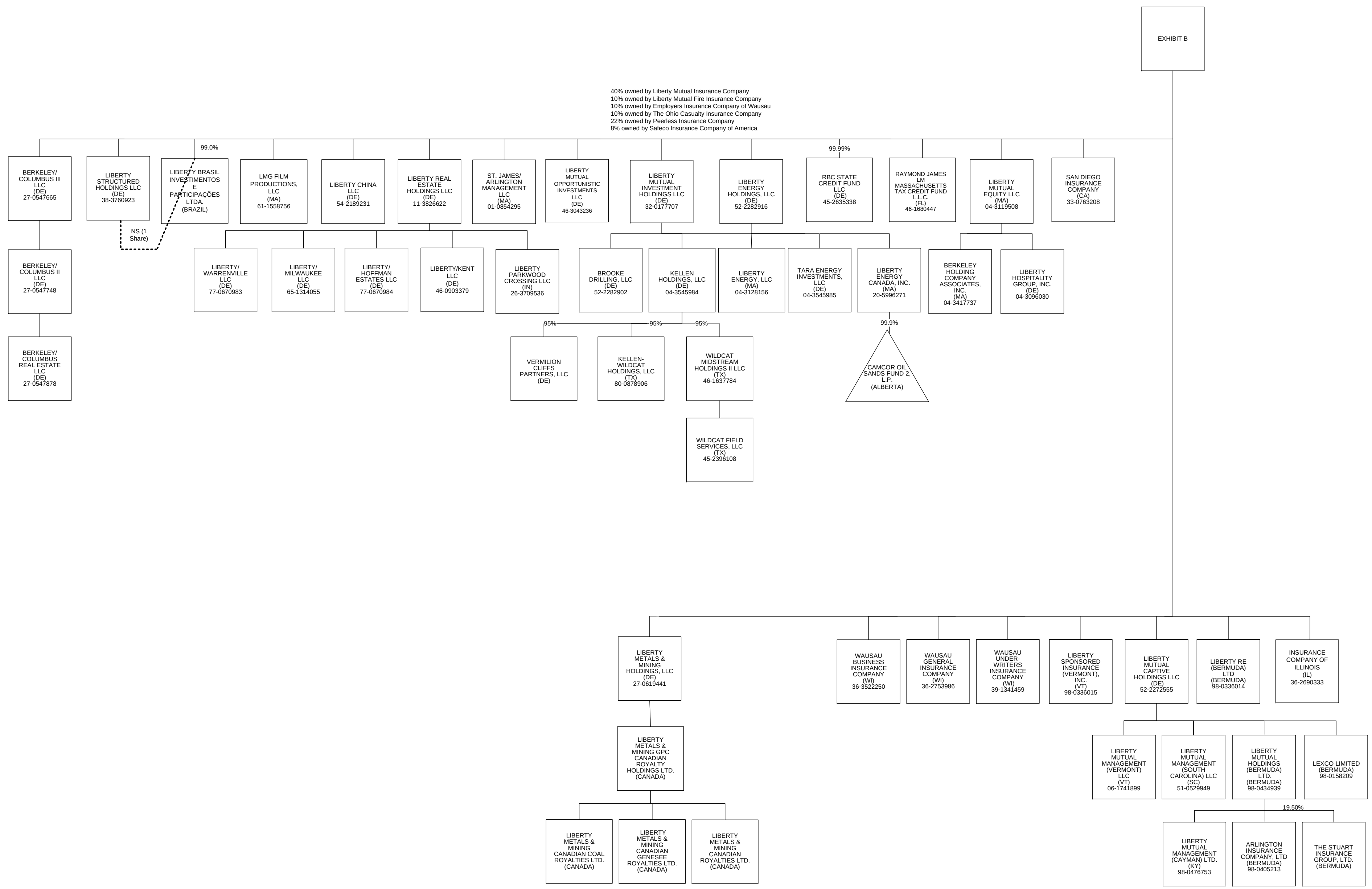
PART 1 - ORGANIZATIONAL CHART



Annual Statement for the year 2015 of the **Peerless Insurance Company**

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

PART 1 - ORGANIZATIONAL CHART



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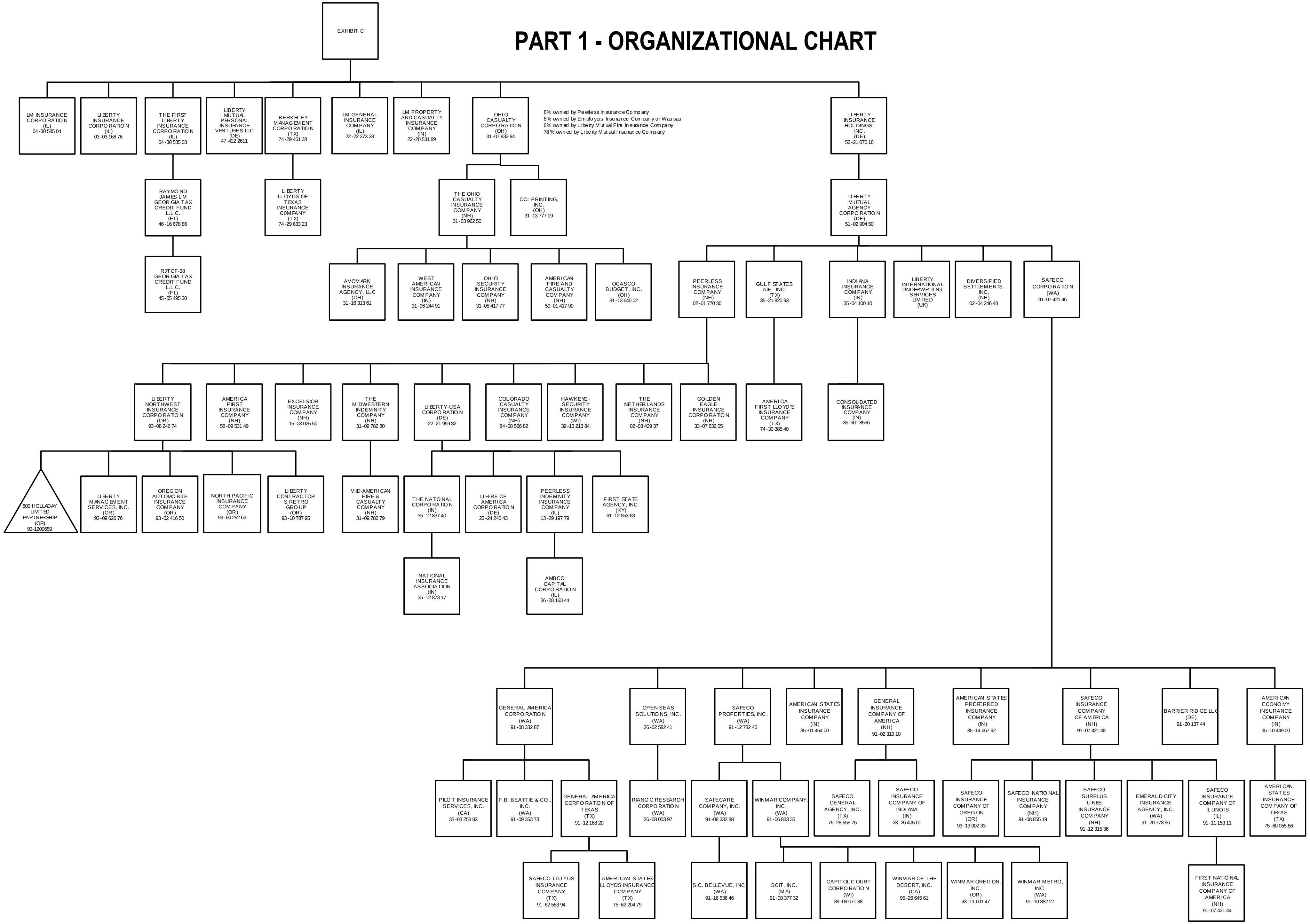
PART 1 - ORGANIZATIONAL CHART



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