ANNUAL STATEMENT

OF THE

WAUSAU UNDERWRITERS INSURANCE COMPANY

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2011

PROPERTY AND CASUALTY

2011

26042201120100100

ANNUAL STATEMENT

For the Year Ended December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Wausau Underwriters Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 26042 **Employer's ID Number** 39-1341459

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

Country of Domicile United States of America

Incorporated/Organized September 27, 1979 **Commenced Business** January 1, 1980

Statutory Home Office 2000 Westwood Drive (Street and Number), Wausau, WI 54401 (City or Town, State and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

Statutory Statement Contact Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

Christopher Locke Peirce #

	Name	Title
1.	Christopher Locke Peirce #	President and Chief Executive Officer
2.	Dexter Robert Legg	Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
John Derek Doyle	Vice President and Comptroller	Anthony Alexander Fontanes	Vice President and Chief Investment Officer
Christopher Charles Mansfield	SVP and General Counsel	Mark Joseph Moitoso #	Vice President and Chief Financial Officer

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Dennis James Langwell	Dexter Robert Legg	David Henry Long
Christopher Charles Mansfield	Christopher Locke Peirce #	Timothy Michael Sweeney	

State of Massachusetts

County of Suffolk ss

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

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

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

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	182,834,365		182,834,365	178,636,018
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ (147), Schedule E - Part 1), cash equivalents ($ 0, Schedule E - Part 2), and short-term investments ($ 4,452,794, Schedule DA)	4,452,647		4,452,647	6,929,759
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)	12,966,720		12,966,720	10,731,853
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	200,253,732		200,253,732	196,297,630
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,430,994		1,430,994	1,492,631
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	4,936,601	152,733	4,783,868	4,186,674
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	13,292,473	2,082	13,290,391	10,949,078
15.3 Accrued retrospective premiums	1,821,792	183,090	1,638,702	2,291,097
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	46,469,739		46,469,739	40,694,228
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	161	48	113	235
18.1 Current federal and foreign income tax recoverable and interest thereon	169,013		169,013	
18.2 Net deferred tax asset	6,309,000	1,181,602	5,127,398	2,886,321
19. Guaranty funds receivable or on deposit	81,981		81,981	121,813
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	7,715,403		7,715,403	8,369,083
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	3,657,576	142,668	3,514,908	3,397,052
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	286,138,465	1,662,223	284,476,242	270,685,842
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	286,138,465	1,662,223	284,476,242	270,685,842

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	2,375,382		2,375,382	2,243,305
2502. Amounts receivable under high deductible policies	813,799		813,799	889,874
2503. Equities and deposits in pools and associations	297,758		297,758	244,147
2598. Summary of remaining write-ins for Line 25 from overflow page	170,637	142,668	27,969	19,726
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,657,576	142,668	3,514,908	3,397,052

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	71,014,801	69,763,188
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	3,329,838	3,329,085
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,719,099	13,981,019
4.	Commissions payable, contingent commissions and other similar charges	413,031	369,547
5.	Other expenses (excluding taxes, licenses and fees)	1,612,928	974,656
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	961,948	1,092,510
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		1,685,819
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 $ 210,353,131 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	20,392,878	18,983,908
10.	Advance premium	239,496	232,483
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	25,237	25,889
12.	Ceded reinsurance premiums payable (net of ceding commissions)	51,492,101	42,217,652
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	294,214	331,207
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	1,827,974	1,696,454
19.	Payable to parent, subsidiaries and affiliates	4,129,222	5,696,707
20.	Derivatives		
21.	Payable for securities		3,129,938
22.	Payable for securities lending	12,966,720	10,731,853
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(252,722)	(3,374,967)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	183,166,765	170,866,948
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	183,166,765	170,866,948
29.	Aggregate write-ins for special surplus funds	5,932,142	5,175,441
30.	Common capital stock	4,500,000	4,500,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	75,147,640	75,147,640
35.	Unassigned funds (surplus)	15,729,695	14,995,813
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)	101,309,477	99,818,894
38.	Totals (Page 2, Line 28, Col. 3)	284,476,242	270,685,842

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	2,990,390	3,156,503
2502.	Other liabilities	2,028,239	1,790,919
2503.	Private passenger auto escrow		2,191
2598.	Summary of remaining write-ins for Line 25 from overflow page	(5,271,351)	(8,324,580)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(252,722)	(3,374,967)
2901.	Special surplus from retroactive reinsurance	3,263,002	5,175,441
2902.	SSAP 10R incremental change	2,669,140	
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	5,932,142	5,175,441
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)	43,647,314	41,422,967
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	30,679,243	26,977,551
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	8,629,932	7,402,183
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	11,827,033	10,392,786
5.	Aggregate write-ins for underwriting deductions	(2,191)	(1,561)
6.	Total underwriting deductions (Lines 2 through 5)	51,134,017	44,770,959
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(7,486,703)	(3,347,992)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,235,464	7,543,795
10.	Net realized capital gains (losses) less capital gains tax of $ (55,093) (Exhibit of Capital Gains (Losses))	(102,316)	91,351
11.	Net investment gain (loss) (Lines 9 + 10)	7,133,148	7,635,146
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 14,321 amount charged off $ 201,198)	(186,878)	(292,173)
13.	Finance and service charges not included in premiums	171,194	182,304
14.	Aggregate write-ins for miscellaneous income	(1,049,522)	(313,104)
15.	Total other income (Lines 12 through 14)	(1,065,206)	(422,973)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(1,418,761)	3,864,181
17.	Dividends to policyholders	162,718	251,791
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)	(1,581,479)	3,612,390
19.	Federal and foreign income taxes incurred	(302,907)	(758,089)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(1,278,572)	4,370,479
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	99,818,894	95,512,490
22.	Net income (from Line 20)	(1,278,572)	4,370,479
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 160,029	297,196	(165,944)
25.	Change in net unrealized foreign exchange capital gain (loss)	(23,714)	
26.	Change in net deferred income tax	2,031,649	(91,454)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,245,059)	119,517
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	39,943	
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	2,669,140	73,806
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,490,583	4,306,404
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	101,309,477	99,818,894

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(2,191)	(1,561)
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)	(2,191)	(1,561)
1401.	Other income/(expense)	(497,705)	(836,041)
1402.	Retroactive reinsurance gain/(loss)	(551,817)	522,937
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(1,049,522)	(313,104)
3701.	SSAP 10R incremental change	2,669,140	
3702.	Other changes in surplus		73,806
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	2,669,140	73,806

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	52,102,541	61,775,963
2.	Net investment income	8,002,948	8,135,135
3.	Miscellaneous income	(1,247,709)	(1,049,114)
4.	Total (Lines 1 through 3)	58,857,780	68,861,984
5.	Benefit and loss related payments	35,054,675	27,220,096
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	19,118,243	17,768,503
8.	Dividends paid to policyholders	163,370	235,507
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	1,496,832	(3,940,366)
10.	Total (Lines 5 through 9)	55,833,120	41,283,740
11.	Net cash from operations (Line 4 minus Line 10)	3,024,660	27,578,244
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	33,200,927	42,320,386
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	48,049,650	
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	81,250,577	42,320,386
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	37,805,305	55,924,070
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	50,284,517	10,731,853
	13.6 Miscellaneous applications	3,129,937	(3,129,938)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	91,219,759	63,525,985
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(9,969,182)	(21,205,599)
	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)	4,467,410	(16,558,930)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	4,467,410	(16,558,930)
	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)	(2,477,112)	(10,186,285)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	6,929,759	17,116,044
	19.2 End of year (Line 18 plus Line 19.1)	4,452,647	6,929,759

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

20.0001	13.1 Cost of Investment Acquired - Bonds		2,026,880
20.0002			
20.0003			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,049,592	436,734	525,370	960,956
2. Allied lines	501,988	205,973	259,705	448,256
3. Farmowners multiple peril	4,585		610	3,975
4. Homeowners multiple peril	6,228,860	3,182,459	3,479,135	5,932,184
5. Commercial multiple peril	1,310,200	607,428	665,318	1,252,310
6. Mortgage guaranty				
8. Ocean marine	182,132	78,844	82,710	178,266
9. Inland marine	1,889,004	146,031	215,597	1,819,438
10. Financial guaranty				
11.1 Medical professional liability—occurrence	224,761	31,235	83,160	172,836
11.2 Medical professional liability—claims-made	12,665	1,899	3,444	11,120
12. Earthquake	157,768	61,487	75,789	143,466
13. Group accident and health	3,290			3,290
14. Credit accident and health (group and individual)				
15. Other accident and health	1,445	300	265	1,480
16. Workers' compensation	10,839,521	93,152	349,860	10,582,813
17.1 Other liability—occurrence	3,258,808	1,158,056	1,502,171	2,914,693
17.2 Other liability—claims-made	961,014	527,753	591,827	896,940
17.3 Excess workers' compensation	291,590	194,875	145,521	340,944
18.1 Products liability—occurrence	558,854	258,040	332,298	484,596
18.2 Products liability—claims-made	25,195	5,199	4,891	25,503
19.1,19.2 Private passenger auto liability	10,857,585	5,126,831	5,503,418	10,480,998
19.3,19.4 Commercial auto liability	1,577,919	549,873	732,845	1,394,947
21. Auto physical damage	4,438,071	3,547,650	3,788,007	4,197,714
22. Aircraft (all perils)	207,570	61,337	47,425	221,482
23. Fidelity	37,802	16,138	17,526	36,414
24. Surety	10,752	5,285	9,821	6,216
26. Burglary and theft	1,227	606	430	1,403
27. Boiler and machinery	106,152	35,643	49,480	92,315
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	761,620	52,470	93,907	720,183
32. Reinsurance-nonproportional assumed liability	295,411	66,292	31,337	330,366
33. Reinsurance-nonproportional assumed financial lines	45			45
34. Aggregate write-ins for other lines of business				
35. TOTALS	45,795,426	16,451,590	18,591,867	43,655,149

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	512,566	12,803			525,369
2. Allied lines	248,472	11,233			259,705
3. Farmowners multiple peril	610				610
4. Homeowners multiple peril	3,479,135				3,479,135
5. Commercial multiple peril	437,928	227,390			665,318
6. Mortgage guaranty					
8. Ocean marine	68,771	13,939			82,710
9. Inland marine	75,740	139,856			215,596
10. Financial guaranty					
11.1 Medical professional liability—occurrence	83,160				83,160
11.2 Medical professional liablity—claims-made	3,346	98			3,444
12. Earthquake	74,798	991			75,789
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	265				265
16. Workers' compensation	2,091,288	101,062		(1,842,490)	349,860
17.1 Other liability—occurrence	1,120,500	370,825		10,847	1,502,172
17.2 Other liability—claims-made	381,190	210,637			591,827
17.3 Excess workers' compensation	118,039	27,482			145,521
18.1 Products liability—occurrence	176,962	146,114		9,222	332,298
18.2 Products liability—claims-made	4,888	3			4,891
19.1,19.2 Private passenger auto liability	5,503,418				5,503,418
19.3,19.4 Commercial auto liability	713,867	(2,432)		21,411	732,846
21. Auto physical damage	3,790,617	(2,610)			3,788,007
22. Aircraft (all perils)	47,425				47,425
23. Fidelity	16,002	1,525			17,527
24. Surety	3,029	6,792			9,821
26. Burglary and theft	428	2			430
27. Boiler and machinery	48,189	1,291			49,480
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	93,907				93,907
32. Reinsurance-nonproportional assumed liability	30,857	479			31,336
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	19,125,397	1,267,480		(1,801,010)	18,591,867
36. Accrued retrospective premiums based on experience					1,801,011
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					20,392,878

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	12,329	1,049,592		12,329		1,049,592
2. Allied lines	19,745	501,988		19,745		501,988
3. Farmowners multiple peril		4,585				4,585
4. Homeowners multiple peril		6,228,860				6,228,860
5. Commercial multiple peril	66,139,731	1,310,200		66,139,731		1,310,200
6. Mortgage guaranty						
8. Ocean marine		182,132				182,132
9. Inland marine	436,159	1,889,004		436,159		1,889,004
10. Financial guaranty						
11.1 Medical professional liability--occurrence		224,761				224,761
11.2 Medical professional liability--claims-made		12,665				12,665
12. Earthquake	502,614	157,768		502,614		157,768
13. Group accident and health		3,290				3,290
14. Credit accident and health (group and individual)						
15. Other accident and health		1,445				1,445
16. Workers' compensation	458,341,597	10,839,521		458,341,597		10,839,521
17.1 Other liability—occurrence	42,681,050	3,258,808		42,681,050		3,258,808
17.2 Other liability—claims-made		961,014				961,014
17.3 Excess workers' compensation	68,413	291,590		68,413		291,590
18.1 Products liability—occurrence	8,764,423	558,854		8,764,423		558,854
18.2 Products liability—claims-made		25,195				25,195
19.1,19.2 Private passenger auto liability	(10)	10,857,585		(10)		10,857,585
19.3,19.4 Commercial auto liability	93,532,924	1,577,919		93,532,924		1,577,919
21. Auto physical damage	22,160,701	4,438,071		22,160,701		4,438,071
22. Aircraft (all perils)		207,570				207,570
23. Fidelity	98,518	37,802		98,518		37,802
24. Surety		10,752				10,752
26. Burglary and theft	57,776	1,227		57,776		1,227
27. Boiler and machinery	1,334	106,152		1,334		106,152
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	761,620				761,620
32. Reinsurance-nonproportional assumed liability	X X X	295,411				295,411
33. Reinsurance-nonproportional assumed financial lines	X X X	45				45
34. Aggregate write-ins for other lines of business						
35. TOTALS	692,817,304	45,795,426		692,817,304		45,795,426

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

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

If yes: 1. The amount of such installment premiums $ 447,718,216

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 464,564,524

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
	1	2	3	4				
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire		569,156		569,156	606,267	371,518	803,905	83.657
2. Allied lines	(24)	230,698	(24)	230,698	226,790	153,334	304,154	67.853
3. Farmowners multiple peril		2,823		2,823			2,823	71.019
4. Homeowners multiple peril		4,062,693		4,062,693	1,653,380	1,542,668	4,173,405	70.352
5. Commercial multiple peril	22,169,327	634,658	22,169,327	634,658	1,380,910	1,283,619	731,949	58.448
6. Mortgage guaranty								
8. Ocean marine		55,661		55,661	236,286	218,931	73,016	40.959
9. Inland marine	146,305	1,357,663	146,305	1,357,663	235,364	355,289	1,237,738	68.029
10. Financial guaranty								
11.1 Medical professional liability—occurrence		59		59	171,555	(2,347)	173,961	100.651
11.2 Medical professional liability—claims-made		313		313	31,722	5,763	26,272	236.259
12. Earthquake		211		211	753	619	345	0.240
13. Group accident and health		2,248		2,248	9,887	11,221	914	27.781
14. Credit accident and health (group and individual)								
15. Other accident and health		869		869	7,418	7,706	581	39.257
16. Workers' compensation	355,873,549	8,950,308	355,873,549	8,950,308	40,260,095	40,484,136	8,726,267	82.457
17.1 Other liability—occurrence	8,649,910	1,755,931	8,649,910	1,755,931	7,613,022	7,389,467	1,979,486	67.914
17.2 Other liability—claims-made		279,392		279,392	1,860,444	1,799,598	340,238	37.933
17.3 Excess workers' compensation		196,762		196,762	1,979,262	1,632,228	543,796	159.497
18.1 Products liability—occurrence	4,789,350	162,425	4,789,350	162,425	1,718,187	1,494,324	386,288	79.713
18.2 Products liability—claims-made		(811)		(811)	95,835	86,841	8,183	32.086
19.1,19.2 Private passenger auto liability	(59)	6,943,953	(59)	6,943,953	7,897,862	8,299,591	6,542,224	62.420
19.3,19.4 Commercial auto liability	34,017,729	1,064,201	34,017,729	1,064,201	2,297,506	2,246,909	1,114,798	79.917
21. Auto physical damage	17,468,320	2,536,553	17,468,320	2,536,553	50,109	(9,324)	2,595,986	61.843
22. Aircraft (all perils)		127,820		127,820	200,673	186,458	142,035	64.129
23. Fidelity		20,443		20,443	94,211	82,553	32,101	88.156
24. Surety		561		561	4,697	3,664	1,594	25.644
26. Burglary and theft	2,250	777	2,250	777	1,262	2,628	(589)	(41.981)
27. Boiler and machinery		16,951		16,951	19,624	7,650	28,925	31.333
28. Credit					112		112	
29. International								
30. Warranty					(95)	149	(244)	
31. Reinsurance-nonproportional assumed property	X X X	254,097		254,097	641,865	491,970	403,992	56.096
32. Reinsurance-nonproportional assumed liability	X X X	183,591		183,591	1,701,471	1,599,067	285,995	86.569
33. Reinsurance-nonproportional assumed financial lines	X X X	1,497		1,497	18,325	16,956	2,866	6368.889
34. Aggregate write-ins for other lines of business								
35. TOTALS	443,116,657	29,411,503	443,116,657	29,411,503	71,014,799	69,763,186	30,663,116	70.239

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

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

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire		440,353		440,353	24,232	165,914	24,232	606,267	50,884
2. Allied lines	24	118,728	24	118,728	31,445	108,063	31,445	226,791	21,194
3. Farmowners multiple peril									
4. Homeowners multiple peril		838,484		838,484		814,896		1,653,380	476,508
5. Commercial multiple peril	33,690,605	956,828	33,690,605	956,828	37,820,512	424,081	37,820,512	1,380,909	466,644
6. Mortgage guaranty									
8. Ocean marine		136,201		136,201		100,085		236,286	36,995
9. Inland marine	103,300	95,362	103,300	95,362	68,397	140,003	68,397	235,365	38,083
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		801		801		170,753		171,554	240
11.2 Medical professional liablity—claims-made		1,422		1,422		30,300		31,722	17,347
12. Earthquake		1,047		1,047		(294)		753	76
13. Group accident and health		8,075		8,075		1,812		(a) 9,887	789
14. Credit accident and health (group and individual)									
15. Other accident and health		1,952		1,952		5,466		(a) 7,418	515
16. Workers' compensation	534,704,034	22,111,737	534,704,034	22,111,737	502,430,147	18,148,359	502,430,147	40,260,096	5,682,701
17.1 Other liability—occurrence	16,343,987	2,839,351	16,343,987	2,839,351	20,945,071	4,773,671	20,945,071	7,613,022	3,428,430
17.2 Other liability—claims-made		471,401		471,401		1,389,043		1,860,444	607,887
17.3 Excess workers' compensation		736,477		736,477		1,242,786		1,979,263	162,046
18.1 Products liability—occurrence	9,239,030	309,308	9,239,030	309,308	11,656,076	1,408,880	11,656,076	1,718,188	1,066,632
18.2 Products liability—claims-made		903		903		94,932		95,835	60,677
19.1,19.2 Private passenger auto liability	53	4,625,598	53	4,625,598		3,272,265		7,897,863	1,824,207
19.3,19.4 Commercial auto liability	55,241,957	1,327,606	55,241,957	1,327,606	45,447,832	969,901	45,447,832	2,297,507	348,583
21. Auto physical damage		5,544		5,544		44,565		50,109	231,376
22. Aircraft (all perils)		160,021		160,021		40,652		200,673	55,099
23. Fidelity		3,456		3,456	36,954	90,755	36,954	94,211	15,375
24. Surety		2,296		2,296		2,401		4,697	57
26. Burglary and theft	7,000	1,046	7,000	1,046	15,670	216	15,670	1,262	1,261
27. Boiler and machinery		11,614		11,614	2,169	8,010	2,169	19,624	1,453
28. Credit						112		112	
29. International									
30. Warranty						(95)		(95)	62
31. Reinsurance-nonproportional assumed property	X X X	328,925		328,925	X X X	312,940		641,865	10,269
32. Reinsurance-nonproportional assumed liability	X X X	466,201		466,201	X X X	1,235,270		1,701,471	113,480
33. Reinsurance-nonproportional assumed financial lines	X X X	18,386		18,386	X X X	(62)		18,324	229
34. Aggregate write-ins for other lines of business									
35. TOTALS	649,329,990	36,019,123	649,329,990	36,019,123	618,478,505	34,995,680	618,478,505	71,014,803	14,719,099

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	59,332,759			59,332,759
1.2 Reinsurance assumed	4,917,305			4,917,305
1.3 Reinsurance ceded	59,332,759			59,332,759
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	4,917,305			4,917,305
2. Commission and brokerage:				
2.1 Direct, excluding contingent		57,873,280		57,873,280
2.2 Reinsurance assumed, excluding contingent		(2,043,675)		(2,043,675)
2.3 Reinsurance ceded, excluding contingent		57,873,280		57,873,280
2.4 Contingent—direct		4,536,653		4,536,653
2.5 Contingent—reinsurance assumed		395,333		395,333
2.6 Contingent—reinsurance ceded		4,536,653		4,536,653
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)		(1,648,342)		(1,648,342)
3. Allowances to manager and agents		916,991		916,991
4. Advertising	58,494	913,495	3,341	975,330
5. Boards, bureaus and associations	10,978	98,205	96	109,279
6. Surveys and underwriting reports	177	141,526	2,377	144,080
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	2,079,204	4,902,035	214,745	7,195,984
8.2 Payroll taxes	125,533	433,494	7,211	566,238
9. Employee relations and welfare	442,712	1,505,278	27,485	1,975,475
10. Insurance	234,753	52,437	3,955	291,145
11. Directors' fees	1	5		6
12. Travel and travel items	145,122	311,689	7,290	464,101
13. Rent and rent items	145,215	507,780	8,818	661,813
14. Equipment	57,653	284,173	4,784	346,610
15. Cost or depreciation of EDP equipment and software	74,818	163,706	10,213	248,737
16. Printing and stationery	21,134	85,246	918	107,298
17. Postage, telephone and telegraph, exchange and express	69,763	296,519	9,954	376,236
18. Legal and auditing	16,406	93,508	14,609	124,523
19. Totals (Lines 3 to 18)	3,481,963	10,706,087	315,796	14,503,846
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 26,928		1,765,465		1,765,465
20.2 Insurance department licenses and fees		86,235		86,235
20.3 Gross guaranty association assessments		18,806		18,806
20.4 All other (excluding federal and foreign income and real estate)		108,101		108,101
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,978,607		1,978,607
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	230,664	790,681	61,331	1,082,676
25. Total expenses incurred	8,629,932	11,827,033	377,127	(a) 20,834,092
26. Less unpaid expenses—current year	14,719,099	2,987,907		17,707,006
27. Add unpaid expenses—prior year	13,981,019	2,436,713		16,417,732
28. Amounts receivable relating to uninsured plans, prior year		235		235
29. Amounts receivable relating to uninsured plans, current year		113		113
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	7,891,852	11,275,717	377,127	19,544,696

DETAILS OF WRITE-IN LINES				
2401. Other expenses	230,664	790,681	61,331	1,082,676
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)	230,664	790,681	61,331	1,082,676

(a) Includes management fees of $ 9,141,332 to affiliates and $ 1,089,613 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 2,659,927	2,553,306
1.1	Bonds exempt from U.S. tax	(a) 39,189	50,573
1.2	Other bonds (unaffiliated)	(a) 4,923,354	4,965,413
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 18,471	10,012
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	33,289	33,289
10.	Total gross investment income	7,674,230	7,612,593
11.	Investment expenses		(g) 377,128
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		377,128
17.	Net investment income (Line 10 minus Line 16)		7,235,465

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income / (Expense)	33,289	33,289
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)	33,289	33,289
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 $ 88,439 accrual of discount less $ 794,286 amortization of premium and less $ 209,251 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 9,113 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					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)	7,788	(165,197)	(157,409)	457,225	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	7,788	(165,197)	(157,409)	457,225	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	152,733	139,568	(13,165)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,082	1,844	(238)
15.3 Accrued retrospective premiums	183,090	255,271	72,181
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	48	109	61
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	1,181,602	1,551,059	369,457
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	142,668	141,175	(1,493)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,662,223	2,089,026	426,803
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,662,223	2,089,026	426,803

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	142,668	140,943	(1,725)
2502. Amounts receivable under high deductible policies		232	232
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	142,668	141,175	(1,493)

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

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

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

C. Accounting Policies

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

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

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

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

12. The Company did not change its capitalization policy in 2011.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

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

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

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
74958YAA0	1,000,000	939,250	60,750	939,250	856,625	12/31/2010
74958YAA0	939,250	934,040	5,210	934,040	866,323	3/31/2011
74958YAA0	925,292	917,522	7,770	917,522	833,806	6/30/2011
74958YAA0	866,185	859,638	6,547	859,638	762,856	12/31/2011
76200RAG3	968,966	926,290	42,676	926,290	872,120	12/31/2010
76200RAG3	926,184	925,690	494	925,690	867,649	3/31/2011
76200RAG3	925,690	925,350	340	925,350	840,084	6/30/2011
76200RAG3	896,816	894,102	2,714	894,102	785,059	12/31/2011
12544LAK7	976,910	952,190	24,720	952,190	952,190	3/31/2011
12544LAK7	952,091	942,184	9,907	942,184	941,455	9/30/2011
12544LAK7	897,858	887,181	10,677	887,181	886,614	12/31/2011
12545CAU4	989,099	909,932	79,167	909,932	865,079	6/30/2011
12545CAU4	860,881	843,229	17,652	843,229	771,243	12/31/2011

4. All impaired Loan-Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2011:

	1	2
	Less Than 12 Months	12 Months or Longer
Gross Unrealized Loss	(27,746)	(627,663)
Fair Value of Securities with Unrealized Losses	1,378,144	4,843,596

NOTES TO FINANCIAL STATEMENTS

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

E. Repurchase Agreements and Securities Lending

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

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

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 12,996,720
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	12,996,720
Securities Received	-
Total Collateral Received	$ 12,996,720

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	$ -	$ -
30 Days or Less	3,212,713	3,212,723
31 to 60 Days	6,341,816	6,341,927
61 to 90 Days	3,413,347	3,413,554
90 to 120 Days	-	
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	12,967,876	12,968,204
Securities Received	-	-
Total Collateral Reinvested	$ 12,967,876	$ 12,968,204

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

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

The Company has no investments in joint ventures, partnerships, or limited liability companies.

NOTES TO FINANCIAL STATEMENTS

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

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

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2011.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	6,834,440	278,560	7,113,000	4,766,051	380,089	5,146,140	2,068,389	(101,529)	1,966,860
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	6,834,440	278,560	7,113,000	4,766,051	380,089	5,146,140	2,068,389	(101,529)	1,966,860
Deferred Tax Liabilities	(804,000)	-	(804,000)	(681,450)	(27,310)	(708,760)	(122,550)	27,310	(95,240)
Net DTA (DTL)	6,030,440	278,560	6,309,000	4,084,601	352,779	4,437,380	1,945,839	(74,219)	1,871,620
Deferred Tax Assets Nonadmitted	(903,042)	(278,560)	(1,181,602)	(1,551,059)	-	(1,551,059)	648,017	(278,560)	369,457
Net Admitted DTA (DTL)	5,127,398	-	5,127,398	2,533,542	352,779	2,886,321	2,593,856	(352,779)	2,241,077

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election differs from the prior reporting period.

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	-	-	-	-	-	-	-	-	-
Lesser of:									
Expected to be recognized within one year (10bi.)	2,458,258	-	2,458,258	2,533,542	352,779	2,886,321	(75,284)	(352,779)	(428,063)
10% of adjusted capital and surplus (10bii.)			9,513,881			9,488,123			25,758
Adj. gross DTAs offset against existing DTLs (10c.)	804,000	-	804,000	681,450	27,310	708,760	122,550	(27,310)	95,240
Total	3,262,258	-	3,262,258	3,214,992	380,089	3,595,081	47,266	(380,089)	(332,823)

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	-	-	-	-	-	-	-	-	-
Lesser of:									
Expected to be recognized within three years (10eiia.)	5,127,398	-	5,127,398	-	-	-	5,127,398	-	5,127,398
15% of adjusted capital and surplus (10eiib.)			14,270,821			-			14,270,821
Adj. gross DTAs offset against existing DTLs (10eiii.)	804,000	-	804,000	-	-	-	804,000	-	804,000
Total	5,931,398	-	5,931,398	-	-	-	5,931,398	-	5,931,398

NOTES TO FINANCIAL STATEMENTS

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2011	December 31, 2010	Change
Total Adjusted Capital	98,640,337	99,818,894	(1,178,557)
Authorized Control Level	6,415,774	6,053,823	361,951

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
Impact of Tax Planning Strategies	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	56%	0%	56%	49%	6%	55%	7%	(6%)	1%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	78%	0%	78%	88%	11%	99%	(10%)	(11%)	(21%)

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	2,458,258	-	2,458,258	2,533,542	352,779	2,886,321	(75,284)	(352,779)	(428,063)
Admitted Assets			281,807,102			270,685,842			
Adjusted Statutory Surplus*			95,138,810			94,881,226			
Total Adjusted Capital from DTAs	2,458,258	-	2,458,258	2,533,542	352,779	2,886,321	(75,284)	(352,779)	(428,063)

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

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	2,669,140	-	2,669,140	-	-	-	2,669,140	-	2,669,140
Admitted Assets	2,669,140	-	2,669,140	-	-	-	2,669,140	-	2,669,140
Statutory Surplus	2,669,140	-	2,669,140	-	-	-	2,669,140	-	2,669,140

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

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

	2011	2010
Federal	(302,907)	(758,089)
Foreign	-	-
Realized capital gains	(55,093)	49,189
Federal and foreign income taxes incurred	(358,000)	(708,900)

The Company's DTAs and DTLs result primarily from limits on unearned premium reserves, discounting of unpaid losses and LAE reserves, and net operating loss carry-forward.

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

	2011
Change in net deferred income tax (without unrealized gain or loss)	2,031,649
Change in tax effect of unrealized (gains) losses	(160,029)
Total change in net deferred income tax	1,871,620

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill and net operating losses generated in 2011.

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

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

Year Generated	Amount	Expiration
2011	6,260,000	2031

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

NOTES TO FINANCIAL STATEMENTS

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

Access Insurance Services, Co. (Dissolved 10/24/2011)
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Arizona corporation) (Dissolved 1/20/2011)
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Co., Inc.
First National Insurance Company of America
First State Agency Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Heritage-Summit HealthCare, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.*
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Asset Management Inc.**
Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited
Liberty Sponsored Insurance (Vermont) Inc.
Liberty Surplus Insurance Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Property & Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
OCASCO Budget, Inc.
OCI Printing, Inc.
Ohio Casualty Corporation
Ohio Security Insurance Company
Open Seas Solutions, Inc.
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Pilot Insurance Services, Inc.
Rianoc Research Corporation
S.C. Bellevue, Inc.
SAFECARE Company, Inc.
Safeco Corporation
Safeco General Agency, Inc.
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Properties, Inc.
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
SCIT, Inc.
St. James Insurance Company Ltd.
Summit Consulting, Inc.
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc.

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

NOTES TO FINANCIAL STATEMENTS

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

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

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 Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.

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

C. There have been no material transactions with the Company's affiliates during 2011.

D. At December 31, 2011, the Company reported a net $3,586,181 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

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

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

There is a service agreement between the Company and LMIC, under which LMIC provides the Company with services of personnel employed by LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

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

The Company is a party to a service agreement with Peerless Insurance Company ("PIC"). Under the Agreement, the Company provides services to PIC.

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

The Company received $1,496,832 under the LMIC Tax Sharing Agreement and paid $377,128 under the LMGI and LMIA investment management agreements. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

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.

J. The Company does not own any investments in subsidiary, controlled or affiliated entities; as such, no impairments were recognized.

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

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

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

1. The Company has 20,000 shares authorized and 11,250 shares issued and outstanding as of December 31, 2011. All shares have a stated par value of $400.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

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

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2012 is $7,329,429.

6. As of December 31, 2011, the Company has restricted surplus of $2,669,140 from recording the increase in admitted DTAs as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes*, and pre-tax restricted surplus of $3,263,002 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2011 and from the adoption of the revised guidance on calculating admitted DTAs in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $(519,885) after applicable deferred taxes of $181,960.

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

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

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

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $760,789 that is offset by future premium tax credits of $74,711. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2012. During 2011 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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	$ 101,040
b.	Decreases current year: Premium tax offset applied	26,268
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 74,772

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$65,000

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

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

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

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2012	$ 160,858	$ 494,353
2013	161,459	470,687
2014	112,760	318,230
2015	111,309	198,094
2016	105,913	220,262
2017 & thereafter	353,979	1,339,385
Total	$ 1,006,278	$ 3,041,011

NOTES TO FINANCIAL STATEMENTS

The Company has not terminated any existing lease agreements early, nor is under lease agreement but no longer using leased property benefits.

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

At December 31, 2011 the total fair value of securities on loan was $12,705,012, with corresponding collateral value of $12,996,720 of which $12,996,720 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses in excess of actual expenses on ASO plans and the net gain was $641. Claim payment volume was $18,500.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

- 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, 2011:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Residential Mortgage-Backed Securities	-	$ 4,057,273	-	$ 4,057,273
Total Bonds	-	$ 4,057,273	-	$ 4,057,273
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Total assets at fair value	-	$ 4,057,273	-	$ 4,057,273
Liabilities at fair value	-	-	-	-
Total liabilities at fair value	$ 0	$ 0	$ 0	$ 0

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

2. Rollforward of Level 3 Items

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

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

NOTES TO FINANCIAL STATEMENTS

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

   Not applicable

B. Other Fair Value Disclosures

   Not applicable

C. Reasons Not Practical to Estimate Fair Value

   Not applicable

Note 21 - Other Items

A. Extraordinary Items

   The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

   Not applicable

C. Other Disclosures

   1) Florida Special Disability Trust Fund

      a) The amount of credit taken by the Company in determination of its loss reserves was $0 in 2011 and 2010.

      b) The Company reported loss recoveries from the Special Disability Trust Fund of $155,408 in 2011 and $14,976 in 2010.

      c) The amount the Company was assessed by the Special Disability Trust Fund was $165,474 in 2011 and $533,241 in 2010.

NOTES TO FINANCIAL STATEMENTS

2) Assets in the amount of $13,407,153 and $29,004,309 as of December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

In 2011, as a member of the inter-company reinsurance pooling arrangement in which Liberty Mutual Insurance Company is the pool leader, the Company had the benefit, together with its affiliates that cede business to Liberty Mutual Insurance Company or that are members of the reinsurance pooling arrangement, of Workers Compensation Catastrophe excess of loss reinsurance with the following limits: (1) $400,000,000 part of $500,000,000 xs $700,000,000 per occurrence; or (2) $261,000,000 part of $500,000,000 xs $200,000,000 (excluding CA EQ) per occurrence, each insured, each location. This Worker’s Compensation Catastrophe Excess of Loss reinsurance purchased by Liberty Mutual Insurance Company covers Liberty Mutual’s direct and assumed from affiliates workers' compensation business.

Interrogatory 6.2

The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, the Company employs RiskLink v10.0 and v11.0 from RMS and AIR Clasic/2 v12. For workers' compensation, Liberty Mutual utilizes RiskLink v11.0 from RMS.

Interrogatory 6.3

In 2011, as a member of the inter-company pooling arrangement in which Liberty Mutual Insurance Company is the pool leader, the Company had the benefit, together with its affiliates that cede business to Liberty Mutual Insurance Company or that are members of the reinsurance pooling arrangement, traditional Prop Cat excess of loss reinsurance, with limits of $750,000,000 part of $1,000,000,000 xs $1,300,000,000, and $525,000,000 part of $700,000,000 xs $2,300,000,000 (excluding CA) covering Liberty’s direct and assumed from affiliates property business. Additionally, Liberty has purchased $585,000,000 part of $650,000,000 xs $650,000,000 xs $650,000,000 in second event coverage should there be multiple large events in a single year. Liberty also has a 30% QS treaty in place for its US HO portfolio that covers catastrophe losses up to $1,750,000,000 for Wind and $400,000,000 for EQ.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

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

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities.

2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.

3. The Company does not have any direct exposure through other investments.

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2012, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2011 that would require disclosure.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$20,392,878	$5,471	$210,353,131	$18,948,899	$(189,960,253)	$(18,943,428)
All Other	-	-	-	-	-	-
Total	$20,392,878	$5,471	$210,353,131	$18,948,899	$(189,960,253)	$(18,943,428)

Direct Unearned Premium Reserve: $210,353,131

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2011 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$4,166,224	$127,256	$4,166,224	$127,256
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	(450,000)	-	(450,000)
Totals	$4,166,224	$(322,744)	$4,166,224	$(322,744)

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(9,171,422)	
	2. Adjustments – Prior Year(s)	1,626,842	
	3. Adjustments – Current Year	2,723,229	
	4. Total	$(4,821,351)	
b.	Consideration Paid or Received:		
	1. Initial	$(4,283,386)	
	2. Adjustments – Prior Year(s)	(223,293)	
	3. Adjustments – Current Year	(376,228)	
	4. Total	$(4,882,907)	
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(144,902)	
	2. Adjustments – Prior Year(s)	(2,097,195)	
	3. Adjustments – Current Year	(2,547,641)	
	4. Total	$(4,789,738)	
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$5,032,938	
	2. Adjustments – Prior Year(s)	247,060	
	3. Adjustments – Current Year	(551,816)	
	4. Current Year Special Surplus	3,263,002	
	5. Cumulative Total Transferred to Unassigned Funds	$1,465,180	
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(4,821,351)	
	Total	$(4,821,351)	

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.

NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2011.

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

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

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 13.3 of the assets 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.

a.	Total accrued retro premium	$ 1,821,792
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	183,090
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$ 1,638,702

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has increased through the fourth quarter of 2011. This increase was primarily the result of updated reserve analysis in the Homeowners/Farmowners, Commercial Auto Liability, Auto Physical Damage, Special Liability, Other Liability Occurrence, Assumed Liability and Workers Compensation lines. The increases were partially offset by decreases in reserve estimates for the Property lines – Commercial Multiple Peril, Special Property and Assumed Property – and for the Products Liability Occurrence line. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual 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	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	

NOTES TO FINANCIAL STATEMENTS

100% Quota	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
Share	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
Affiliated	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
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 inter-company pool as of December 31, 2011:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$ (257,175)

Effective January 3, 2011, the entity formerly named LM Personal Insurance Company (LMPIC), merged with an affiliate, Liberty Insurance Underwriters, Inc. LMPIC, the surviving entity, was renamed Liberty Insurance Underwriters, Inc.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $2,109,461 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was $2,109,461 of December 31, 2011.

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	$ 1,221,962

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2011, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $19,732,196 and the amount billed and recoverable on paid claims was $813,799.

NOTES TO FINANCIAL STATEMENTS

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2011 liabilities subject to discount were carried at a value representing a discount of $4,854,868 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

In the third quarter of 2011, the Company completed ground-up asbestos and environmental reserve studies. The studies were completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and they included all major segments of the Company's direct, assumed, and ceded asbestos and environmental claims. As part of the internal reviews, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with published actuarial papers on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. The studies resulted in an increase to reserves. Between comprehensive studies, the Company monitors asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted.

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

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

NOTES TO FINANCIAL STATEMENTS

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

Asbestos:

	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	7,399,042	6,729,228	6,252,688	7,405,784	5,448,764
Incurred losses and LAE	924,810	570,577	2,197,151	307,462	1,728,135
Calendar year payments	1,594,624	1,047,117	1,044,054	2,264,482	1,247,572
Ending Reserves	6,729,228	6,252,688	7,405,784	5,448,764	5,929,328
Assumed Reinsurance Basis					
Beginning Reserves	2,173,851	2,833,006	2,682,152	1,919,743	1,910,511
Incurred losses and LAE	766,586	(30,287)	(611,028)	194,986	79,387
Calendar year payments	107,430	120,568	151,381	204,219	111,281
Ending Reserves	2,833,006	2,682,152	1,919,743	1,910,511	1,878,617
Net of Ceded Reinsurance Basis					
Beginning Reserves	3,588,089	3,189,340	2,637,427	3,547,480	2,307,775
Incurred losses and LAE	340,505	56,976	1,582,207	(428,689)	1,273,274
Calendar year payments	739,254	608,889	672,153	811,017	539,773
Ending Reserves	3,189,340	2,637,427	3,547,480	2,307,775	3,041,276

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	3,504,342
Assumed Reinsurance Basis	1,447,016
Net of Ceded Reinsurance Basis	2,091,417
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	2,581,804
Assumed Reinsurance Basis	106,825
Net of Ceded Reinsurance Basis	1,392,384

Environmental:	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	2,022,055	1,803,494	1,492,968	1,226,155	1,174,209
Incurred losses and LAE	23,525	27,349	112,614	157,765	247,950
Calendar year payments	242,086	337,875	379,427	209,711	235,415
Ending Reserves	1,803,494	1,492,968	1,226,155	1,174,209	1,186,744
Assumed Reinsurance Basis					
Beginning Reserves	191,789	163,421	162,964	211,006	162,905
Incurred losses and LAE	5,902	14,361	68,746	(2,210)	37,704
Calendar year payments	34,269	14,818	20,704	45,891	32,858
Ending Reserves	163,421	162,964	211,006	162,905	167,752
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,581,464	1,454,544	1,246,348	1,054,784	924,549
Incurred losses and LAE	39,276	(53)	(11)	(11,337)	175,597
Calendar year payments	166,196	208,142	191,554	118,897	247,843
Ending Reserves	1,454,544	1,246,348	1,054,784	924,549	852,303

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	761,471
Assumed Reinsurance Basis	109,586
Net of Ceded Reinsurance Basis	521,274
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	548,203
Assumed Reinsurance Basis	36,593
Net of Ceded Reinsurance Basis	314,306

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

NOTES TO FINANCIAL STATEMENTS

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Wisconsin

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. 12/31/2009

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. 12/31/2009

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). 05/25/2011

3.4 By what department or departments?
State of Wisconsin Office of the Commissioner of Insurance

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

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

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 [X] No [ ]

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William Finn
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Group Inc.

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
In 2011, Code provisions were added for Registered Investment Adviser compliance, as a Liberty Mutual subsidiary obtained SEC approval as a Registered Investment Adviser. Several non-material Code changes were also made to clarify existing provisions.

GENERAL INTERROGATORIES

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

GENERAL INTERROGATORIES

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

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

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes [X] No [ ]

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

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

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

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 12,966,720

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

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

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 13,407,153
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

GENERAL INTERROGATORIES

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	187,287,159	198,216,742	10,929,583
30.2 Preferred stocks	0	0	0
30.3 Totals	187,287,159	198,216,742	10,929,583

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 0

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 295,239

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 7,704

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	$ 4,769	$ 8,613
2.2	Premium Denominator	$ 43,647,314	$ 41,422,967
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 18,875	$ 20,602
2.5	Reserve Denominator	$ 109,456,616	$ 106,057,200
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 [ ] No [X]

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

3.21 Participating policies $ 0

3.22 Non-participating policies $ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

See Note 21C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 1,340,058
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 433,848

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? $ 375,473

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

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 4.00 %
12.42 To 7.00 %

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

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 28,388,819
12.62 Collateral and other funds $ 5,454,219

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 284,903

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. 3

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to the intercompany pooling agreement.

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

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

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

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

15.2 If yes, give full information

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	631,996,309	661,531,834	618,500,366	632,986,850	612,572,284
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	31,226,974	24,834,810	20,915,785	15,722,765	16,359,948
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	74,180,564	68,323,310	47,907,644	44,106,612	45,291,249
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	151,807	105,152	77,341	(628,614)	1,197,192
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,057,076	1,059,725	1,007,932	925,238	750,465
6. Total (Line 35)	738,612,730	755,854,831	688,409,068	693,112,851	676,171,138
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)	28,607,912	27,432,681	25,560,331	28,306,795	31,414,169
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	8,037,650	6,583,536	7,593,247	7,333,519	7,354,206
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,039,499	7,083,828	5,773,770	6,893,741	7,886,562
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	53,289	49,659	55,067	(633,132)	1,192,913
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,057,076	1,059,725	1,007,932	925,238	750,465
12. Total (Line 35)	45,795,426	42,209,429	39,990,347	42,826,161	48,598,315
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(7,486,703)	(3,347,992)	(4,407,228)	(2,524,984)	(2,615,608)
14. Net investment gain (loss) (Line 11)	7,133,148	7,635,146	8,365,500	8,524,818	8,392,475
15. Total other income (Line 15)	(1,065,206)	(422,973)	(634,880)	(501,989)	(428,907)
16. Dividends to policyholders (Line 17)	162,718	251,791	92,553	107,163	279,090
17. Federal and foreign income taxes incurred (Line 19)	(302,907)	(758,089)	(1,098,033)	(436,809)	129,520
18. Net income (Line 20)	(1,278,572)	4,370,479	4,328,872	5,827,491	4,939,350
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	284,476,242	270,685,842	253,589,563	244,472,852	233,032,611
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	4,783,868	4,186,674	4,750,864	4,983,519	4,246,781
20.2 Deferred and not yet due (Line 15.2)	13,290,391	10,949,078	11,261,261	9,706,858	11,001,927
20.3 Accrued retrospective premiums (Line 15.3)	1,638,702	2,291,097	1,758,937	1,916,701	2,043,160
21. Total liabilities excluding protected cell business (Page 3, Line 26)	183,166,765	170,866,948	158,077,073	152,854,024	142,235,501
22. Losses (Page 3, Line 1)	71,014,801	69,763,188	67,097,056	66,427,802	66,375,561
23. Loss adjustment expenses (Page 3, Line 3)	14,719,099	13,981,019	13,574,501	12,998,554	13,558,122
24. Unearned premiums (Page 3, Line 9)	20,392,878	18,983,908	17,562,895	17,497,338	19,387,033
25. Capital paid up (Page 3, Lines 30 & 31)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	101,309,477	99,818,894	95,512,490	91,618,828	90,797,110
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,024,660	27,578,244	(12,922,329)	(105,624)	24,452,473
Risk-Based Capital Analysis					
28. Total adjusted capital	101,309,477	99,818,894	95,512,490	91,618,828	90,797,110
29. Authorized control level risk-based capital	6,419,877	6,053,823	6,077,088	5,731,676	6,704,514
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)	91.3	91.0	90.6	90.0	91.3
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	2.2	3.5	9.4	10.0	8.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					0.0
39. Securities lending reinvested collateral assets (Line 10)	6.5	5.5	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	297,196	(165,944)	(346,376)	(31,637)	(91,164)
51. Dividends to stockholders (Line 35)				(4,940,835)	
52. Change in surplus as regards policyholders for the year (Line 38)	1,490,583	4,306,404	3,893,662	821,718	4,769,740
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	422,683,012	394,062,160	327,837,999	285,717,854	224,777,074
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	22,311,909	15,222,410	11,069,845	10,887,721	9,211,411
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	27,069,933	24,304,049	23,446,953	24,947,204	21,720,310
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	24,121	53,326	13,902	437,109	127,562
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	439,185	763,259	301,689	353,099	428,981
58. Total (Line 35)	472,528,160	434,405,204	362,670,388	322,342,987	256,265,338
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	19,352,533	15,644,470	16,349,314	19,392,356	16,059,420
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,695,058	3,956,678	4,930,884	4,340,873	4,000,030
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,900,606	4,062,639	4,212,676	5,285,420	3,564,966
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	24,121	53,326	13,902	437,109	127,562
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	439,185	763,259	301,689	353,099	428,981
64. Total (Line 35)	29,411,503	24,480,372	25,808,465	29,808,857	24,180,959
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	70.3	65.1	65.8	67.8	61.9
67. Loss expenses incurred (Line 3)	19.8	17.9	19.5	15.8	15.9
68. Other underwriting expenses incurred (Line 4)	27.1	25.1	25.8	22.1	27.8
69. Net underwriting gain (loss) (Line 8)	(17.2)	(8.1)	(11.1)	(5.7)	(5.5)
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	28.1	25.6	27.3	24.1	27.8
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.1	83.0	85.3	83.5	77.8
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	45.2	42.3	41.9	46.7	53.5
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	2,093	(460)	982	(1,333)	1,250
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	2.1	(0.5)	1.1	(1.5)	1.5
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	1,041	(434)	(183)	951	4,515
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	1.1	(0.5)	(0.2)	1.1	4.3

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

If no, please explain:
Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	3,105	1,059	929	465	284	30	57	2,764	X X X
2. 2002	44,502	9,001	35,501	28,897	6,501	2,391	421	3,388	39	1,463	27,715	X X X
3. 2003	49,749	12,072	37,677	26,426	5,893	2,267	309	3,589	53	1,532	26,027	X X X
4. 2004	51,938	13,639	38,299	25,832	6,687	2,069	403	3,663	187	1,509	24,287	X X X
5. 2005	53,477	12,623	40,854	30,728	9,338	2,109	433	3,669	258	1,477	26,477	X X X
6. 2006	58,044	13,239	44,805	26,076	4,998	2,126	304	3,920	273	1,499	26,547	X X X
7. 2007	60,905	14,405	46,500	28,653	6,462	2,194	330	3,987	335	1,795	27,707	X X X
8. 2008	64,043	17,276	46,767	33,036	7,887	2,158	262	4,416	282	1,589	31,179	X X X
9. 2009	60,774	18,968	41,806	27,261	7,609	1,511	215	4,155	54	1,454	25,049	X X X
10. 2010	61,423	20,000	41,423	25,622	8,501	1,072	159	4,112	19	1,459	22,127	X X X
11. 2011	66,350	22,703	43,647	20,229	7,887	461	102	3,375	24	1,019	16,052	X X X
12. Totals	X X X	X X X	X X X	275,865	72,822	19,287	3,403	38,558	1,554	14,853	255,931	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	14	15	16	17	18	19	20	21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	18,992	6,196	8,054	5,640	1,264	1,040	3,839	1,297	490	1	206	18,465	X X X
2. 2002	1,211	790	894	772	25	10	154	43	12	2	21	679	X X X
3. 2003	1,052	479	1,784	728	25	7	180	44	14		31	1,797	X X X
4. 2004	1,155	423	2,063	579	42	10	375	42	13	2	40	2,592	X X X
5. 2005	1,378	521	2,135	848	48	16	320	61	29	14	49	2,450	X X X
6. 2006	1,779	541	2,717	812	74	27	422	100	24		82	3,536	X X X
7. 2007	2,466	533	3,128	839	134	43	729	126	81		116	4,997	X X X
8. 2008	3,705	753	4,322	1,233	195	55	1,305	251	277	40	147	7,472	X X X
9. 2009	4,211	559	6,005	1,611	211	42	1,773	330	374	14	200	10,018	X X X
10. 2010	5,592	987	7,774	1,591	251	44	1,713	259	603	23	272	13,029	X X X
11. 2011	7,469	1,207	14,823	4,050	239	40	2,270	356	1,576	20	863	20,704	X X X
12. Totals	49,010	12,989	53,699	18,703	2,508	1,334	13,080	2,909	3,493	116	2,027	85,739	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	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	15,210	3,255
2. 2002	36,972	8,578	28,394	83.079	95.301	79.981			0.400	543	136
3. 2003	35,337	7,513	27,824	71.031	62.235	73.849			0.400	1,629	168
4. 2004	35,212	8,333	26,879	67.796	61.097	70.182			0.400	2,216	376
5. 2005	40,416	11,489	28,927	75.576	91.016	70.806			0.400	2,144	306
6. 2006	37,138	7,055	30,083	63.982	53.290	67.142			0.400	3,143	393
7. 2007	41,372	8,668	32,704	67.929	60.174	70.331			0.400	4,222	775
8. 2008	49,414	10,763	38,651	77.158	62.300	82.646			0.400	6,041	1,431
9. 2009	45,501	10,434	35,067	74.869	55.008	83.880			0.400	8,046	1,972
10. 2010	46,739	11,583	35,156	76.094	57.915	84.871			0.400	10,788	2,241
11. 2011	50,442	13,686	36,756	76.024	60.283	84.212			0.400	17,035	3,669
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	71,017	14,722

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) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	49,830	53,780	57,780	61,680	63,972	66,747	66,614	68,315	68,143	69,786	1,643	1,471
2. 2002	24,796	23,452	23,467	24,271	24,739	24,917	25,047	25,030	25,097	25,164	67	134
3. 2003	X X X	25,952	23,321	22,659	23,973	24,333	24,319	24,464	24,473	24,443	(30)	(21)
4. 2004	X X X	X X X	26,053	24,182	23,520	23,651	23,599	23,558	23,690	23,626	(64)	68
5. 2005	X X X	X X X	X X X	28,355	26,981	26,274	25,885	25,882	25,799	25,770	(29)	(112)
6. 2006	X X X	X X X	X X X	X X X	28,979	27,684	27,141	27,028	26,795	26,710	(85)	(318)
7. 2007	X X X	X X X	X X X	X X X	X X X	30,969	30,233	29,463	29,390	29,234	(156)	(229)
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	35,366	35,071	34,376	34,679	303	(392)
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	30,469	31,042	30,909	(133)	440
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	30,283	30,860	577	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	32,200	X X X	X X X
										12. Totals	2,093	1,041

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) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	11,500	20,950	27,335	32,142	36,443	40,216	43,320	46,589	49,098	X X X	X X X
2. 2002	10,538	16,271	19,609	21,278	22,655	23,290	23,722	23,992	24,189	24,367	X X X	X X X
3. 2003	X X X	9,799	14,957	17,522	19,363	20,620	21,389	21,930	22,258	22,492	X X X	X X X
4. 2004	X X X	X X X	8,949	13,822	16,157	18,027	19,266	20,040	20,514	20,810	X X X	X X X
5. 2005	X X X	X X X	X X X	10,321	15,871	18,669	20,536	21,803	22,606	23,067	X X X	X X X
6. 2006	X X X	X X X	X X X	X X X	10,076	15,526	18,600	20,685	22,046	22,900	X X X	X X X
7. 2007	X X X	X X X	X X X	X X X	X X X	10,358	16,664	20,072	22,427	24,056	X X X	X X X
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	12,664	20,258	24,219	27,045	X X X	X X X
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,826	17,317	20,949	X X X	X X X
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	11,097	18,035	X X X	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	12,701	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	12,044	8,902	7,051	7,830	7,858	8,325	6,733	7,523	4,890	5,598
2. 2002	7,549	2,981	1,345	1,015	783	678	514	413	332	278
3. 2003	X X X	10,829	4,452	2,036	2,344	2,171	1,795	1,617	1,411	1,282
4. 2004	X X X	X X X	11,952	6,669	4,446	3,442	2,792	2,333	2,141	1,963
5. 2005	X X X	X X X	X X X	12,800	6,950	4,614	3,237	2,527	1,971	1,740
6. 2006	X X X	X X X	X X X	X X X	13,341	7,834	5,260	3,881	2,940	2,421
7. 2007	X X X	X X X	X X X	X X X	X X X	14,245	8,688	5,679	4,120	3,072
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	14,902	9,066	6,022	4,469
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,528	8,788	6,068
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,154	7,965
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,022

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	9,934,117	10,047,679	976	4,218,038	6,436,237	20,068,793		
2. Alaska	AK	L	5,418,954	5,934,880		4,846,144	3,164,790	15,677,274		
3. Arizona	AZ	L	11,919,254	11,568,041	5,440	4,829,397	4,476,835	17,043,457		
4. Arkansas	AR	L	5,527,846	6,114,704	1,463	2,383,697	3,861,556	8,768,982		
5. California	CA	L	115,670,067	113,018,949	60,468	78,753,243	82,075,888	246,969,689		
6. Colorado	CO	L	7,384,993	7,456,956	14,834	6,575,180	6,791,050	14,979,039		
7. Connecticut	CT	L	6,929,603	8,120,448	(3,846)	7,049,531	3,883,493	18,647,093		
8. Delaware	DE	L	2,698,134	2,945,806	92	1,579,131	1,452,868	5,358,028		
9. District of Columbia	DC	L	4,028,525	3,511,292	838	861,124	2,642,585	4,638,141		
10. Florida	FL	L	21,780,708	23,645,568	963,787	17,061,782	13,319,305	44,995,949		
11. Georgia	GA	L	18,324,925	16,861,482	11,019	11,263,439	11,730,660	23,917,487		
12. Hawaii	HI	L	938,537	1,067,449		1,579,445	1,457,439	2,189,021		
13. Idaho	ID	L	2,294,463	2,386,043	2,756	1,551,398	2,120,511	4,336,223		
14. Illinois	IL	L	40,294,329	42,191,899	7,618	24,422,978	29,116,478	58,364,086		
15. Indiana	IN	L	16,049,189	15,069,512	1,538	10,489,599	12,737,158	22,115,490		
16. Iowa	IA	L	5,733,225	5,607,693	(6,576)	5,867,939	5,741,421	11,086,689		
17. Kansas	KS	L	6,806,352	6,935,506	284	4,525,024	4,433,354	9,864,962		
18. Kentucky	KY	L	7,285,748	7,392,086	13,006	5,167,699	3,205,219	19,786,249		
19. Louisiana	LA	L	7,912,279	7,880,703	1,488	4,171,495	1,434,029	11,199,126		
20. Maine	ME	L	2,988,780	3,216,166	25,789	1,852,086	2,908,308	4,790,026		
21. Maryland	MD	L	12,831,409	11,688,476	1,182	6,902,825	10,456,052	21,121,026		
22. Massachusetts	MA	L	11,479,666	8,240,932	(20,041)	6,326,562	4,695,876	24,998,097		
23. Michigan	MI	L	11,988,970	12,254,964	2,891	11,191,621	8,520,519	22,675,283		
24. Minnesota	MN	L	16,754,364	15,189,707	43,133	13,198,495	10,633,948	40,514,353		
25. Mississippi	MS	L	12,736,451	12,877,242	325	6,909,736	10,678,588	21,464,693		
26. Missouri	MO	L	10,788,530	11,341,754	180	9,894,721	11,570,348	26,768,713		
27. Montana	MT	L	2,913,670	3,298,625	354	1,729,680	1,810,470	6,849,385		
28. Nebraska	NE	L	4,930,352	4,737,612	(48)	2,310,237	3,717,191	6,673,068		
29. Nevada	NV	L	5,214,247	4,896,631	853	1,458,914	1,393,026	7,433,736		
30. New Hampshire	NH	L	3,139,527	3,824,568	8,550	2,628,518	2,091,765	6,101,261		
31. New Jersey	NJ	L	25,447,222	24,674,896	448,009	13,442,174	22,112,570	46,875,127		
32. New Mexico	NM	L	3,659,973	3,284,718	2,514	2,020,223	3,879,245	11,759,698		
33. New York	NY	L	25,376,926	23,955,228	77,933	16,245,734	19,373,901	61,535,909		
34. North Carolina	NC	L	18,646,716	18,911,426	(5,394)	13,331,909	13,851,321	31,860,233		
35. North Dakota	ND	L	1,088,476	1,073,147		837,264	1,268,341	1,157,869		
36. Ohio	OH	L	3,582,577	3,147,223	82	1,436,196	478,309	2,611,653		
37. Oklahoma	OK	L	26,431,788	26,621,987	(492)	17,405,774	29,423,004	43,333,433		
38. Oregon	OR	L	5,348,282	5,429,963	109,383	2,926,170	3,494,050	11,038,166		
39. Pennsylvania	PA	L	32,365,956	29,575,701	4,904	19,334,567	23,914,302	47,161,600		
40. Rhode Island	RI	L	2,793,675	2,976,146	47	1,721,392	2,188,741	4,249,195		
41. South Carolina	SC	L	9,380,623	8,781,727	3,689	4,966,147	6,476,237	16,340,537		
42. South Dakota	SD	L	1,785,195	1,834,969	478	1,043,414	586,141	4,684,769		
43. Tennessee	TN	L	20,225,104	21,427,083	11,743	15,410,890	15,175,809	40,266,640		
44. Texas	TX	L	48,900,472	46,786,963	4,858	26,511,951	34,785,827	68,160,320		
45. Utah	UT	L	2,667,773	3,070,233	845	1,417,947	1,149,231	5,468,195		
46. Vermont	VT	L	3,688,470	4,127,049	12,502	4,222,173	4,216,812	8,678,760		
47. Virginia	VA	L	13,651,670	14,040,476	7,132	7,024,963	9,644,881	20,051,269		
48. Washington	WA	L	3,689,439	3,368,432	78	954,759	1,818,035	3,542,709		
49. West Virginia	WV	L	4,348,813	4,740,472	56	1,683,622	2,785,819	4,692,613		
50. Wisconsin	WI	L	46,659,671	52,622,377	6,243,868	29,299,619	39,383,183	83,916,593		
51. Wyoming	WY	L	347,325	333,936	5	265,180	162,313	467,520		
52. American Samoa	AS	N								
53. Guam	GU	N					(2)			
54. Puerto Rico	PR	L	32,585	47,990	3	16,000	5,391	20,159		
55. U.S. Virgin Islands	VI	L	716	540			168	238		
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	XXX	644	571	(8)	(1,092)	27,741	539,870		
59. Totals		(a) 53	692,817,305	690,156,626	8,060,588	443,116,654	504,758,337	1,267,808,494		

DETAILS OF WRITE-INS									
5801. Other Alien	XXX	644	571	(8)	(1,092)	27,741	539,870		
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	644	571	(8)	(1,092)	27,741	539,870		

(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.

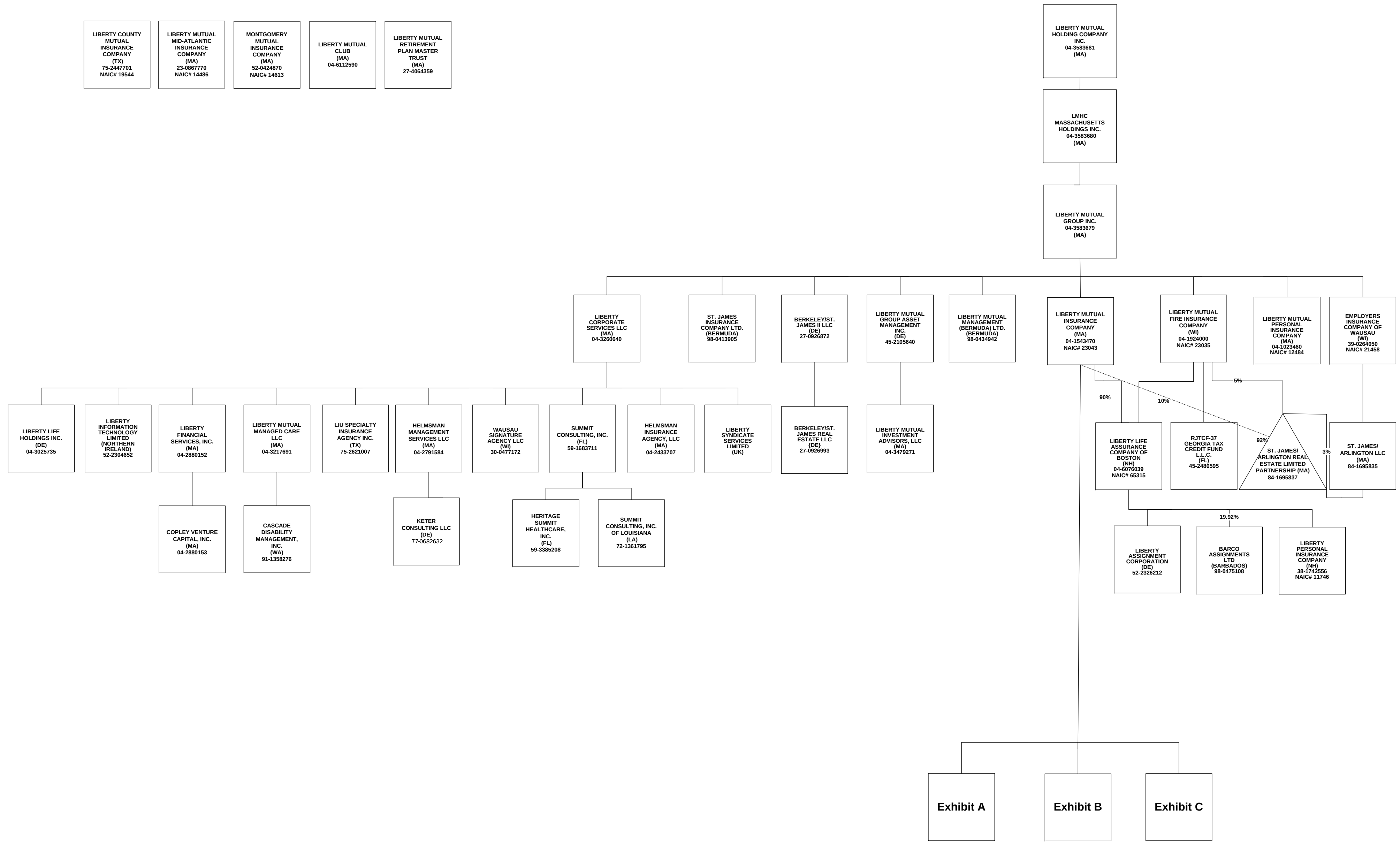
Explanation of basis of allocation of premiums by states, etc.

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

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

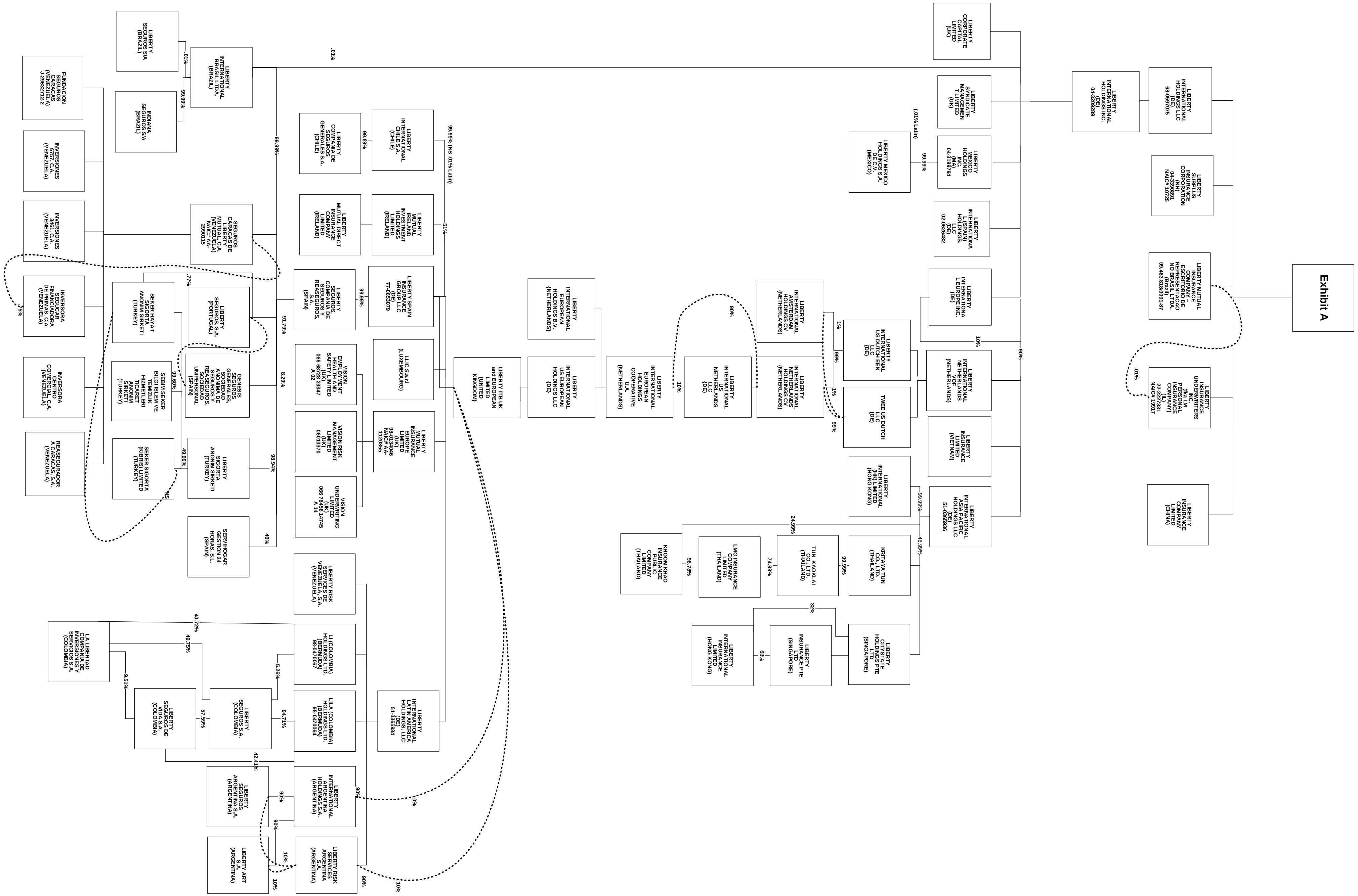
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



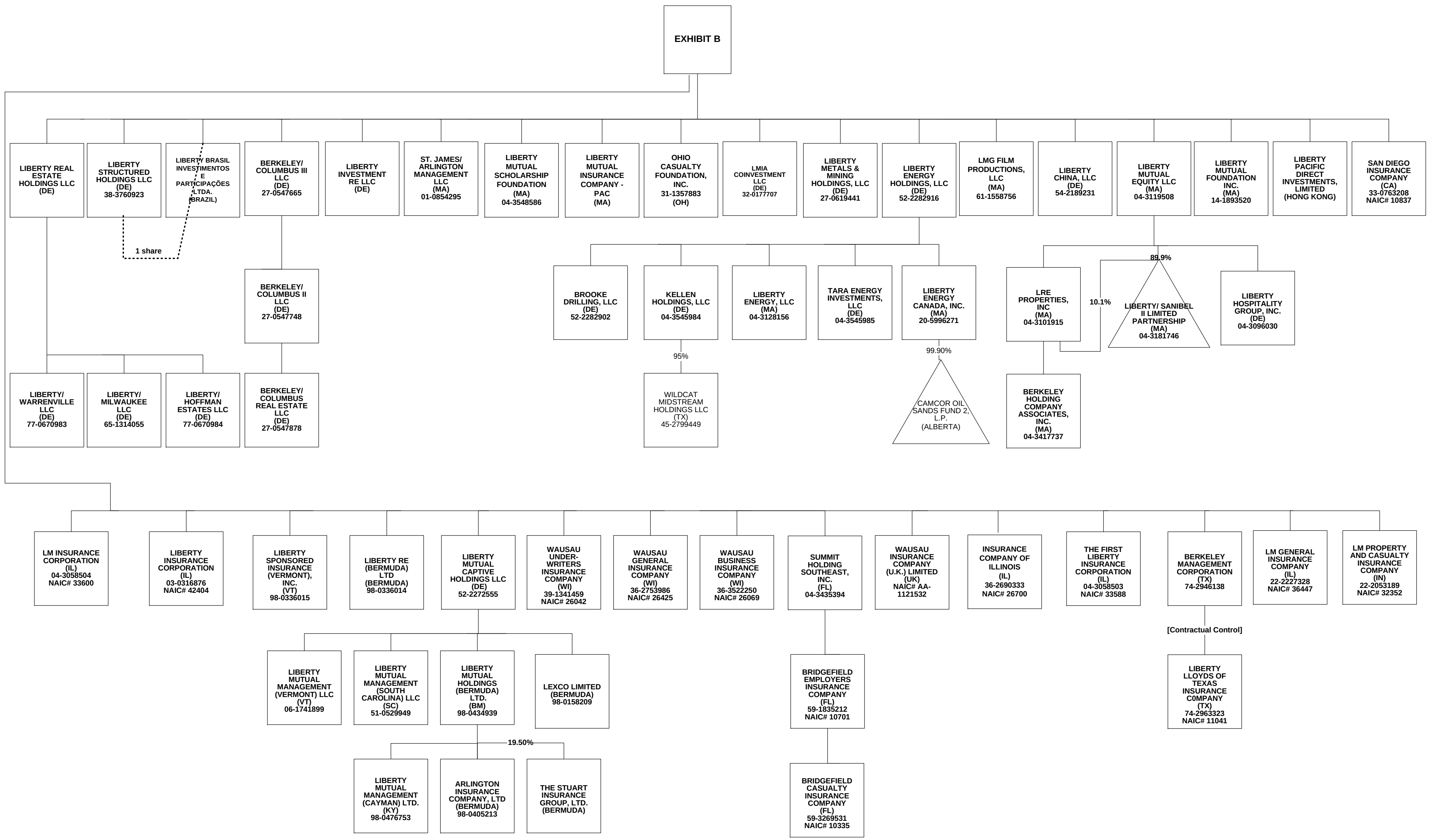
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



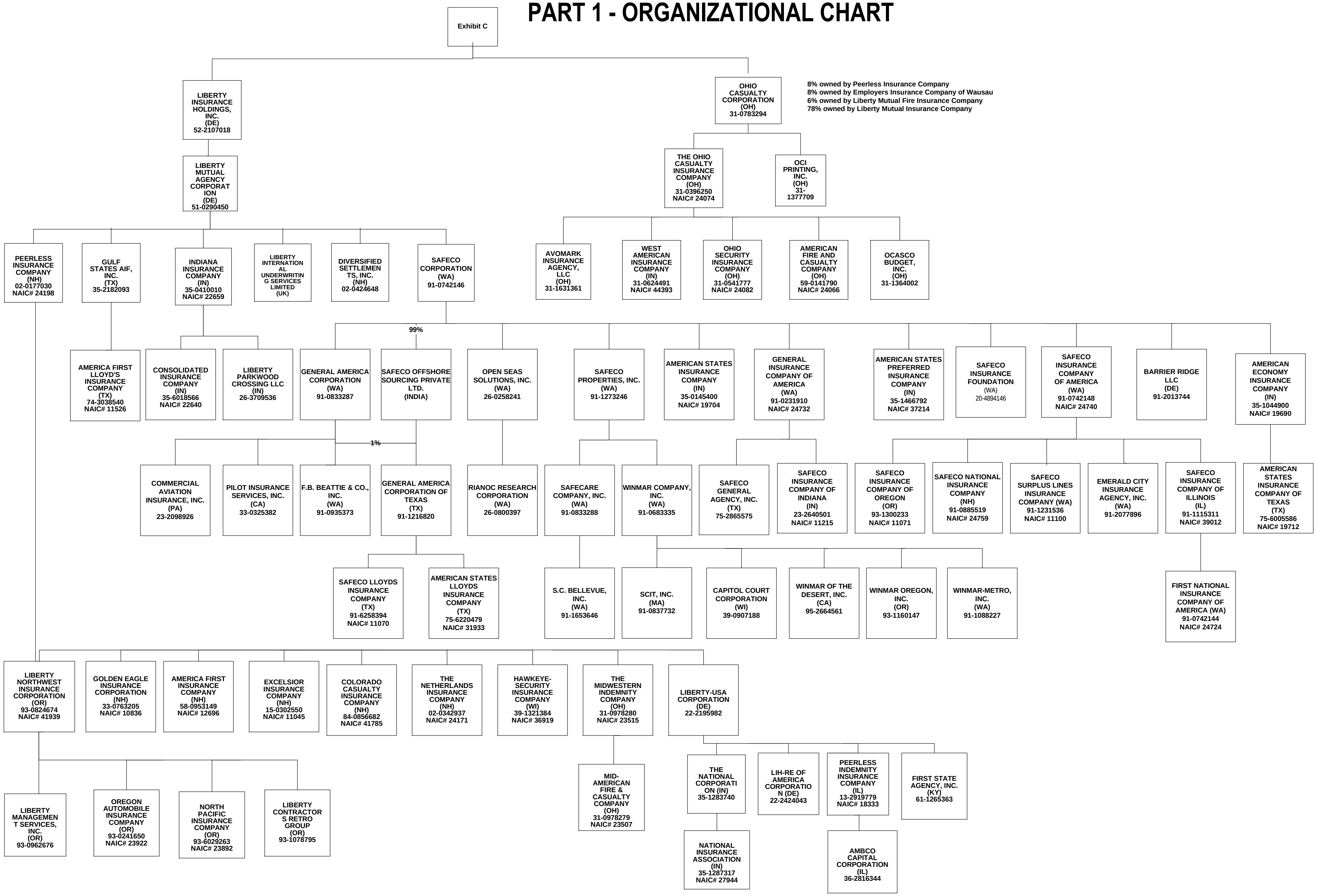
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
2504. Other assets	170,637	142,668	27,969	19,726
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	170,637	142,668	27,969	19,726

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Retroactive reinsurance reserves	(5,271,351)	(8,324,580)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(5,271,351)	(8,324,580)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT