

QUARTERLY STATEMENT

OF THE

AMERICAN FIRE AND CASUALTY COMPANY

of **FAIRFIELD**

in the state of **OHIO**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2011

PROPERTY AND CASUALTY

2011

ASSETS

| | Current Statement Date | | | 4 December 31 Prior Year Net Admitted Assets |
|--|------------------------|----------------------------|--|---|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds | 121,330,546 | | 121,330,546 | 116,414,426 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | | | | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$ 0 encumbrances) | | | | |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ 0 encumbrances) | | | | |
| 5. Cash (\$ 0), cash equivalents (\$ 0), and short-term investments (\$ 3,336,782) | 3,336,782 | | 3,336,782 | 7,782,658 |
| 6. Contract loans (including \$ 0 premium notes) | | | | |
| 7. Derivatives | | | | |
| 8. Other invested assets | | | | |
| 9. Receivables for securities | | | | |
| 10. Securities lending reinvested collateral assets | 4,099,315 | | 4,099,315 | 2,875,648 |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 128,766,643 | | 128,766,643 | 127,072,732 |
| 13. Title plants less \$ 0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 1,113,193 | | 1,113,193 | 1,055,412 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 2,643,845 | 307,032 | 2,336,813 | 2,153,867 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 15,128 earned but unbilled premiums) | 18,060,914 | 1,513 | 18,059,401 | 17,322,522 |
| 15.3 Accrued retrospective premiums | 30,178 | 3,025 | 27,153 | 54,965 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 11,586,159 | | 11,586,159 | 10,588,803 |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | | |
| 17. Amounts receivable relating to uninsured plans | | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 976,234 | | 976,234 | 1,320,813 |
| 18.2 Net deferred tax asset | 3,310,829 | 47,913 | 3,262,916 | 3,242,042 |
| 19. Guaranty funds receivable or on deposit | 72,763 | | 72,763 | 101,381 |
| 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 | 9,994,353 | | 9,994,353 | 9,580,451 |
| 24. Health care (\$ 0) and other amounts receivable | | | | |
| 25. Aggregate write-ins for other than invested assets | 623,952 | 92,378 | 531,574 | 525,688 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 177,179,063 | 451,861 | 176,727,202 | 173,018,676 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 177,179,063 | 451,861 | 176,727,202 | 173,018,676 |

| 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 | 356,742 | | 356,742 | 348,797 |
| 2502. Equities and deposits in pools and associations | 155,939 | | 155,939 | 158,718 |
| 2503. Other assets | 111,271 | 92,378 | 18,893 | 18,173 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 623,952 | 92,378 | 531,574 | 525,688 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Statement Date | 2 December 31, Prior Year |
|---|--------------------------------|---------------------------------|
| 1. Losses (current accident year \$ 16,584,865) | 54,557,144 | 53,583,274 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses | 3,943,905 | 3,595,299 |
| 3. Loss adjustment expenses | 11,895,230 | 11,959,061 |
| 4. Commissions payable, contingent commissions and other similar charges | 1,551,771 | 1,618,419 |
| 5. Other expenses (excluding taxes, licenses and fees) | 950,387 | 473,665 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 355,249 | 541,243 |
| 7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses)) | | |
| 7.2. Net deferred tax liability | | |
| 8. Borrowed money \$ 0 and interest thereon \$ 0 | | |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 72,222,336 and including warranty reserves of \$ 0) | 30,204,496 | 29,118,946 |
| 10. Advance premium | 238,011 | 197,359 |
| 11. Dividends declared and unpaid: | | |
| 11.1. Stockholders | | |
| 11.2. Policyholders | 8,888 | 5,624 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 9,845,389 | 10,186,100 |
| 13. Funds held by company under reinsurance treaties | | |
| 14. Amounts withheld or retained by company for account of others | 32,079 | 36,419 |
| 15. Remittances and items not allocated | | |
| 16. Provision for reinsurance | | |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | |
| 18. Drafts outstanding | 2,326,890 | 1,963,969 |
| 19. Payable to parent, subsidiaries and affiliates | 12,226,692 | 11,479,911 |
| 20. Derivatives | | |
| 21. Payable for securities | | |
| 22. Payable for securities lending | 4,099,315 | 2,875,648 |
| 23. Liability for amounts held under uninsured plans | | |
| 24. Capital notes \$ 0 and interest thereon \$ 0 | | |
| 25. Aggregate write-ins for liabilities | 907,310 | 1,027,752 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 133,142,756 | 128,662,689 |
| 27. Protected cell liabilities | | |
| 28. Total liabilities (Lines 26 and 27) | 133,142,756 | 128,662,689 |
| 29. Aggregate write-ins for special surplus funds | 652,744 | 701,392 |
| 30. Common capital stock | 3,500,001 | 3,500,001 |
| 31. Preferred capital stock | | |
| 32. Aggregate write-ins for other than special surplus funds | | |
| 33. Surplus notes | | |
| 34. Gross paid in and contributed surplus | 13,648,270 | 13,648,270 |
| 35. Unassigned funds (surplus) | 25,783,431 | 26,506,324 |
| 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) | 43,584,446 | 44,355,987 |
| 38. Totals (Page 2, Line 28, Col. 3) | 176,727,202 | 173,018,676 |

| DETAILS OF WRITE-IN LINES | | |
|---|---------|-----------|
| 2501. Retroactive reinsurance reserves | 531,638 | 572,406 |
| 2502. Other liabilities | 319,260 | 311,315 |
| 2503. Amounts held under uninsured plans | 32,312 | 64,565 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 24,100 | 79,466 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 907,310 | 1,027,752 |
| 2901. SSAP 10R incremental change | 528,634 | 571,618 |
| 2902. Special surplus from retroactive reinsurance | 124,110 | 129,774 |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | | |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 652,744 | 701,392 |
| 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 To Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| UNDERWRITING INCOME | | | |
| 1. Premiums earned: | | | |
| 1.1 Direct (written \$ 114,418,962) | 117,906,101 | 128,618,410 | 168,949,963 |
| 1.2 Assumed (written \$ 47,880,769) | 46,891,848 | 46,343,010 | 61,885,080 |
| 1.3 Ceded (written \$ 114,418,962) | 117,906,101 | 128,618,410 | 168,949,963 |
| 1.4 Net (written \$ 47,880,769) | 46,891,848 | 46,343,010 | 61,885,080 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year \$ 31,850,017): | | | |
| 2.1 Direct | 119,192,201 | 87,005,866 | 112,287,305 |
| 2.2 Assumed | 30,158,026 | 26,466,865 | 34,674,826 |
| 2.3 Ceded | 119,192,201 | 87,005,866 | 112,287,305 |
| 2.4 Net | 30,158,026 | 26,466,865 | 34,674,826 |
| 3. Loss adjustment expenses incurred | 5,601,526 | 5,477,768 | 7,305,613 |
| 4. Other underwriting expenses incurred | 15,314,896 | 15,792,869 | 20,797,335 |
| 5. Aggregate write-ins for underwriting deductions | (6,422) | (5,743) | (3,385) |
| 6. Total underwriting deductions (Lines 2 through 5) | 51,068,026 | 47,731,759 | 62,774,389 |
| 7. Net income of protected cells | | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7) | (4,176,178) | (1,388,749) | (889,309) |
| INVESTMENT INCOME | | | |
| 9. Net investment income earned | 3,149,001 | 3,598,918 | 4,734,346 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ 0 | | | |
| 11. Net investment gain (loss) (Lines 9 + 10) | 3,149,001 | 3,598,918 | 4,734,346 |
| OTHER INCOME | | | |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 1,799 amount charged off \$ 98,063) | (96,265) | (198,043) | (260,034) |
| 13. Finance and service charges not included in premiums | 395,017 | 410,631 | 546,079 |
| 14. Aggregate write-ins for miscellaneous income | (33,721) | (769,244) | (777,243) |
| 15. Total other income (Lines 12 through 14) | 265,031 | (556,656) | (491,198) |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | (762,146) | 1,653,513 | 3,353,839 |
| 17. Dividends to policyholders | 84,614 | 77,252 | (21,146) |
| 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) | (846,760) | 1,576,261 | 3,374,985 |
| 19. Federal and foreign income taxes incurred | (62,734) | 314,099 | 734,750 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | (784,026) | 1,262,162 | 2,640,235 |
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 21. Surplus as regards policyholders, December 31 prior year | 44,355,987 | 41,833,061 | 41,833,061 |
| 22. Net income (from Line 20) | (784,026) | 1,262,162 | 2,640,235 |
| 23. Net transfers (to) from Protected Cell accounts | | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0 | | 17,258 | 17,258 |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | | |
| 26. Change in net deferred income tax | 43,649 | 71,864 | (412,798) |
| 27. Change in nonadmitted assets | (36,259) | (204,249) | 344,811 |
| 28. Change in provision for reinsurance | | | |
| 29. Change in surplus notes | | | |
| 30. Surplus (contributed to) withdrawn from protected cells | | | |
| 31. Cumulative effect of changes in accounting principles | 48,079 | | |
| 32. Capital changes: | | | |
| 32.1 Paid in | | | |
| 32.2 Transferred from surplus (Stock Dividend) | | | |
| 32.3 Transferred to surplus | | | 125,958 |
| 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 | | | |
| 37. Aggregate write-ins for gains and losses in surplus | (42,984) | (101,355) | (192,538) |
| 38. Change in surplus as regards policyholders (Lines 22 through 37) | (771,541) | 1,045,680 | 2,522,926 |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) | 43,584,446 | 42,878,741 | 44,355,987 |

| DETAILS OF WRITE-IN LINES | | | |
|---|----------|-----------|-----------|
| 0501. Private passenger auto escrow | (6,422) | (5,743) | (3,385) |
| 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) | (6,422) | (5,743) | (3,385) |
| 1401. Retroactive reinsurance gain/(loss) | (5,904) | (766,212) | (766,367) |
| 1402. Other income/(expense) | (27,817) | (3,032) | (10,876) |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | (33,721) | (769,244) | (777,243) |
| 3701. Other changes in surplus | | (36,481) | (36,481) |
| 3702. SSAP 10R incremental change | | (64,874) | (156,057) |
| 3703. | | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | | | |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | (42,984) | (101,355) | (192,538) |

CASH FLOW

| | 1 Current Year To Date | 2 Prior Year To Date | 3 Prior Year Ended December 31 |
|--|------------------------------|----------------------------|--------------------------------------|
| Cash from Operations | | | |
| 1. Premiums collected net of reinsurance | 46,778,432 | 48,218,482 | 61,834,731 |
| 2. Net investment income | 3,560,067 | 3,857,489 | 5,113,964 |
| 3. Miscellaneous income | 237,639 | (850,955) | (810,497) |
| 4. Total (Lines 1 to 3) | 50,576,138 | 51,225,016 | 66,138,198 |
| 5. Benefit and loss related payments | 29,469,986 | 31,633,511 | 40,137,071 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 20,708,093 | 23,915,494 | 30,961,269 |
| 8. Dividends paid to policyholders | 81,350 | 121,223 | 24,170 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | (407,313) | 2,871,336 | 2,951,887 |
| 10. Total (Lines 5 through 9) | 49,852,116 | 58,541,564 | 74,074,397 |
| 11. Net cash from operations (Line 4 minus Line 10) | 724,022 | (7,316,548) | (7,936,199) |
| Cash from Investments | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 15,108,875 | 18,910,522 | 24,235,708 |
| 12.2 Stocks | | 1,250,000 | 1,250,000 |
| 12.3 Mortgage loans | | | |
| 12.4 Real estate | | | |
| 12.5 Other invested assets | 181,607 | | |
| 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) | 15,290,482 | 20,160,522 | 25,485,708 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 20,493,842 | 20,297,035 | 24,286,088 |
| 13.2 Stocks | | | |
| 13.3 Mortgage loans | | | |
| 13.4 Real estate | | | |
| 13.5 Other invested assets | 1,405,274 | | 2,875,648 |
| 13.6 Miscellaneous applications | | (1,000,000) | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 21,899,116 | 19,297,035 | 27,161,736 |
| 14. Net increase (or decrease) in contract loans and premium notes | | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | (6,608,634) | 863,487 | (1,676,028) |
| 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 | | | 125,958 |
| 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) | 1,438,736 | 3,909,714 | 8,337,030 |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 1,438,736 | 3,909,714 | 8,462,988 |
| 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) | (4,445,876) | (2,543,347) | (1,149,239) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 7,782,658 | 8,931,897 | 8,931,897 |
| 19.2 End of period (Line 18 plus Line 19.1) | 3,336,782 | 6,388,550 | 7,782,658 |

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

| | | | | |
|---------|---|--|--|-----------|
| 20.0001 | 12.1 - Proceeds from investments sold, matured or repaid - Bonds | | | 3,901,963 |
| 20.0002 | 12.2 - Proceeds from investments sold, matured or repaid - Stocks | | | 1,245,300 |
| 20.0003 | | | | |

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

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

Note 2 - Accounting Changes and Correction of Errors

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.

Note 3 - Business Combinations and Goodwill

No change.

Note 4 - Discontinued Operations

No change.

Note 5 - Investments

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2011 as of September 30, 2011: None.
3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at September 30, 2011: None.
4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of September 30, 2011: None
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’ equity. 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.

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

No change.

Note 7 - Investment Income

No change.

Note 8 - Derivative Instruments

No change.

Note 9 - Income Taxes

No change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No change.

Note 11 - Debt

No change.

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

No change.

NOTES TO FINANCIAL STATEMENTS

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

No change.

Note 14 - Contingencies

No change.

Note 15 - Leases

No change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk And With Concentrations of Credit Risk

No change.

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

C. Wash Sales

In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date. There are no transactions for securities with NAIC designation 3 or below sold during the third quarter of 2011, and reacquired within 30 days of the sale date.

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

No change.

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

No change.

Note 20 - Fair Value Measurements

Pursuant to the guidance in SSAP No. 100, *Fair Value Measurements*, the Company has no assets or liabilities measured at fair value.

Note 21 - Other Items

A. 2011 North Carolina Private Passenger Automobile Escrow

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

Note 22 - Events Subsequent

No change.

Note 23 - Reinsurance

No change

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

No change.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased \$1,710,676 during the first three quarters of 2011. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Fidelity/Surety \$771,199, Commercial Multiple Peril \$605,423, Other Liability - Occurrence \$389,735, Private Passenger Auto Liability/Medical \$188,892, Homeowners/Farmowners \$162,594, Other Liability - Claims Made \$110,998, and Auto Physical Damage \$98,915 lines. This was partially offset by weakening loss trends in the Workers Compensation \$623,783 line. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

No change.

Note 27 - Structured Settlements

No change.

NOTES TO FINANCIAL STATEMENTS

Note 28 - Health Care Receivables

No change.

Note 29 - Participating Policies

No change.

Note 30 - Premium Deficiency Reserves

No change.

Note 31 - High Dollar Deductible Policies

No change.

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

No change.

Note 33 - Asbestos/Environmental Reserves

No change.

Note 34 - Subscriber Savings Accounts

No change.

Note 35 - Multiple Peril Crop Insurance

No change.

Note 36 - Financial Guaranty Insurance Contracts

No change.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No []

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No []

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []
If yes, complete the Schedule Y – Part 1 – organizational chart.

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

4.2 If yes, provide the name of 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 |
|---------------------|------------------------|------------------------|
| | | |
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [X] No [] N/A []
If yes, attach an explanation.

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

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

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

6.4 By what department or departments?
Ohio Department of Insurance
.....
.....

6.5 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]

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

7.1 Has this 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]

7.2 If yes, give full information
.....
.....
.....

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

GENERAL INTERROGATORIES

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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 |
|------------------------|--------------------------------|----------|----------|----------|-----------|----------|
| | | | | | | |
| | | | | | | |

9.1 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 []

9.11 If the response to 9.1 is No, please explain:

.....

.....

.....

9.2 Has the code of ethics for senior managers been amended?

Yes [X] No []

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

During Q2, Code provisions were added for Registered Investment Adviser compliance, as a Liberty Mutual subsidiary obtained SEC approval as a Registered Investment Adviser. In Q2, several non-material changes to the Code were also made to clarify existing provisions.

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

.....

.....

FINANCIAL

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

Yes [X] No []

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

\$ _____ 0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]

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

.....

.....

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ _____ 0

GENERAL INTERROGATORIES13. Amount of real estate and mortgages held in short-term investments: \$ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following: 1 2

| | Prior Year-End Book/Adjusted Carrying Value | Current Quarter Book/Adjusted Carrying Value |
|--|---|--|
| 14.21 Bonds | \$ <u>0</u> | \$ <u>0</u> |
| 14.22 Preferred Stock | \$ <u>0</u> | \$ <u>0</u> |
| 14.23 Common Stock | \$ <u>0</u> | \$ <u>0</u> |
| 14.24 Short-Term Investments | \$ <u>0</u> | \$ <u>0</u> |
| 14.25 Mortgage Loans on Real Estate | \$ <u>0</u> | \$ <u>0</u> |
| 14.26 All Other | \$ <u>0</u> | \$ <u>0</u> |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | \$ <u>0</u> | \$ <u>0</u> |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ <u>0</u> | \$ <u>0</u> |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

16. 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 3, III Conducting Examinations, F – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

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

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

16.2 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) |
|--------------|------------------|------------------------------|
| | | |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

16.5 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 | 2 Name(s) | 3 Address |
|--|--|---------------------------------------|
| N/A | Liberty Mutual Investment Advisors, LLC | 175 Berkeley Street, Boston, MA 02116 |
| N/A | Liberty Mutual Group Asset Management Inc. | 175 Berkeley Street, Boston, MA 02116 |

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

Yes No

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes No N/A

If yes, attach an explanation.

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

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes No X

3.2 If yes, give full and complete information thereto:

.....
.....
.....
.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes No X

4.2 If yes, complete the following schedule:

| 1 Line of Business | 2 Maximum Interest | 3 Discount Rate | TOTAL DISCOUNT | | | | DISCOUNT TAKEN DURING PERIOD | | | |
|--------------------------|--------------------------|-----------------------|-----------------------|--------------------|-----------|------------|------------------------------|--------------------|------------|-------------|
| | | | 4 Unpaid Losses | 5 Unpaid LAE | 6 IBNR | 7 TOTAL | 8 Unpaid Losses | 9 Unpaid LAE | 10 IBNR | 11 TOTAL |
| | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

5. Operating Percentages:

5.1. A&H loss percent 0.00 %

5.2. A&H cost containment percent 0.00 %

5.3. A&H expense percent excluding cost containment expenses 0.00 %

6.1 Do you act as a custodian for health savings accounts? Yes No X

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

6.3 Do you act as an administrator for health savings accounts? Yes No X

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

NONE Schedule F

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

| States, Etc. | 1 | Direct Premiums Written | | Direct Losses Paid (Deducting Salvage) | | Direct Losses Unpaid | |
|------------------------------|---------------|-------------------------|--------------------|--|--------------------|----------------------|--------------------|
| | | 2 | 3 | 4 | 5 | 6 | 7 |
| | Active Status | Current Year to Date | Prior Year to Date | Current Year to Date | Prior Year to Date | Current Year to Date | Prior Year to Date |
| 1. Alabama | AL | L | 1,551,835 | 1,968,879 | 2,317,921 | 1,285,306 | 6,501,600 |
| 2. Alaska | AK | L | 2,276,919 | 1,863,569 | 320,874 | 94,048 | 739,540 |
| 3. Arizona | AZ | L | 765,948 | 1,127,678 | 2,161,898 | 826,107 | 854,936 |
| 4. Arkansas | AR | L | 227,070 | 388,476 | 235,493 | 1,334,769 | 766,013 |
| 5. California | CA | L | 3,220,174 | 1,852,128 | 6,849,539 | 599,094 | 24,195,720 |
| 6. Colorado | CO | L | 287,367 | 603,279 | 70,496 | 283,199 | 563,788 |
| 7. Connecticut | CT | L | 3,733,236 | 4,532,742 | 5,585,547 | 3,193,666 | 14,412,958 |
| 8. Delaware | DE | L | 99,010 | 141,691 | 83,813 | 161,567 | 1,567,637 |
| 9. District of Columbia | DC | L | 173,462 | 125,159 | 248,844 | 233,445 | 905,630 |
| 10. Florida | FL | L | 5,575,310 | 5,882,833 | 6,072,678 | 3,332,549 | 10,442,340 |
| 11. Georgia | GA | L | 1,961,479 | 1,434,675 | 418,498 | 383,359 | 1,709,255 |
| 12. Hawaii | HI | N | | | | | |
| 13. Idaho | ID | L | 1,209,275 | 1,549,022 | 557,560 | 338,085 | 832,969 |
| 14. Illinois | IL | L | 2,588,380 | 2,091,747 | 2,016,328 | 2,822,431 | 4,556,650 |
| 15. Indiana | IN | L | 1,600,940 | 1,665,588 | 798,156 | 736,915 | 881,326 |
| 16. Iowa | IA | L | 322,931 | 111,617 | 586,253 | 82,853 | 1,386,053 |
| 17. Kansas | KS | L | 204,942 | 321,655 | 296,867 | 103,950 | 184,035 |
| 18. Kentucky | KY | L | 8,000,749 | 8,646,452 | 3,905,030 | 4,612,696 | 10,339,361 |
| 19. Louisiana | LA | L | 785,818 | 1,251,689 | 623,887 | 281,376 | 1,764,181 |
| 20. Maine | ME | N | | | | | |
| 21. Maryland | MD | L | 6,020,595 | 6,884,053 | 3,885,678 | 4,569,766 | 16,460,297 |
| 22. Massachusetts | MA | L | 892,119 | 1,168,683 | 835,200 | 1,262,067 | 3,110,199 |
| 23. Michigan | MI | L | 1,448,282 | 1,481,036 | 1,181,638 | 3,062,769 | 2,208,351 |
| 24. Minnesota | MN | L | 309,946 | 371,869 | 29,342 | 407,457 | 1,239,646 |
| 25. Mississippi | MS | L | 1,959,955 | 2,935,692 | 1,605,536 | 752,689 | 3,243,314 |
| 26. Missouri | MO | L | 878,284 | 1,316,536 | 863,587 | 592,263 | 1,669,715 |
| 27. Montana | MT | L | 973,111 | 772,697 | 969,394 | 749,559 | 384,536 |
| 28. Nebraska | NE | L | 103,054 | 149,865 | 10,558 | 845,030 | 125,559 |
| 29. Nevada | NV | L | 93,216 | 97,223 | 9,059 | 17,704 | 21,957 |
| 30. New Hampshire | NH | N | (263) | 1,721 | | | |
| 31. New Jersey | NJ | L | 9,814,450 | 11,864,914 | 11,191,427 | 5,395,911 | 26,401,925 |
| 32. New Mexico | NM | L | 581,933 | 650,169 | 224,050 | 286,145 | 786,676 |
| 33. New York | NY | L | 3,244,591 | 4,269,586 | 2,434,551 | 1,996,190 | 8,802,959 |
| 34. North Carolina | NC | L | 4,284,053 | 4,636,859 | 11,195,559 | 3,038,598 | 8,767,406 |
| 35. North Dakota | ND | L | 60,642 | 139,892 | 55,561 | 35,330 | 16,842 |
| 36. Ohio | OH | L | 4,204,381 | 4,675,394 | 3,295,156 | 2,670,969 | 5,270,989 |
| 37. Oklahoma | OK | L | 2,975,525 | 3,515,096 | 2,346,430 | 3,762,277 | 2,181,329 |
| 38. Oregon | OR | L | 5,127,945 | 4,777,103 | 1,707,954 | 818,414 | 3,776,037 |
| 39. Pennsylvania | PA | L | 13,949,545 | 16,394,143 | 12,721,131 | 14,000,160 | 54,870,590 |
| 40. Rhode Island | RI | L | 21,467 | 19,319 | | | 6,172 |
| 41. South Carolina | SC | L | 1,887,631 | 1,971,537 | 1,416,992 | 2,827,780 | 3,213,521 |
| 42. South Dakota | SD | L | 98,713 | 89,189 | 8,278 | 36,739 | 21,741 |
| 43. Tennessee | TN | L | 1,811,719 | 2,080,554 | 1,999,433 | 464,275 | 3,625,102 |
| 44. Texas | TX | L | 2,575,399 | 2,611,835 | 859,066 | 857,806 | 3,436,723 |
| 45. Utah | UT | L | 835,323 | 950,641 | 331,135 | 638,806 | 1,335,470 |
| 46. Vermont | VT | L | | | | | |
| 47. Virginia | VA | L | 1,929,264 | 2,633,373 | 1,325,350 | 1,607,756 | 5,453,662 |
| 48. Washington | WA | L | 11,131,604 | 10,654,321 | 3,192,826 | 2,468,179 | 9,503,178 |
| 49. West Virginia | WV | L | 1,505,506 | 1,443,599 | 488,426 | 430,213 | 1,142,382 |
| 50. Wisconsin | WI | L | 858,985 | 827,983 | 555,161 | 820,592 | 1,626,214 |
| 51. Wyoming | WY | L | 257,140 | 298,296 | 63,511 | 82,492 | 144,284 |
| 52. American Samoa | AS | N | | | | | |
| 53. Guam | GU | N | | | | | |
| 54. Puerto Rico | PR | N | | | | | |
| 55. U.S. Virgin Islands | VI | N | | | | | |
| 56. Northern Mariana Islands | MP | N | | | | | |
| 57. Canada | CN | N | | | | | |
| 58. Aggregate Other Alien | OT | XXX | | | | | |
| 59. Totals | | (a) 48 | 114,418,960 | 125,242,057 | 97,951,671 | 75,203,351 | 251,680,573 |
| | | | | | | | 231,428,740 |

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

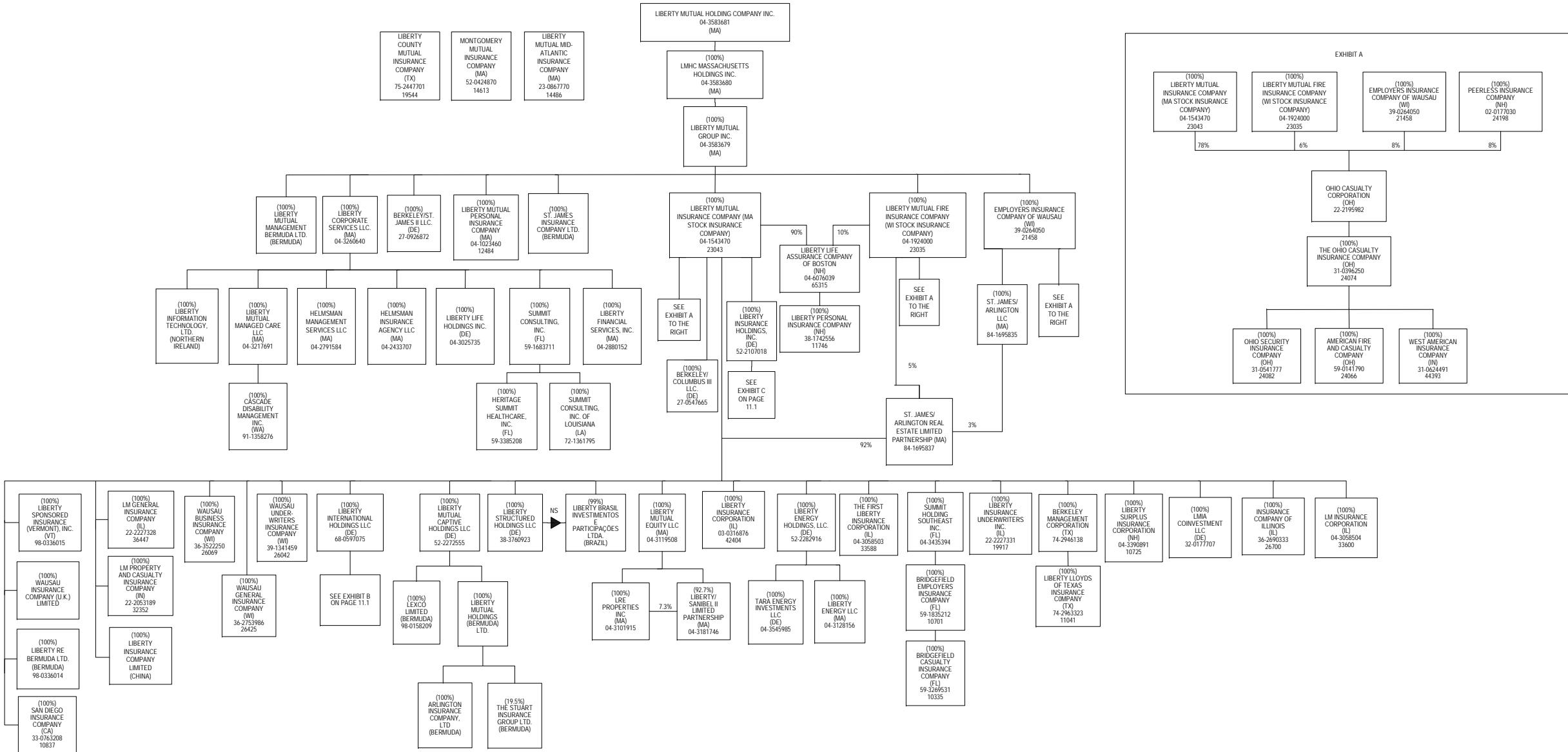
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG: (R) Registered - Non-domiciled RRGs: (Q) Qualified - Qualified or Accredited Reinsurer:

(E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state: (N) None of the above - Not allowed to write business in the state.

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

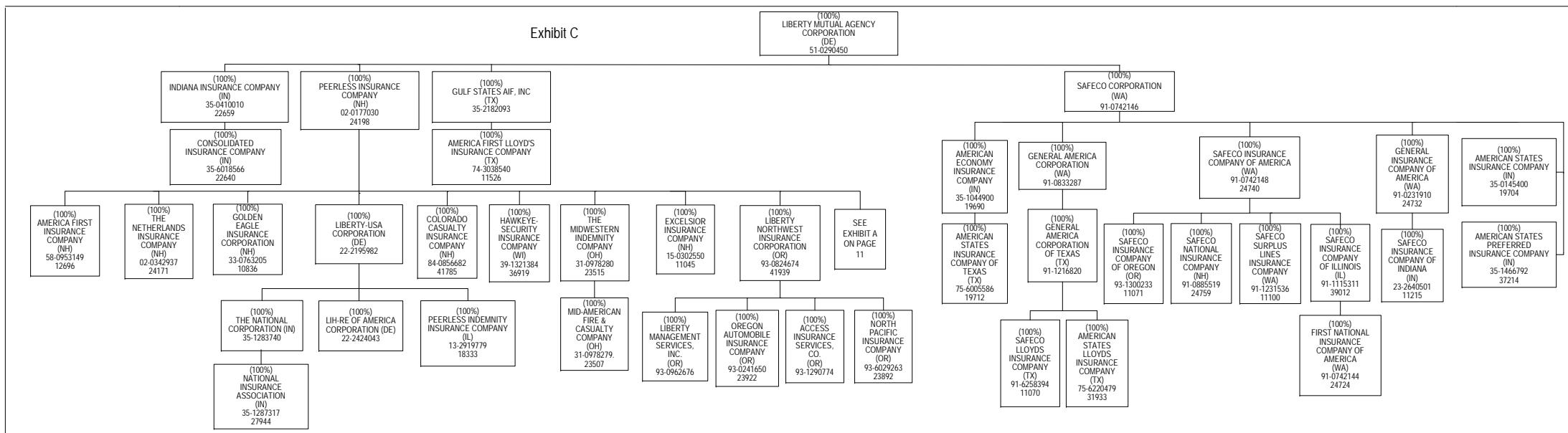
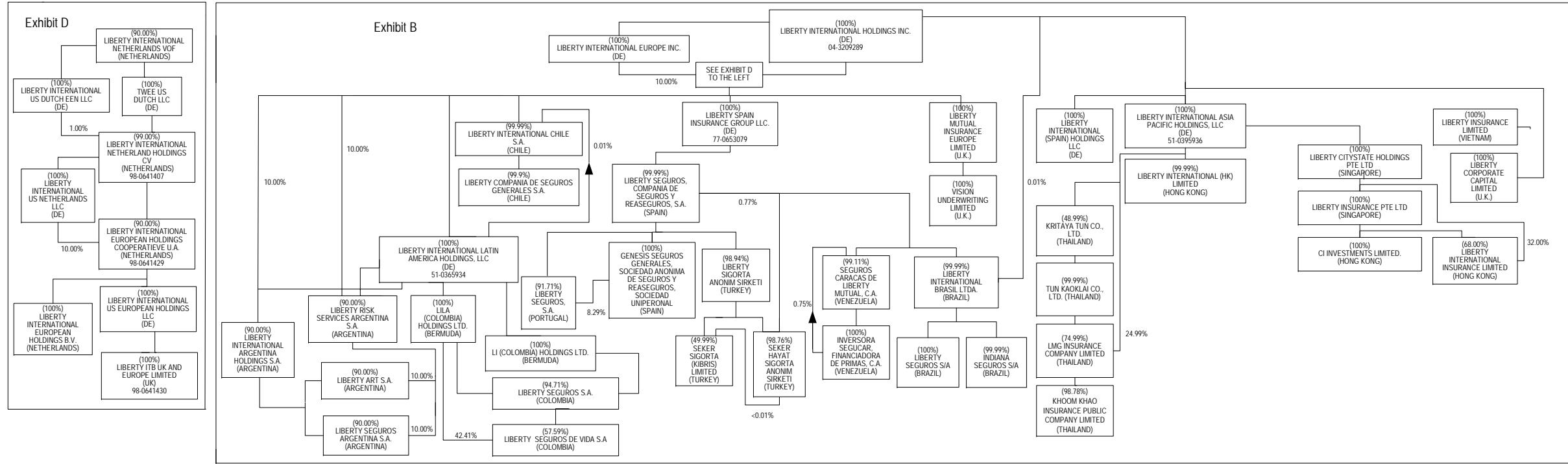
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



PART 1 – LOSS EXPERIENCE

| Lines of Business | Current Year to Date | | | 4 Prior Year to Date Direct Loss Percentage |
|---|--------------------------------|--------------------------------|--------------------------------|--|
| | 1 Direct Premiums Earned | 2 Direct Losses Incurred | 3 Direct Loss Percentage | |
| 1. Fire | 241,677 | 706,596 | 292.4 | 3.7 |
| 2. Allied lines | 226,849 | 263,632 | 116.2 | 96.5 |
| 3. Farmowners multiple peril | | | | |
| 4. Homeowners multiple peril | 8,877,690 | 8,836,905 | 99.5 | 93.5 |
| 5. Commercial multiple peril | 45,916,317 | 43,241,137 | 94.2 | 73.9 |
| 6. Mortgage guaranty | | | | |
| 8. Ocean marine | | | | |
| 9. Inland marine | 304,583 | 7,617 | 2.5 | 14.3 |
| 10. Financial guaranty | | | | |
| 11.1 Medical professional liability-occurrence | | | | |
| 11.2 Medical professional liability-claims made | | | | |
| 12. Earthquake | 142,812 | | | |
| 13. Group accident and health | | | | |
| 14. Credit accident and health | | | | |
| 15. Other accident and health | | | | |
| 16. Workers' compensation | 13,807,420 | 22,932,832 | 166.1 | 58.0 |
| 17.1 Other liability-occurrence | 5,106,478 | 5,314,985 | 104.1 | 79.0 |
| 17.2 Other liability-claims made | 280 | | | |
| 17.3 Excess Workers' Compensation | | | | |
| 18.1 Products liability-occurrence | 1,022,614 | 142,520 | 13.9 | -2.9 |
| 18.2 Products liability-claims made | | | | |
| 19.1. 19.2 Private passenger auto liability | 7,892,852 | 4,160,790 | 52.7 | 82.8 |
| 19.3. 19.4 Commercial auto liability | 22,560,168 | 16,610,808 | 73.6 | 52.5 |
| 21. Auto physical damage | 10,215,839 | 7,907,743 | 77.4 | 63.7 |
| 22. Aircraft (all perils) | | | | |
| 23. Fidelity | | (125) | | -132.7 |
| 24. Surety | 1,586,912 | 9,066,761 | 571.3 | 51.4 |
| 26. Burglary and theft | | | | |
| 27. Boiler and machinery | 3,610 | | | |
| 28. Credit | | | | |
| 29. International | | | | |
| 30. Warranty | | | | |
| 31. Reinsurance-Nonproportional Assumed Property | XXX | XXX | XXX | XXX |
| 32. Reinsurance-Nonproportional Assumed Liability | XXX | XXX | XXX | XXX |
| 33. Reinsurance-Nonproportional Assumed Financial Lines | XXX | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business | | | | |
| 35. TOTALS | 117,906,101 | 119,192,201 | 101.1 | 67.6 |

| DETAILS OF WRITE-INS | | | | |
|---|--|--|--|--|
| 3401. | | | | |
| 3402. | | | | |
| 3403. | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | | |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) | | | | |

PART 2 – DIRECT PREMIUMS WRITTEN

| | 1 Current Quarter | 2 Current Year to Date | 3 Prior Year Year to Date |
|---|-------------------------|------------------------------|---------------------------------|
| 1. Fire | 42,772 | 262,140 | 236,658 |
| 2. Allied lines | 1,275 | 234,323 | 262,604 |
| 3. Farmowners multiple peril | | | |
| 4. Homeowners multiple peril | 3,239,976 | 8,563,219 | 9,241,974 |
| 5. Commercial multiple peril | 14,222,246 | 43,415,696 | 49,280,555 |
| 6. Mortgage guaranty | | | |
| 8. Ocean marine | | | |
| 9. Inland marine | 84,125 | 273,777 | 328,898 |
| 10. Financial guaranty | | | |
| 11.1 Medical professional liability-occurrence | | | |
| 11.2 Medical professional liability-claims made | | | |
| 12. Earthquake | 52,951 | 138,765 | 147,486 |
| 13. Group accident and health | | | |
| 14. Credit accident and health | | | |
| 15. Other accident and health | | | |
| 16. Workers' compensation | 5,753,688 | 13,458,986 | 13,793,086 |
| 17.1 Other liability-occurrence | 2,143,508 | 5,541,168 | 4,684,337 |
| 17.2 Other liability-claims made | 203 | 706 | (101) |
| 17.3 Excess Workers' Compensation | | | |
| 18.1 Products liability-occurrence | 268,953 | 848,354 | 995,475 |
| 18.2 Products liability-claims made | | | |
| 19.1. 19.2 Private passenger auto liability | 2,527,935 | 7,592,135 | 8,879,924 |
| 19.3. 19.4 Commercial auto liability | 7,641,955 | 22,413,632 | 24,410,017 |
| 21. Auto physical damage | 3,419,960 | 10,188,395 | 11,248,924 |
| 22. Aircraft (all perils) | | | |
| 23. Fidelity | | | |
| 24. Surety | 521,626 | 1,481,680 | 1,731,292 |
| 26. Burglary and theft | | | |
| 27. Boiler and machinery | 1,429 | 5,985 | 928 |
| 28. Credit | | | |
| 29. International | | | |
| 30. Warranty | | | |
| 31. Reinsurance-Nonproportional Assumed Property | XXX | XXX | XXX |
| 32. Reinsurance-Nonproportional Assumed Liability | XXX | XXX | XXX |
| 33. Reinsurance-Nonproportional Assumed Financial Lines | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business | | | |
| 35. TOTALS | 39,922,602 | 114,418,961 | 125,242,057 |

| DETAILS OF WRITE-INS | | | |
|---|--|--|--|
| 3401. | | | |
| 3402. | | | |
| 3403. | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34) | | | |

PART 3 (000 omitted)**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

| Years in Which Losses Occurred | 1 Prior Year-End Known Case Loss and LAE Reserves | 2 Prior Year-End IBNR Loss and LAE Reserves | 3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 4 2011 Loss and LAE Payments on Claims Reported as of Prior Year-End | 5 2011 Loss and LAE Payments on Unreported Claims as of Prior Year-End | 6 Total 2011 Loss and LAE Payments (Cols 4 + 5) | 7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | 8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | 9 Q.S. Date IBNR Loss & LAE Reserves | 10 Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9) | 11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1) | 12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2) | 13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
|--------------------------------|--|--|---|---|---|--|--|---|---|---|--|--|--|
| 1. 2008 + prior | 17,342 | 13,974 | 31,316 | 5,852 | 509 | 6,361 | 13,420 | 415 | 10,653 | 24,488 | 1,930 | (2,397) | (467) |
| 2. 2009 | 6,052 | 6,199 | 12,251 | 2,772 | 86 | 2,858 | 4,338 | 277 | 4,325 | 8,940 | 1,058 | (1,511) | (453) |
| 3. Subtotals 2009 + prior | 23,394 | 20,173 | 43,567 | 8,624 | 595 | 9,219 | 17,758 | 692 | 14,978 | 33,428 | 2,988 | (3,908) | (920) |
| 4. 2010 | 9,638 | 12,337 | 21,975 | 6,707 | 829 | 7,536 | 6,263 | 696 | 6,690 | 13,649 | 3,332 | (4,122) | (790) |
| 5. Subtotals 2010 + prior | 33,032 | 32,510 | 65,542 | 15,331 | 1,424 | 16,755 | 24,021 | 1,388 | 21,668 | 47,077 | 6,320 | (8,030) | (1,710) |
| 6. 2011 | XXX | XXX | XXX | XXX | 18,095 | 18,095 | XXX | 8,488 | 10,887 | 19,375 | XXX | XXX | XXX |
| 7. Totals | 33,032 | 32,510 | 65,542 | 15,331 | 19,519 | 34,850 | 24,021 | 9,876 | 32,555 | 66,452 | 6,320 | (8,030) | (1,710) |

8. Prior Year-End Surplus As

| | | | | |
|-----------------------------|--------|---------------------------|---------------------------|---------------------------|
| 13 Regards Policyholders | 44,356 | Col. 11, Line 7 | Col. 12, Line 7 | Col. 13, Line 7 |
| | | As % of Col. 1, Line 7 | As % of Col. 2, Line 7 | As % of Col. 3, Line 7 |

1. 19.133 2. -24.700 3. -2.609

Col. 13, Line 7

Line 8

4. -3.855

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

| | Response |
|---|-----------------|
| 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? | NO |
| 2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement? | NO |
| 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | NO |
| 4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement? | YES |

Explanation:

The Trusteed Surplus Statement is not required as the Company is a U.S. insurer.

Supplement A to Schedule T is not required as the Company does not provide medical professional liability coverage for physicians, hospitals, other health care professionals and other health care facilities.

Medicare Part D Coverage Supplement is not required as the Company does not provide prescription drug coverage.



2406620114900030



2406620114550030



2406620113650030

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

| | 1 Current Statement Date | 2 December 31, Prior Year |
|--|--------------------------------|---------------------------------|
| REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES | | |
| 2504. Accrued return retrospective premiums | 24,100 | 73,045 |
| 2505. Private passenger auto escrow | | 6,421 |
| 2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598) | 24,100 | 79,466 |

SCHEDULE A - VERIFICATION

Real Estate

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | | |
| 9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) | | |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | | |

NONE**SCHEDULE B - VERIFICATION**

Mortgage Loans

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | | |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | | |

NONE**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | | |

NONE**SCHEDULE D - VERIFICATION**

Bonds and Stocks

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 116,414,426 | 117,998,881 |
| 2. Cost of bonds and stocks acquired | 20,493,842 | 24,286,088 |
| 3. Accrual of discount | 40,134 | 55,731 |
| 4. Unrealized valuation increase (decrease) | | 26,551 |
| 5. Total gain (loss) on disposals | 15,108,875 | 25,485,708 |
| 6. Deduct consideration for bonds and stocks disposed of | 508,981 | 467,117 |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 121,330,546 | 116,414,426 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 121,330,546 | 116,414,426 |

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

| | 1 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|-----------------------------------|---|--|--|--|---|--|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 (a) | 118,997,689 | 52,697,436 | 55,581,385 | (192,310) | 122,710,097 | 118,997,689 | 115,921,430 | 118,888,025 |
| 2. Class 2 (a) | 8,221,165 | 1,061,737 | 502,337 | (34,667) | 6,509,907 | 8,221,165 | 8,745,898 | 5,302,297 |
| 3. Class 3 (a) | | | | | | | | |
| 4. Class 4 (a) | | | | | | | | |
| 5. Class 5 (a) | | | | | | | | |
| 6. Class 6 (a) | | | | | | | | |
| 7. Total Bonds | 127,218,854 | 53,759,173 | 56,083,722 | (226,977) | 129,220,004 | 127,218,854 | 124,667,328 | 124,190,322 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1 | | | | | | | | |
| 9. Class 2 | | | | | | | | |
| 10. Class 3 | | | | | | | | |
| 11. Class 4 | | | | | | | | |
| 12. Class 5 | | | | | | | | |
| 13. Class 6 | | | | | | | | |
| 14. Total Preferred Stock | | | | | | | | |
| 15. Total Bonds & Preferred Stock | 127,218,854 | 53,759,173 | 56,083,722 | (226,977) | 129,220,004 | 127,218,854 | 124,667,328 | 124,190,322 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 3,336,782; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

| | 1 Book/Adjusted Carrying Value | 2 Par Value | 3 Actual Cost | 4 Interest Collected Year To Date | 5 Paid for Accrued Interest Year To Date |
|---------|--------------------------------------|-------------------|---------------------|--|---|
| 9199999 | 3,336,782 | XXX | 3,336,782 | 353 | |

SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | 7,775,896 | 7,836,215 |
| 2. Cost of short-term investments acquired | 148,423,586 | 90,697,747 |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | 152,862,700 | 90,758,066 |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 3,336,782 | 7,775,896 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 3,336,782 | 7,775,896 |

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

SCHEDULE E - VERIFICATION

(Cash Equivalents)

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | | 305,458 |
| 2. Cost of cash equivalents acquired | | |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | 305,458 |
| 6. Deduct consideration received on disposals | | |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | | |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | | |

NONE Schedule A - Part 2 and 3

NONE Schedule B - Part 2 and 3

NONE Schedule BA - Part 2 and 3

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

| 1 CUSIP Ident- ification | 2 Description | 3 Foreign | 4 Date Acquired | 5 Name of Vendor | 6 Number of Shares of Stock | 7 Actual Cost | 8 Par Value | 9 Paid for Accrued Interest and Dividends | 10 NAIC Designation or Market Indicator (a) |
|--|--|--------------|--|--|--------------------------------------|--|--|--|--|
| 83162C-UE-1 | SBAP 2011-20H 1 | | 08/09/2011 | BANK OF AMERICA | | 1,000,000 | 1,000,000.00 | | 1 |
| 0599999 | Total Bonds U. S. Government | | | | XXX | 1,000,000 | 1,000,000.00 | | XXX |
| 31381R-WQ-3 38375B-HL-9 740816-AE-3 917547-VA-6 | FNMA 7YR MULTI BALLOON GNR 2010-H22 JA HARVARD UNIVERSITY UTAH ST BLDG OWNERSHIP AUTH LEASE | | 07/08/2011 09/20/2011 07/26/2011 07/15/2011 | CITIGROUP CAPITALIZED INTEREST CITIGROUP STIFEL NICOLAUS & CO. | | 1,003,125 16,463 1,183,430 573,188 | 1,000,000.00 16,463.00 1,000,000.00 535,000.00 | 1,940 1 2,333 4,467 | 1 1 1FE 1FE |
| 3199999 | U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations | | | | XXX | 2,776,206 | 2,551,463.00 | 8,740 | XXX |
| 35177P-AV-9 372917-AS-3 485134-BK-5 73755L-AF-4 883556-AZ-5 931142-CZ-4 | FRANCE TELECOM SA GENZYME CORPORATION KANSAS CITY POWER & LIGHT CO POTASH CORP OF SASKATCHEWAN INC THERMO FISHER SCIENTIFIC INC WAL-MART STORES INC | F A | 09/07/2011 08/15/2011 07/21/2011 07/22/2011 08/15/2011 08/16/2011 | BANK OF AMERICA RBS SECURITIES BANK OF AMERICA HSBC MORGAN STANLEY RBS SECURITIES | | 994,680 1,144,500 577,890 483,847 1,012,340 1,006,850 | 1,000,000.00 1,000,000.00 500,000.00 408,000.00 1,000,000.00 1,000,000.00 | 8,750 12,839 5,304 200 10,292 | 1FE 1FE 2FE 2FE 1FE |
| 3899999 | Total Bonds Industrial and Miscellaneous (Unaffiliated) | | | | XXX | 5,220,107 | 4,908,000.00 | 37,385 | XXX |
| 8399997 | Total Bonds Part 3 | | | | XXX | 8,996,313 | 8,459,463.00 | 46,125 | XXX |
| 8399998 | Summary Item from Part 5 for Bonds | | | | XXX | XXX | XXX | XXX | XXX |
| 8399999 | Total Bonds | | | | XXX | 8,996,313 | 8,459,463.00 | 46,125 | XXX |
| 9999999 | Totals | | | | XXX | 8,996,313 | XXX | 46,125 | XXX |

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

| 1 CUSIP Ident- ification | 2 Description | 3 F o r e i g n | 4 Disposal Date | 5 Name of Purchaser | 6 Number of Shares of Stock | 7 Consid- eration | 8 Par Value | 9 Actual Cost | 10 Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value | | | | | 16 Book/ Adjusted Carrying Value at Disposal Date | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Bond Interest/ Stock Dividends Received During Year | 21 Maturity Date | 22 NAIC Desig- nation or Market Indicator (a) | | | | |
|--|--|--------------------------------------|--|--|--|-------------------------|---|---|---|---|---|--|--|--|---|--|---|--|---|---|--|--------|--|--|--------------------------------------|
| | | | | | | | | | | 11 Unrealized Valuation Increase/ (Decrease) | 12 Current Year's Other Than Temporary Impairment Recognized | 13 Current Year's (Amort- ization)/ Accretion | 14 Total Change in B./A.C.V. (11+12-13) | 15 Total Foreign Exchange Change in B./A.C.V. | | | | | | | | | | | |
| 83162C-MK-6 83162C-SU-8 | SBAP_02-20H SBAP_09-20I | | 08/01/2011 09/01/2011 | MBS PAYMENT MBS PAYMENT | | | 131,036 312,389 | 131,036.00 312,389.00 | 139,107 312,389 | 131,784 312,389 | | (748) | | (748) | | 131,036 312,389 | | | | 7,085 13,135 | 08/01/2022 09/01/2029 | 1 1 | | | |
| 0599999 | Total - Bonds - U.S. Governments | | | | XXX | 443,425 | 443,425.00 | 451,496 | 444,173 | | (748) | | (748) | | (748) | | 443,425 | | | | 20,220 | XXX | XXX | | |
| 64966B-E6-6 | NYC SER C | | 08/01/2011 | MATURITY | | | 1,000,000 | 1,000,000.00 | 1,052,440 | 1,006,554 | | (6,554) | | (6,554) | | (6,554) | | 1,000,000 | | | | 52,500 | 08/01/2011 | 1FE | |
| 2499999 | U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions | | | | XXX | 1,000,000 | 1,000,000.00 | 1,052,440 | 1,006,554 | | (6,554) | | (6,554) | | (6,554) | | 1,000,000 | | | | 52,500 | XXX | XXX | | |
| 312968-WK-2 312968-Z9-4 312969-TV-0 31292H-XN-9 31283H-WY-7 31404R-FN-2 31404Y-YE-6 31407X-NP-2 | FG B16050 FG B16168 FG B16864 FHLMC POOL # C01585 FHLMC POOL # G01563 FN 776073 FN 782909 FN 843798 | | 09/01/2011 09/01/2011 09/01/2011 09/01/2011 09/01/2011 09/01/2011 09/01/2011 09/01/2011 | MBS PAYMENT MBS PAYMENT MBS PAYMENT MBS PAYMENT MBS PAYMENT MBS PAYMENT MBS PAYMENT MBS PAYMENT | | | 69,680 27,723 195,553 168,401 399,987 70,520 738,093 212,356 | 69,680.00 27,723.00 195,553.00 168,401.00 399,987.00 70,520.00 738,093.00 212,355.00 | 69,354 27,446 194,927 167,283 400,024 70,448 738,103 212,454 | 69,523 27,616 195,377 168,168 400,032 70,497 738,103 212,454 | | 157 108 176 233 (45) 23 (10) (98) | | 157 108 176 233 (45) 23 (10) (98) | | | | | | 69,680 27,723 195,553 168,401 399,987 70,520 738,093 212,356 | | | 2,091 857 5,551 5,660 14,787 2,203 24,357 7,736 | 01/01/2019 12/01/2018 12/01/2018 06/01/2032 03/01/2032 04/01/2033 08/01/2033 05/01/2035 | 1 1 1 1 1 1 1 1 |
| 3199999 | U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl | | | | XXX | 1,882,313 | 1,882,312.00 | 1,880,058 | 1,881,770 | | 544 | | 544 | | 544 | | 1,882,313 | | | | 63,242 | XXX | XXX | | |
| 760759-AC-4 | REPUBLIC SERVICES INC | | 08/15/2011 | MATURITY | | | 500,000 | 500,000.00 | 516,835 | 502,337 | | (2,337) | | (2,337) | | (2,337) | | 500,000 | | | | 33,750 | 08/15/2011 | 2FE | |
| 3899999 | Total - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | XXX | 500,000 | 500,000.00 | 516,835 | 502,337 | | (2,337) | | (2,337) | | (2,337) | | 500,000 | | | | 33,750 | XXX | XXX | | |
| 8399997 | Total - Bonds - Part 4 | | | | XXX | 3,825,738 | 3,825,737.00 | 3,900,829 | 3,834,834 | | (9,095) | | (9,095) | | (9,095) | | 3,825,738 | | | | 169,712 | XXX | XXX | | |
| 8399998 | Summary Item from Part 5 for Bonds | | | | XXX | XXX | XXX | XXX | XXX | | | | | | | | | | | | | | | | |
| 8399999 | Total Bonds | | | | XXX | 3,825,738 | 3,825,737.00 | 3,900,829 | 3,834,834 | | (9,095) | | (9,095) | | (9,095) | | 3,825,738 | | | | 169,712 | XXX | XXX | | |
| 9999999 | Totals | | | | | 3,825,738 | XXX | 3,900,829 | 3,834,834 | | (9,095) | | (9,095) | | (9,095) | | 3,825,738 | | | | 169,712 | XXX | XXX | | |

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

NONE Schedule DB - Part A - Section 1

NONE Schedule DB - Part B - Section 1

NONE Schedule DB - Part D

SCHEDULE DL - PART 1

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1 CUSIP Identification | 2 Description | 3 NAIC Design- nation/ Market Indicator | 4 Fair Value | 5 Book / Adjusted Carrying Value | 6 Maturity Dates |
|---|--|--|--------------------|--|------------------------|
| 000000-00-0 | BARCLAYS BANK PLC - Time Deposit | 1 | 23,706 | 23,706 | 10/03/2011 |
| 000000-00-0 | BARCLAYS CAPITAL - REPO - A1P1 Money Markets | 1 | 391,154 | 391,154 | 10/31/2011 |
| 000000-00-0 | DEN DANSE LONDON - Time Deposit | 1 | 177,797 | 177,797 | 10/03/2011 |
| 000000-00-0 | DEUTSCHE BANK GC - Time Deposit | 1 | 30,818 | 30,818 | 10/03/2011 |
| 000000-00-0 | FMS WERTMANAGEMENT - Time Deposit | 1 | 59,266 | 59,266 | 10/03/2011 |
| 000000-00-0 | NATIXIS FINANCIAL PRODUCTS LLC - Master Note - Floating | 1 | 177,797 | 177,797 | 10/03/2011 |
| 000000-00-0 | NATIXIS GC - Time Deposit | 1 | 11,853 | 11,853 | 10/03/2011 |
| 000000-00-0 | RBC CAPITAL MKS - REPO - AA Corporate Bonds | 1 | 59,266 | 59,266 | 11/04/2011 |
| 000000-00-0 | SUMITOMO MITSUI BANK CORP BRUS - Time Deposit | 1 | 47,413 | 47,413 | 10/17/2011 |
| 000000-00-0 | UNITED OVERSEAS BANK LTD, NY - Time Deposit | 1 | 59,267 | 59,266 | 10/28/2011 |
| 000000-00-0 | GOLDMAN SACHS GROUP, INC - Promissory Notes | 1 | 109,049 | 109,049 | 10/17/2011 |
| 00077K-9A-3 | ABN Amro Bank N.V. - Eurodollar Zero Coupon CD | 1 | 94,818 | 94,801 | 10/12/2011 |
| 05576V-XM-1 | BTM CAPITAL CORP - Commercial Paper | 1 | 47,407 | 47,400 | 10/21/2011 |
| 0667K8-9R-9 | BANQUE ETCASSE D EPARGNE DE L ETAT - Eurodollar Zero Coupon CD | 1 | 47,405 | 47,400 | 10/26/2011 |
| 06737J-X3-4 | BARCLAYS U.S. FUNDING CORP - Commercial Paper | 1 | 59,266 | 59,266 | 10/03/2011 |
| 20259X-2W-2 | COMMERZBANK AG NY - Yankee C/D - Fixed | 1 | 59,267 | 59,266 | 10/03/2011 |
| 22550C-T3-5 | CREDIT SUISSE, NY - Yankee C/D - Fixed | 1 | 82,972 | 83,007 | 10/04/2011 |
| 25154U-CG-7 | DEUTSCHE BANK N.Y. - Yankee C/D - Fixed | 1 | 47,414 | 47,413 | 10/19/2011 |
| 29603F-EF-9 | ERSTE BANK NEW YORK - Yankee C/D - Fixed | 1 | 59,269 | 59,265 | 10/11/2011 |
| 29604D-XU-9 | Erste Abwicklungsanstalt - Commercial Paper | 1 | 59,256 | 59,249 | 10/28/2011 |
| 29604D-XX-3 | Erste Abwicklungsanstalt - Commercial Paper | 1 | 59,255 | 59,245 | 10/31/2011 |
| 65602Q-KF-3 | NORINCHUKIN BANK NY - Yankee C/D - Fixed | 1 | 47,408 | 47,412 | 12/01/2011 |
| 65602Q-LN-5 | NORINCHUKIN BANK NY - Yankee C/D - Fixed | 1 | 71,115 | 71,119 | 12/22/2011 |
| 6931M3-XB-0 | PB FINANCE DELAWARE - Commercial Paper | 1 | 113,782 | 113,739 | 10/11/2011 |
| 80584U-X5-3 | SCALDIS CAPITAL LLC - Commercial Paper | 1 | 154,087 | 154,072 | 10/05/2011 |
| 83050U-XM-5 | SKANDANAVISKA ENSKILDA BANKEN - Commercial Paper | 1 | 80,593 | 80,583 | 10/21/2011 |
| 83051A-ST-9 | SKANDI NEW YORK - Yankee C/D - Fixed | 1 | 59,266 | 59,266 | 10/11/2011 |
| 8672E3-XB-7 | SUNCORP METWAY LTD - Commercial Paper | 1 | 82,553 | 82,537 | 10/11/2011 |
| 8672E3-XQ-4 | SUNCORP METWAY LTD - Commercial Paper | 1 | 71,109 | 71,098 | 10/24/2011 |
| 86958G-ZL-2 | SVENSKA HANDELSBANKEN, INC - Commercial Paper | 1 | 59,227 | 59,218 | 12/20/2011 |
| 87019Q-9G-5 | SWEDBANK, LONDON - Eurodollar C/D - Fixed | 1 | 59,267 | 59,266 | 10/24/2011 |
| 3299999 Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations | | | 2,562,122 | 2,562,007 | XXX |
| 000000-00-0 | BARCLAYS CAPITAL - REPO-PRI LAB CMO'S | 1 | 118,532 | 118,532 | 10/31/2011 |
| 000000-00-0 | CITIGROUP GLOBAL MARKETS INC - REPO - AAA Asset Backed Securities | 1 | 118,532 | 118,532 | 11/04/2011 |
| 000000-00-0 | ML PIERCE FENNER & SMITH INC - REPO - U.S. Agency Mortgages | 1 | 16,594 | 16,594 | 10/03/2011 |
| 000000-00-0 | NOMURA SECURITIES - REPO - U.S. Agency Mortgages | 2 | 118,532 | 118,532 | 10/03/2011 |
| 000000-00-0 | SOCIETE GENERALE NY BRANCH - REPO - U.S. Agency Mortgages | 1 | 113,773 | 113,773 | 10/03/2011 |
| 1373X3-X6-9 | CANCARA ASSET SECURITISATION LLC - Commercial Paper - Asset Backed | 1 | 71,117 | 71,105 | 10/06/2011 |
| 1373X3-XL-6 | CANCARA ASSET SECURITISATION LLC - Commercial Paper - Asset Backed | 1 | 47,407 | 47,401 | 10/20/2011 |
| 3686M1-XB-7 | GEMINI SECURITIZATION CORP - Commercial Paper - Asset Backed | 1 | 59,322 | 59,309 | 10/11/2011 |
| 56274M-X6-4 | MANHATTAN ASSET FUNDING COMPANY - Commercial Paper - Asset Backed | 1 | 71,117 | 71,104 | 10/06/2011 |
| 56274M-XJ-6 | MANHATTAN ASSET FUNDING COMPANY - Commercial Paper - Asset Backed | 1 | 47,408 | 47,403 | 10/18/2011 |
| 5766P1-X3-0 | MATCHPOINT FINANCE PLC - Commercial Paper - Asset Backed | 1 | 177,795 | 177,768 | 10/03/2011 |
| 76203M-XB-7 | RHEIN-MAIN SECURITISATION LIMITED - Commercial Paper - Asset Backed | 1 | 103,353 | 103,300 | 10/11/2011 |
| 76205M-XB-5 | RHEINGOLD SECURITIZATION - Commercial Paper - Asset Backed | 1 | 71,115 | 71,081 | 10/11/2011 |
| 78064J-GQ-4 | ROYAL PARK INVESTMENT FUNDING CORP - Commercial Paper - Asset Backed | 1 | 23,706 | 23,693 | 10/07/2011 |
| 78064T-FS-9 | ROYAL PARK INVESTMENT FUNDING CORP - Commercial Paper - Asset Backed | 1 | 47,406 | 47,383 | 10/27/2011 |
| 78064T-FU-4 | ROYAL PARK INVESTMENT FUNDING CORP - Commercial Paper - Asset Backed | 1 | 94,810 | 94,772 | 10/27/2011 |
| 92512M-X3-8 | VERSAILLES COMMERCIAL PAPER LLC - Commercial Paper - Asset Backed | 1 | 118,530 | 118,517 | 10/03/2011 |
| 92512M-X4-6 | VERSAILLES COMMERCIAL PAPER LLC - Commercial Paper - Asset Backed | 1 | 71,117 | 71,110 | 10/04/2011 |
| 98137S-XK-9 | WORKING CAPITAL MANAGEMENT CO. - Commercial Paper - Asset Backed | 1 | 47,408 | 47,399 | 10/19/2011 |
| 3599999 Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities | | | 1,537,574 | 1,537,308 | XXX |
| 3899999 Subtotals - Industrial and Miscellaneous (Unaffiliated) | | | 4,099,696 | 4,099,315 | XXX |
| 7799999 Totals - Issuer Obligations | | | 2,562,122 | 2,562,007 | XXX |
| 8099999 Totals - Other Loan-Backed and Structured Securities | | | 1,537,574 | 1,537,308 | XXX |
| 8399999 Total Bonds | | | 4,099,696 | 4,099,315 | XXX |
| 9999999 Totals | | | 4,099,696 | 4,099,315 | XXX |

General Interrogatory:

1. Total activity for the year to date Fair Value \$ 1,223,621 Book/Adjusted Carrying Value \$ 1,223,667

2. Average balance for the year to date Fair Value \$ 5,299,497 Book/Adjusted Carrying Value \$ 5,329,536

3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:

NAIC 1 \$ 3,980,783; NAIC 2 \$ 118,532; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0.

NONE Schedule DL - Part 2

NONE Schedule E - Part 1

NONE Schedule E - Part 2



24066201150500103

DIRECTOR AND OFFICER SUPPLEMENT

Year To Date For The Period Ended 2011

NAIC Group Code 0111

NAIC Company Code 24066

Company Name American Fire and Casualty Company

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

| 1 Direct Written Premium | 2 Direct Earned Premium | 3 Direct Losses Incurred |
|-----------------------------------|----------------------------------|-----------------------------------|
| | | |

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy?

Yes [] No []

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated?

Yes [] No []

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ 3,589
 2.32 Amount estimated using reasonable assumptions: \$ _____

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies.

\$ _____