



ANNUAL STATEMENT

For the Year Ended December 31, 2011  
of the Condition and Affairs of the

Infinity Preferred Insurance Company

NAIC Group Code.....3495, 3495  
(Current Period) (Prior Period)

Organized under the Laws of Ohio

Incorporated/Organized..... November 7, 1994

Statutory Home Office

Main Administrative Office

Mail Address

Primary Location of Books and Records

Internet Web Site Address

Statutory Statement Contact

NAIC Company Code..... 10195

State of Domicile or Port of Entry Ohio

1400 Provident Tower, One East Fourth Street..... Cincinnati ..... OH ..... 45202  
(Street and Number) (City or Town, State and Zip Code)

3700 Colonnade Parkway, Suite 600..... Birmingham ..... AL ..... 35243-3216  
(Street and Number) (City or Town, State and Zip Code)

P.O. Box 830189..... Birmingham ..... AL ..... 35283-0189  
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

3700 Colonnade Parkway, Suite 600..... Birmingham ..... AL ..... 35243-3216  
(Street and Number) (City or Town, State and Zip Code)

www.infinityauto.com

James G. Jordan  
(Name)  
jimmy.jordan@ipacc.com  
(E-Mail Address)

Employer's ID Number..... 34-1785809

Country of Domicile US

Commenced Business..... July 1, 1995

205-870-4000  
(Area Code) (Telephone Number)

205-870-4000  
(Area Code) (Telephone Number)

205-803-8229  
(Area Code) (Telephone Number) (Extension)  
205-803-8598  
(Fax Number)

POLICYHOLDER SERVICES AND CLAIMS REPORTING: 1-800-477-5056

OFFICERS

| Name               | Title               | Name                    | Title                             |
|--------------------|---------------------|-------------------------|-----------------------------------|
| Glen Nelson Godwin | President & CEO     | Samuel James Simon      | Senior Vice President & Secretary |
| Mary Linn Clark    | Assistant Treasurer | Roger Hubert Prestridge | Vice President & Treasurer        |

OTHER

|                     |                             |                             |                     |
|---------------------|-----------------------------|-----------------------------|---------------------|
| Roger Smith         | Senior Vice President & CFO | Shelia Heldenbrand Williams | Vice President      |
| James Henry Romaker | Assistant Secretary         | Mitchell Silverman          | Assistant Secretary |
| Troy Perry Ballard  | Assistant Treasurer         | Vicki Windham Daniell       | Assistant Treasurer |

DIRECTORS OR TRUSTEES

|                     |                    |                             |                         |
|---------------------|--------------------|-----------------------------|-------------------------|
| James Randall Gober | Glen Nelson Godwin | Scott Christopher Pitrone   | Roger Hubert Prestridge |
| Samuel James Simon  | Roger Smith        | Shelia Heldenbrand Williams |                         |

State of..... Alabama  
County of..... Jefferson

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.

|                    |                                   |                     |
|--------------------|-----------------------------------|---------------------|
| Glen Nelson Godwin | Samuel James Simon                | Mary Linn Clark     |
| President & CEO    | Senior Vice President & Secretary | Assistant Treasurer |

Subscribed and sworn to before me

This 22nd day of February, 2012

My Commission Expires April 15, 2013

a. Is this an original filing?

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached

Yes [ X ] No [ ]

ASSETS

|                                                                                                                                                      | Current Year |                    |                                   | Prior Year          |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------|-----------------------------------|---------------------|
|                                                                                                                                                      | 1            | 2                  | 3                                 | 4                   |
|                                                                                                                                                      | Assets       | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D).....                                                                                                                           | 4,469,128    |                    | 4,469,128                         | 4,689,487           |
| 2. Stocks (Schedule D):                                                                                                                              |              |                    |                                   |                     |
| 2.1 Preferred stocks.....                                                                                                                            |              |                    | 0                                 |                     |
| 2.2 Common stocks.....                                                                                                                               |              |                    | 0                                 |                     |
| 3. Mortgage loans on real estate (Schedule B):                                                                                                       |              |                    |                                   |                     |
| 3.1 First liens.....                                                                                                                                 |              |                    | 0                                 |                     |
| 3.2 Other than first liens.....                                                                                                                      |              |                    | 0                                 |                     |
| 4. Real estate (Schedule A):                                                                                                                         |              |                    |                                   |                     |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....                                                                             |              |                    | 0                                 |                     |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....                                                                   |              |                    | 0                                 |                     |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....                                                                                       |              |                    | 0                                 |                     |
| 5. Cash (\$.....0, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....62,237, Sch. DA).....               | 62,237       |                    | 62,237                            | 72,374              |
| 6. Contract loans (including \$.....0 premium notes).....                                                                                            |              |                    | 0                                 |                     |
| 7. Derivatives (Schedule DB).....                                                                                                                    |              |                    | 0                                 |                     |
| 8. Other invested assets (Schedule BA).....                                                                                                          |              |                    | 0                                 |                     |
| 9. Receivables for securities.....                                                                                                                   |              |                    | 0                                 |                     |
| 10. Securities lending reinvested collateral assets (Schedule DL).....                                                                               |              |                    | 0                                 |                     |
| 11. Aggregate write-ins for invested assets.....                                                                                                     | 0            | 0                  | 0                                 | 0                   |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....                                                                                         | 4,531,365    | 0                  | 4,531,365                         | 4,761,861           |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....                                                                            |              |                    | 0                                 |                     |
| 14. Investment income due and accrued.....                                                                                                           | 26,477       |                    | 26,477                            | 44,415              |
| 15. Premiums and considerations:                                                                                                                     |              |                    |                                   |                     |
| 15.1 Uncollected premiums and agents' balances in course of collection.....                                                                          | 94,526       |                    | 94,526                            | 63,706              |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... |              |                    | 0                                 |                     |
| 15.3 Accrued retrospective premiums.....                                                                                                             |              |                    | 0                                 |                     |
| 16. Reinsurance:                                                                                                                                     |              |                    |                                   |                     |
| 16.1 Amounts recoverable from reinsurers.....                                                                                                        |              |                    | 0                                 |                     |
| 16.2 Funds held by or deposited with reinsured companies.....                                                                                        |              |                    | 0                                 |                     |
| 16.3 Other amounts receivable under reinsurance contracts.....                                                                                       |              |                    | 0                                 |                     |
| 17. Amounts receivable relating to uninsured plans.....                                                                                              |              |                    | 0                                 |                     |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....                                                                    |              |                    | 0                                 |                     |
| 18.2 Net deferred tax asset.....                                                                                                                     | 43,773       | 229                | 43,544                            | 37,555              |
| 19. Guaranty funds receivable or on deposit.....                                                                                                     |              |                    | 0                                 |                     |
| 20. Electronic data processing equipment and software.....                                                                                           |              |                    | 0                                 |                     |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....                                                                   |              |                    | 0                                 |                     |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....                                                                      |              |                    | 0                                 |                     |
| 23. Receivables from parent, subsidiaries and affiliates.....                                                                                        |              |                    | 0                                 |                     |
| 24. Health care (\$.....0) and other amounts receivable.....                                                                                         |              |                    | 0                                 |                     |
| 25. Aggregate write-ins for other than invested assets.....                                                                                          | 0            | 0                  | 0                                 | 0                   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....                                  | 4,696,141    | 229                | 4,695,912                         | 4,907,537           |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                                                     |              |                    | 0                                 |                     |
| 28. TOTALS (Lines 26 and 27).....                                                                                                                    | 4,696,141    | 229                | 4,695,912                         | 4,907,537           |

| DETAILS OF WRITE-INS                                                     |   |   |   |   |
|--------------------------------------------------------------------------|---|---|---|---|
| 1101. ....                                                               |   |   | 0 |   |
| 1102. ....                                                               |   |   | 0 |   |
| 1103. ....                                                               |   |   | 0 |   |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0 | 0 | 0 | 0 |
| 2501. ....                                                               |   |   | 0 |   |
| 2502. ....                                                               |   |   | 0 |   |
| 2503. ....                                                               |   |   | 0 |   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 0 | 0 | 0 | 0 |

LIABILITIES, SURPLUS AND OTHER FUNDS

|                                                                                                                                                                                                                                                                                                                            | 1<br>Current Year | 2<br>Prior Year |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....                                                                                                                                                                                                                                                                                | 345,208           | 328,201         |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....                                                                                                                                                                                                                     | 67,517            | 50,732          |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....                                                                                                                                                                                                                                                              | 135,375           | 132,880         |
| 4. Commissions payable, contingent commissions and other similar charges.....                                                                                                                                                                                                                                              | 3,051             | 1,356           |
| 5. Other expenses (excluding taxes, licenses and fees).....                                                                                                                                                                                                                                                                | 20,276            | 18,092          |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....                                                                                                                                                                                                                                              | 4,298             | 4,588           |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....                                                                                                                                                                                                                  | 4,501             | 1,514           |
| 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 \$.....22,671 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)..... | 472,397           | 415,481         |
| 10. Advance premium.....                                                                                                                                                                                                                                                                                                   |                   |                 |
| 11. Dividends declared and unpaid:                                                                                                                                                                                                                                                                                         |                   |                 |
| 11.1 Stockholders.....                                                                                                                                                                                                                                                                                                     |                   |                 |
| 11.2 Policyholders.....                                                                                                                                                                                                                                                                                                    |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....                                                                                                                                                                                                                                                    |                   |                 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....                                                                                                                                                                                                                                  |                   |                 |
| 14. Amounts withheld or retained by company for account of others.....                                                                                                                                                                                                                                                     |                   |                 |
| 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.....                                                                                                                                                                                                                                                                                                |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates.....                                                                                                                                                                                                                                                                    | 18,060            | 18,042          |
| 20. Derivatives.....                                                                                                                                                                                                                                                                                                       |                   |                 |
| 21. Payable for securities.....                                                                                                                                                                                                                                                                                            |                   |                 |
| 22. Payable for securities lending.....                                                                                                                                                                                                                                                                                    |                   |                 |
| 23. Liability for amounts held under uninsured plans.....                                                                                                                                                                                                                                                                  |                   |                 |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....                                                                                                                                                                                                                                                              |                   |                 |
| 25. Aggregate write-ins for liabilities.....                                                                                                                                                                                                                                                                               | 150               | 246             |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....                                                                                                                                                                                                                                       | 1,070,833         | 971,132         |
| 27. Protected cell liabilities.....                                                                                                                                                                                                                                                                                        |                   |                 |
| 28. Total liabilities (Lines 26 and 27).....                                                                                                                                                                                                                                                                               | 1,070,833         | 971,132         |
| 29. Aggregate write-ins for special surplus funds.....                                                                                                                                                                                                                                                                     | 1,729             | 922             |
| 30. Common capital stock.....                                                                                                                                                                                                                                                                                              | 1,500,000         | 1,500,000       |
| 31. Preferred capital stock.....                                                                                                                                                                                                                                                                                           |                   |                 |
| 32. Aggregate write-ins for other than special surplus funds.....                                                                                                                                                                                                                                                          | 0                 | 0               |
| 33. Surplus notes.....                                                                                                                                                                                                                                                                                                     |                   |                 |
| 34. Gross paid in and contributed surplus.....                                                                                                                                                                                                                                                                             | 734,000           | 734,000         |
| 35. Unassigned funds (surplus).....                                                                                                                                                                                                                                                                                        | 1,389,350         | 1,701,483       |
| 36. Less treasury stock, at cost:                                                                                                                                                                                                                                                                                          |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....                                                                                                                                                                                                                                                    |                   |                 |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....                                                                                                                                                                                                                                                 |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....                                                                                                                                                                                                                                      | 3,625,079         | 3,936,405       |
| 38. TOTALS (Page 2, Line 28, Col. 3).....                                                                                                                                                                                                                                                                                  | 4,695,912         | 4,907,537       |

DETAILS OF WRITE-INS

|                                                                          |       |     |
|--------------------------------------------------------------------------|-------|-----|
| 2501. Accounts payable and other liabilities.....                        | 150   | 246 |
| 2502. ....                                                               |       |     |
| 2503. ....                                                               |       |     |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0     | 0   |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 150   | 246 |
| 2901. Additional admitted deferred tax assets.....                       | 1,729 | 922 |
| 2902. ....                                                               |       |     |
| 2903. ....                                                               |       |     |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0     | 0   |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 1,729 | 922 |
| 3201. ....                                                               |       |     |
| 3202. ....                                                               |       |     |
| 3203. ....                                                               |       |     |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0     | 0   |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0     | 0   |

STATEMENT OF INCOME

| UNDERWRITING INCOME         |                                                                                                                                                          |  | 1            | 2          |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|------------|
|                             |                                                                                                                                                          |  | Current Year | Prior Year |
| 1.                          | Premiums earned (Part 1, Line 35, Column 4).....                                                                                                         |  | 1,019,060    | 905,919    |
| DEDUCTIONS                  |                                                                                                                                                          |  |              |            |
| 2.                          | Losses incurred (Part 2, Line 35, Column 7).....                                                                                                         |  | 628,584      | 500,995    |
| 3.                          | Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....                                                                                       |  | 139,878      | 105,621    |
| 4.                          | Other underwriting expenses incurred (Part 3, Line 25, Column 2).....                                                                                    |  | 302,651      | 273,024    |
| 5.                          | Aggregate write-ins for underwriting deductions.....                                                                                                     |  | 0            | 0          |
| 6.                          | Total underwriting deductions (Lines 2 through 5).....                                                                                                   |  | 1,071,113    | 879,640    |
| 7.                          | Net income of protected cells.....                                                                                                                       |  |              |            |
| 8.                          | Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....                                                                                      |  | (52,053)     | 26,279     |
| INVESTMENT INCOME           |                                                                                                                                                          |  |              |            |
| 9.                          | Net investment income earned (Exhibit of Net Investment Income, Line 17).....                                                                            |  | 81,866       | 103,904    |
| 10.                         | Net realized capital gains (losses) less capital gains tax of \$....2,617 (Exhibit of Capital Gains (Losses)).....                                       |  | 1,676        | 2,999      |
| 11.                         | Net investment gain (loss) (Lines 9 + 10).....                                                                                                           |  | 83,542       | 106,903    |
| OTHER INCOME                |                                                                                                                                                          |  |              |            |
| 12.                         | Net gain (loss) from agents' or premium balances charged off (amount recovered \$....14 amount charged off \$....19,988).....                            |  | (19,974)     | (10,415)   |
| 13.                         | Finance and service charges not included in premiums.....                                                                                                |  | 61,992       | 53,587     |
| 14.                         | Aggregate write-ins for miscellaneous income.....                                                                                                        |  | 20,062       | 16,631     |
| 15.                         | Total other income (Lines 12 through 14).....                                                                                                            |  | 62,080       | 59,803     |
| 16.                         | Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....     |  | 93,569       | 192,985    |
| 17.                         | Dividends to policyholders.....                                                                                                                          |  |              |            |
| 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)..... |  | 93,569       | 192,985    |
| 19.                         | Federal and foreign income taxes incurred.....                                                                                                           |  | 35,884       | 69,076     |
| 20.                         | Net income (Line 18 minus Line 19) (to Line 22).....                                                                                                     |  | 57,685       | 123,909    |
| CAPITAL AND SURPLUS ACCOUNT |                                                                                                                                                          |  |              |            |
| 21.                         | Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....                                                                |  | 3,936,405    | 3,928,466  |
| 22.                         | Net income (from Line 20).....                                                                                                                           |  | 57,685       | 123,909    |
| 23.                         | Net transfers (to) from Protected Cell accounts.....                                                                                                     |  |              |            |
| 24.                         | Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....                                                               |  |              |            |
| 25.                         | Change in net unrealized foreign exchange capital gain (loss).....                                                                                       |  |              |            |
| 26.                         | Change in net deferred income tax.....                                                                                                                   |  | 4,188        | 3,914      |
| 27.                         | Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....                                                                      |  | 1,801        | 116        |
| 28.                         | Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....                                                                      |  |              |            |
| 29.                         | Change in surplus notes.....                                                                                                                             |  |              |            |
| 30.                         | Surplus (contributed to) withdrawn from protected cells.....                                                                                             |  |              |            |
| 31.                         | Cumulative effect of changes in accounting principles.....                                                                                               |  |              |            |
| 32.                         | Capital changes:                                                                                                                                         |  |              |            |
| 32.1                        | Paid in.....                                                                                                                                             |  |              |            |
| 32.2                        | Transferred from surplus (Stock Dividend).....                                                                                                           |  |              |            |
| 32.3                        | Transferred to surplus.....                                                                                                                              |  |              |            |
| 33.                         | Surplus adjustments:                                                                                                                                     |  |              |            |
| 33.1                        | Paid in.....                                                                                                                                             |  |              |            |
| 33.2                        | Transferred to capital (Stock Dividend).....                                                                                                             |  |              |            |
| 33.3.                       | Transferred from capital.....                                                                                                                            |  |              |            |
| 34.                         | Net remittances from or (to) Home Office.....                                                                                                            |  |              |            |
| 35.                         | Dividends to stockholders.....                                                                                                                           |  | (375,000)    | (120,000)  |
| 36.                         | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....                                                                     |  |              |            |
| 37.                         | Aggregate write-ins for gains and losses in surplus.....                                                                                                 |  | 0            | 0          |
| 38.                         | Change in surplus as regards policyholders for the year (Lines 22 through 37).....                                                                       |  | (311,326)    | 7,939      |
| 39.                         | Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....                                                 |  | 3,625,079    | 3,936,405  |
| DETAILS OF WRITE-INS        |                                                                                                                                                          |  |              |            |
| 0501.                       | .....                                                                                                                                                    |  |              |            |
| 0502.                       | .....                                                                                                                                                    |  |              |            |
| 0503.                       | .....                                                                                                                                                    |  |              |            |
| 0598.                       | Summary of remaining write-ins for Line 5 from overflow page.....                                                                                        |  | 0            | 0          |
| 0599.                       | Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....                                                                                              |  | 0            | 0          |
| 1401.                       | Other fee income.....                                                                                                                                    |  | 20,692       | 16,425     |
| 1402.                       | Miscellaneous income or (expense).....                                                                                                                   |  | (630)        | 206        |
| 1403.                       | .....                                                                                                                                                    |  |              |            |
| 1498.                       | Summary of remaining write-ins for Line 14 from overflow page.....                                                                                       |  | 0            | 0          |
| 1499.                       | Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....                                                                                             |  | 20,062       | 16,631     |
| 3701.                       | Additional admitted deferred tax assets.....                                                                                                             |  | 1,729        | 922        |
| 3702.                       | Reclassification of additional admitted deferred tax assets to special surplus funds.....                                                                |  | (1,729)      | (922)      |
| 3703.                       | .....                                                                                                                                                    |  |              |            |
| 3798.                       | Summary of remaining write-ins for Line 37 from overflow page.....                                                                                       |  | 0            | 0          |
| 3799.                       | Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....                                                                                             |  | 0            | 0          |

Infinity Preferred Insurance Company  
CASH FLOW

|                                                                                                                | 1<br>Current Year | 2<br>Prior Year |
|----------------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| CASH FROM OPERATIONS                                                                                           |                   |                 |
| 1. Premiums collected net of reinsurance.....                                                                  | 1,045,156         | 939,103         |
| 2. Net investment income.....                                                                                  | 96,074            | 130,864         |
| 3. Miscellaneous income.....                                                                                   | 62,080            | 59,803          |
| 4. Total (Lines 1 through 3).....                                                                              | 1,203,310         | 1,129,770       |
| 5. Benefit and loss related payments.....                                                                      | 594,792           | 505,915         |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 436,542           | 391,967         |
| 8. Dividends paid to policyholders.....                                                                        |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....2,617 tax on capital gains (losses).....    | 35,514            | 73,015          |
| 10. Total (Lines 5 through 9).....                                                                             | 1,066,848         | 970,897         |
| 11. Net cash from operations (Line 4 minus Line 10).....                                                       | 136,462           | 158,873         |
| CASH FROM INVESTMENTS                                                                                          |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:                                                         |                   |                 |
| 12.1 Bonds.....                                                                                                | 2,005,200         | 782,030         |
| 12.2 Stocks.....                                                                                               |                   |                 |
| 12.3 Mortgage loans.....                                                                                       |                   |                 |
| 12.4 Real estate.....                                                                                          |                   |                 |
| 12.5 Other invested assets.....                                                                                |                   |                 |
| 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).....                                                       | 2,005,200         | 782,030         |
| 13. Cost of investments acquired (long-term only):                                                             |                   |                 |
| 13.1 Bonds.....                                                                                                | 1,776,721         | 1,031,953       |
| 13.2 Stocks.....                                                                                               |                   |                 |
| 13.3 Mortgage loans.....                                                                                       |                   |                 |
| 13.4 Real estate.....                                                                                          |                   |                 |
| 13.5 Other invested assets.....                                                                                |                   |                 |
| 13.6 Miscellaneous applications.....                                                                           |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....                                                      | 1,776,721         | 1,031,953       |
| 14. Net increase (decrease) in contract loans and premium notes.....                                           |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | 228,479           | (249,923)       |
| 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.....                                                                            | 375,000           | 120,000         |
| 16.6 Other cash provided (applied).....                                                                        | (78)              | (1,110)         |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (375,078)         | (121,110)       |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS                                            |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....   | (10,137)          | (212,160)       |
| 19. Cash, cash equivalents and short-term investments:                                                         |                   |                 |
| 19.1 Beginning of year.....                                                                                    | 72,374            | 284,534         |
| 19.2 End of year (Line 18 plus Line 19.1).....                                                                 | 62,237            | 72,374          |

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

|               |       |       |
|---------------|-------|-------|
| 20.0001 ..... | ..... | ..... |
|---------------|-------|-------|

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business |                                                            | 1                                                   | 2                                                                                    | 3                                                                           | 4                                                      |
|------------------|------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------|
|                  |                                                            | Net<br>Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | Premiums<br>Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1.               | Fire.....                                                  |                                                     |                                                                                      |                                                                             | .0                                                     |
| 2.               | Allied lines.....                                          |                                                     |                                                                                      |                                                                             | .0                                                     |
| 3.               | Farmowners multiple peril.....                             |                                                     |                                                                                      |                                                                             | .0                                                     |
| 4.               | Homeowners multiple peril.....                             |                                                     |                                                                                      |                                                                             | .0                                                     |
| 5.               | Commercial multiple peril.....                             |                                                     |                                                                                      |                                                                             | .0                                                     |
| 6.               | Mortgage guaranty.....                                     |                                                     |                                                                                      |                                                                             | .0                                                     |
| 8.               | Ocean marine.....                                          |                                                     |                                                                                      |                                                                             | .0                                                     |
| 9.               | Inland marine.....                                         |                                                     |                                                                                      |                                                                             | .0                                                     |
| 10.              | Financial guaranty.....                                    |                                                     |                                                                                      |                                                                             | .0                                                     |
| 11.1             | Medical professional liability - occurrence.....           |                                                     |                                                                                      |                                                                             | .0                                                     |
| 11.2             | Medical professional liability - claims-made.....          |                                                     |                                                                                      |                                                                             | .0                                                     |
| 12.              | Earthquake.....                                            |                                                     |                                                                                      |                                                                             | .0                                                     |
| 13.              | Group accident and health.....                             |                                                     |                                                                                      |                                                                             | .0                                                     |
| 14.              | Credit accident and health (group and individual).....     |                                                     |                                                                                      |                                                                             | .0                                                     |
| 15.              | Other accident and health.....                             |                                                     |                                                                                      |                                                                             | .0                                                     |
| 16.              | Workers' compensation.....                                 |                                                     |                                                                                      |                                                                             | .0                                                     |
| 17.1             | Other liability - occurrence.....                          |                                                     |                                                                                      |                                                                             | .0                                                     |
| 17.2             | Other liability - claims-made.....                         |                                                     |                                                                                      |                                                                             | .0                                                     |
| 17.3             | Excess workers' compensation.....                          |                                                     |                                                                                      |                                                                             | .0                                                     |
| 18.1             | Products liability - occurrence.....                       |                                                     |                                                                                      |                                                                             | .0                                                     |
| 18.2             | Products liability - claims-made.....                      |                                                     |                                                                                      |                                                                             | .0                                                     |
| 19.1, 19.2       | Private passenger auto liability.....                      | .671,179                                            | 253,768                                                                              | .287,983                                                                    | .636,964                                               |
| 19.3, 19.4       | Commercial auto liability.....                             | 48,670                                              | 22,094                                                                               | 24,757                                                                      | 46,007                                                 |
| 21.              | Auto physical damage.....                                  | 356,127                                             | 139,619                                                                              | 159,657                                                                     | 336,089                                                |
| 22.              | Aircraft (all perils).....                                 |                                                     |                                                                                      |                                                                             | .0                                                     |
| 23.              | Fidelity.....                                              |                                                     |                                                                                      |                                                                             | .0                                                     |
| 24.              | Surety.....                                                |                                                     |                                                                                      |                                                                             | .0                                                     |
| 26.              | Burglary and theft.....                                    |                                                     |                                                                                      |                                                                             | .0                                                     |
| 27.              | Boiler and machinery.....                                  |                                                     |                                                                                      |                                                                             | .0                                                     |
| 28.              | Credit.....                                                |                                                     |                                                                                      |                                                                             | .0                                                     |
| 29.              | International.....                                         |                                                     |                                                                                      |                                                                             | .0                                                     |
| 30.              | Warranty.....                                              |                                                     |                                                                                      |                                                                             | .0                                                     |
| 31.              | Reinsurance - nonproportional assumed property.....        |                                                     |                                                                                      |                                                                             | .0                                                     |
| 32.              | Reinsurance - nonproportional assumed liability.....       |                                                     |                                                                                      |                                                                             | .0                                                     |
| 33.              | Reinsurance - nonproportional assumed financial lines..... |                                                     |                                                                                      |                                                                             | .0                                                     |
| 34.              | Aggregate write-ins for other lines of business.....       | .0                                                  | .0                                                                                   | .0                                                                          | .0                                                     |
| 35.              | TOTALS.....                                                | 1,075,976                                           | 415,481                                                                              | 472,397                                                                     | 1,019,060                                              |

DETAILS OF WRITE-INS

|       |                                                                  |    |    |    |    |
|-------|------------------------------------------------------------------|----|----|----|----|
| 3401. | .....                                                            |    |    |    | .0 |
| 3402. | .....                                                            |    |    |    | .0 |
| 3403. | .....                                                            |    |    |    | .0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page... | .0 | .0 | .0 | .0 |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....     | .0 | .0 | .0 | .0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

|                  |                                                            | 1                                                                           | 2                                                                             | 3                              | 4                                                                                      | 5                                                                |
|------------------|------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Line of Business |                                                            | Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | Earned But<br>Unbilled Premium | Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
| 1.               | Fire.....                                                  |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 2.               | Allied lines.....                                          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 3.               | Farmowners multiple peril.....                             |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 4.               | Homeowners multiple peril.....                             |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 5.               | Commercial multiple peril.....                             |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 6.               | Mortgage guaranty.....                                     |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 8.               | Ocean marine.....                                          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 9.               | Inland marine.....                                         |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 10.              | Financial guaranty.....                                    |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 11.1             | Medical professional liability - occurrence.....           |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 11.2             | Medical professional liability - claims-made.....          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 12.              | Earthquake.....                                            |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 13.              | Group accident and health.....                             |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 14.              | Credit accident and health (group and individual).....     |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 15.              | Other accident and health.....                             |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 16.              | Workers' compensation.....                                 |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 17.1             | Other liability - occurrence.....                          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 17.2             | Other liability - claims-made.....                         |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 17.3             | Excess workers' compensation.....                          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 18.1             | Products liability - occurrence.....                       |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 18.2             | Products liability - claims-made.....                      |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 19.1, 19.2       | Private passenger auto liability.....                      | 287,983                                                                     |                                                                               |                                |                                                                                        | 287,983                                                          |
| 19.3, 19.4       | Commercial auto liability.....                             | 24,757                                                                      |                                                                               |                                |                                                                                        | 24,757                                                           |
| 21.              | Auto physical damage.....                                  | 159,657                                                                     |                                                                               |                                |                                                                                        | 159,657                                                          |
| 22.              | Aircraft (all perils).....                                 |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 23.              | Fidelity.....                                              |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 24.              | Surety.....                                                |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 26.              | Burglary and theft.....                                    |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 27.              | Boiler and machinery.....                                  |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 28.              | Credit.....                                                |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 29.              | International.....                                         |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 30.              | Warranty.....                                              |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 31.              | Reinsurance - nonproportional assumed property.....        |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 32.              | Reinsurance - nonproportional assumed liability.....       |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 33.              | Reinsurance - nonproportional assumed financial lines..... |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 34.              | Aggregate write-ins for other lines of business.....       | 0                                                                           | 0                                                                             | 0                              | 0                                                                                      | 0                                                                |
| 35.              | TOTALS.....                                                | 472,397                                                                     | 0                                                                             | 0                              | 0                                                                                      | 472,397                                                          |
| 36.              | Accrued retrospective premiums based on experience.....    |                                                                             |                                                                               |                                |                                                                                        |                                                                  |
| 37.              | Earned but unbilled premiums.....                          |                                                                             |                                                                               |                                |                                                                                        | 0                                                                |
| 38.              | Balance (sum of Lines 35 through 37).....                  |                                                                             |                                                                               |                                |                                                                                        | 472,397                                                          |

DETAILS OF WRITE-INS

|       |                                                                    |   |   |   |   |
|-------|--------------------------------------------------------------------|---|---|---|---|
| 3401. | .....                                                              |   |   |   | 0 |
| 3402. | .....                                                              |   |   |   | 0 |
| 3403. | .....                                                              |   |   |   | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0 | 0 | 0 | 0 |

(a) State here basis of computation used in each case: Daily Pro-Rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

| Line of Business |                                                            | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|------------------|------------------------------------------------------------|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--------------------------------------------------------------|
|                  |                                                            |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |                                                              |
| 1.               | Fire.....                                                  |                                |                         |                             |                       |                           | .....0                                                       |
| 2.               | Allied lines.....                                          |                                |                         |                             |                       |                           | .....0                                                       |
| 3.               | Farmowners multiple peril.....                             |                                |                         |                             |                       |                           | .....0                                                       |
| 4.               | Homeowners multiple peril.....                             |                                |                         |                             |                       |                           | .....0                                                       |
| 5.               | Commercial multiple peril.....                             |                                |                         |                             |                       |                           | .....0                                                       |
| 6.               | Mortgage guaranty.....                                     |                                |                         |                             |                       |                           | .....0                                                       |
| 8.               | Ocean marine.....                                          |                                |                         |                             |                       |                           | .....0                                                       |
| 9.               | Inland marine.....                                         |                                |                         |                             |                       |                           | .....0                                                       |
| 10.              | Financial guaranty.....                                    |                                |                         |                             |                       |                           | .....0                                                       |
| 11.1             | Medical professional liability - occurrence.....           |                                |                         |                             |                       |                           | .....0                                                       |
| 11.2             | Medical professional liability - claims-made.....          |                                |                         |                             |                       |                           | .....0                                                       |
| 12.              | Earthquake.....                                            |                                |                         |                             |                       |                           | .....0                                                       |
| 13.              | Group accident and health.....                             |                                |                         |                             |                       |                           | .....0                                                       |
| 14.              | Credit accident and health (group and individual).....     |                                |                         |                             |                       |                           | .....0                                                       |
| 15.              | Other accident and health.....                             |                                |                         |                             |                       |                           | .....0                                                       |
| 16.              | Workers' compensation.....                                 |                                |                         |                             |                       |                           | .....0                                                       |
| 17.1             | Other liability - occurrence.....                          |                                |                         |                             |                       |                           | .....0                                                       |
| 17.2             | Other liability - claims-made.....                         |                                |                         |                             |                       |                           | .....0                                                       |
| 17.3             | Excess workers' compensation.....                          |                                |                         |                             |                       |                           | .....0                                                       |
| 18.1             | Products liability - occurrence.....                       |                                |                         |                             |                       |                           | .....0                                                       |
| 18.2             | Products liability - claims-made.....                      |                                |                         |                             |                       |                           | .....0                                                       |
| 19.1, 19.2       | Private passenger auto liability.....                      | .....271,154                   | .....671,179            |                             | .....271,154          |                           | .....671,179                                                 |
| 19.3, 19.4       | Commercial auto liability.....                             |                                | .....48,670             |                             |                       |                           | .....48,670                                                  |
| 21.              | Auto physical damage.....                                  | .....156,096                   | .....356,127            |                             | .....156,096          |                           | .....356,127                                                 |
| 22.              | Aircraft (all perils).....                                 |                                |                         |                             |                       |                           | .....0                                                       |
| 23.              | Fidelity.....                                              |                                |                         |                             |                       |                           | .....0                                                       |
| 24.              | Surety.....                                                |                                |                         |                             |                       |                           | .....0                                                       |
| 26.              | Burglary and theft.....                                    |                                |                         |                             |                       |                           | .....0                                                       |
| 27.              | Boiler and machinery.....                                  |                                |                         |                             |                       |                           | .....0                                                       |
| 28.              | Credit.....                                                |                                |                         |                             |                       |                           | .....0                                                       |
| 29.              | International.....                                         |                                |                         |                             |                       |                           | .....0                                                       |
| 30.              | Warranty.....                                              |                                |                         |                             |                       |                           | .....0                                                       |
| 31.              | Reinsurance - nonproportional assumed property.....        | .....XXX                       |                         |                             |                       |                           | .....0                                                       |
| 32.              | Reinsurance - nonproportional assumed liability.....       | .....XXX                       |                         |                             |                       |                           | .....0                                                       |
| 33.              | Reinsurance - nonproportional assumed financial lines..... | .....XXX                       |                         |                             |                       |                           | .....0                                                       |
| 34.              | Aggregate write-ins for other lines of business.....       | .....0                         | .....0                  | .....0                      | .....0                | .....0                    | .....0                                                       |
| 35.              | TOTALS.....                                                | .....427,250                   | .....1,075,976          | .....0                      | .....427,250          | .....0                    | .....1,075,976                                               |

DETAILS OF WRITE-INS

|       |                                                                    |        |        |        |        |        |        |
|-------|--------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| 3401. | .....                                                              |        |        |        |        |        | .....0 |
| 3402. | .....                                                              |        |        |        |        |        | .....0 |
| 3403. | .....                                                              |        |        |        |        |        | .....0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page..... | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |

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

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

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



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

|                  |                                                            | Losses Paid Less Salvage |                        |                          |                                   | 5                                                         | 6                                  | 7                                                       | 8                                                                                              |
|------------------|------------------------------------------------------------|--------------------------|------------------------|--------------------------|-----------------------------------|-----------------------------------------------------------|------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                  |                                                            | 1                        | 2                      | 3                        | 4                                 | Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | Net Losses<br>Unpaid<br>Prior Year | Losses<br>Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | Percentage of<br>Losses Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
| Line of Business |                                                            | Direct<br>Business       | Reinsurance<br>Assumed | Reinsurance<br>Recovered | Net Payments<br>(Cols. 1 + 2 - 3) |                                                           |                                    |                                                         |                                                                                                |
| 1.               | Fire.....                                                  |                          |                        |                          | 0                                 | 4                                                         | 4                                  | 0                                                       |                                                                                                |
| 2.               | Allied lines.....                                          |                          | 150                    |                          | 150                               | 1                                                         | 1                                  | 150                                                     |                                                                                                |
| 3.               | Farmowners multiple peril.....                             |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 4.               | Homeowners multiple peril.....                             |                          | 308                    |                          | 308                               | 479                                                       | 340                                | 447                                                     |                                                                                                |
| 5.               | Commercial multiple peril.....                             |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 6.               | Mortgage guaranty.....                                     |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 8.               | Ocean marine.....                                          |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 9.               | Inland marine.....                                         |                          |                        |                          | 0                                 | 6                                                         | 6                                  | 0                                                       |                                                                                                |
| 10.              | Financial guaranty.....                                    |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 11.1             | Medical professional liability - occurrence.....           |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 11.2             | Medical professional liability - claims-made.....          |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 12.              | Earthquake.....                                            |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 13.              | Group accident and health.....                             |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 14.              | Credit accident and health (group and individual).....     |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 15.              | Other accident and health.....                             |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 16.              | Workers' compensation.....                                 |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 17.1             | Other liability - occurrence.....                          |                          | 4                      |                          | 4                                 | 34                                                        | 22                                 | 16                                                      |                                                                                                |
| 17.2             | Other liability - claims-made.....                         |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 17.3             | Excess workers' compensation.....                          |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 18.1             | Products liability - occurrence.....                       |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 18.2             | Products liability - claims-made.....                      |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 19.1, 19.2       | Private passenger auto liability.....                      | 980,508                  | 393,087                | 980,508                  | 393,087                           | 299,350                                                   | 285,958                            | 406,479                                                 | 63.8                                                                                           |
| 19.3, 19.4       | Commercial auto liability.....                             |                          | 26,448                 |                          | 26,448                            | 36,834                                                    | 35,562                             | 27,720                                                  | 60.3                                                                                           |
| 21.              | Auto physical damage.....                                  | 151,166                  | 191,580                | 151,166                  | 191,580                           | 8,500                                                     | 6,308                              | 193,772                                                 | 57.7                                                                                           |
| 22.              | Aircraft (all perils).....                                 |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 23.              | Fidelity.....                                              |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 24.              | Surety.....                                                |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 26.              | Burglary and theft.....                                    |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 27.              | Boiler and machinery.....                                  |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 28.              | Credit.....                                                |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 29.              | International.....                                         |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 30.              | Warranty.....                                              |                          |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 31.              | Reinsurance - nonproportional assumed property.....        | XXX                      |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 32.              | Reinsurance - nonproportional assumed liability.....       | XXX                      |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 33.              | Reinsurance - nonproportional assumed financial lines..... | XXX                      |                        |                          | 0                                 |                                                           |                                    | 0                                                       |                                                                                                |
| 34.              | Aggregate write-ins for other lines of business.....       | 0                        | 0                      | 0                        | 0                                 | 0                                                         | 0                                  | 0                                                       |                                                                                                |
| 35.              | TOTALS.....                                                | 1,131,674                | 611,577                | 1,131,674                | 611,577                           | 345,208                                                   | 328,201                            | 628,584                                                 | 61.7                                                                                           |

### DETAILS OF WRITE-INS

|       |                                                                    |       |       |       |       |       |       |       |       |       |
|-------|--------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 3401. | .....                                                              | ..... | ..... | ..... | 0     | ..... | ..... | ..... | 0     | ..... |
| 3402. | .....                                                              | ..... | ..... | ..... | 0     | ..... | ..... | ..... | 0     | ..... |
| 3403. | .....                                                              | ..... | ..... | ..... | 0     | ..... | ..... | ..... | 0     | ..... |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page..... | 0     | ..... | 0     | ..... | 0     | ..... | 0     | ..... | XXX   |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0     | ..... | 0     | ..... | 0     | ..... | 0     | ..... | 0     |

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

|                  |                                                            | Reported Losses |                     |                                                                           |                                                                  | Incurred But Not Reported |                     |                   | 8                                       | 9                                   |
|------------------|------------------------------------------------------------|-----------------|---------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------|---------------------|-------------------|-----------------------------------------|-------------------------------------|
|                  |                                                            | 1               | 2                   | 3                                                                         | 4                                                                | 5                         | 6                   | 7                 |                                         |                                     |
| Line of Business |                                                            | Direct          | Reinsurance Assumed | Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | Direct                    | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1.               | Fire.....                                                  |                 | 2                   |                                                                           | 2                                                                |                           | 2                   |                   | 4                                       |                                     |
| 2.               | Allied lines.....                                          |                 |                     |                                                                           | 0                                                                |                           | 1                   |                   | 1                                       |                                     |
| 3.               | Farmowners multiple peril.....                             |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 4.               | Homeowners multiple peril.....                             |                 | 479                 |                                                                           | 479                                                              |                           |                     |                   | 479                                     | 49                                  |
| 5.               | Commercial multiple peril.....                             |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 6.               | Mortgage guaranty.....                                     |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 8.               | Ocean marine.....                                          |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 9.               | Inland marine.....                                         |                 |                     |                                                                           | 0                                                                |                           | 6                   |                   | 6                                       |                                     |
| 10.              | Financial guaranty.....                                    |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 11.1             | Medical professional liability - occurrence.....           |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 11.2             | Medical professional liability - claims-made.....          |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 12.              | Earthquake.....                                            |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 13.              | Group accident and health.....                             |                 |                     |                                                                           | 0                                                                |                           |                     |                   | (a) 0                                   |                                     |
| 14.              | Credit accident and health (group and individual).....     |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 15.              | Other accident and health.....                             |                 |                     |                                                                           | 0                                                                |                           |                     |                   | (a) 0                                   |                                     |
| 16.              | Workers' compensation.....                                 |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 17.1             | Other liability - occurrence.....                          |                 | 10                  |                                                                           | 10                                                               |                           | 24                  |                   | 34                                      | 1                                   |
| 17.2             | Other liability - claims-made.....                         |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 17.3             | Excess workers' compensation.....                          |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 18.1             | Products liability - occurrence.....                       |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 18.2             | Products liability - claims-made.....                      |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 19.1, 19.2       | Private passenger auto liability.....                      | 940,930         | 164,171             | 940,930                                                                   | 164,171                                                          | 102,645                   | 135,179             | 102,645           | 299,350                                 | 103,933                             |
| 19.3, 19.4       | Commercial auto liability.....                             |                 | 16,123              |                                                                           | 16,123                                                           |                           | 20,711              |                   | 36,834                                  | 13,279                              |
| 21.              | Auto physical damage.....                                  | (20,260)        | (11,775)            | (20,260)                                                                  | (11,775)                                                         | 1,478                     | 20,275              | 1,478             | 8,500                                   | 18,113                              |
| 22.              | Aircraft (all perils).....                                 |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 23.              | Fidelity.....                                              |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 24.              | Surety.....                                                |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 26.              | Burglary and theft.....                                    |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 27.              | Boiler and machinery.....                                  |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 28.              | Credit.....                                                |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 29.              | International.....                                         |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 30.              | Warranty.....                                              |                 |                     |                                                                           | 0                                                                |                           |                     |                   | 0                                       |                                     |
| 31.              | Reinsurance - nonproportional assumed property.....        | XXX             |                     |                                                                           | 0                                                                | XXX                       |                     |                   | 0                                       |                                     |
| 32.              | Reinsurance - nonproportional assumed liability.....       | XXX             |                     |                                                                           | 0                                                                | XXX                       |                     |                   | 0                                       |                                     |
| 33.              | Reinsurance - nonproportional assumed financial lines..... | XXX             |                     |                                                                           | 0                                                                | XXX                       |                     |                   | 0                                       |                                     |
| 34.              | Aggregate write-ins for other lines of business.....       | 0               | 0                   | 0                                                                         | 0                                                                | 0                         | 0                   | 0                 | 0                                       | 0                                   |
| 35.              | TOTALS.....                                                | 920,670         | 169,010             | 920,670                                                                   | 169,010                                                          | 104,123                   | 176,198             | 104,123           | 345,208                                 | 135,375                             |

**DETAILS OF WRITE-INS**

|       |                                                                    |   |   |   |   |   |   |   |   |   |
|-------|--------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|
| 3401. |                                                                    |   |   |   | 0 |   |   |   | 0 |   |
| 3402. |                                                                    |   |   |   | 0 |   |   |   | 0 |   |
| 3403. |                                                                    |   |   |   | 0 |   |   |   | 0 |   |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

Infinity Preferred Insurance Company  
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

|                                                                                                 | 1                           | 2                                 | 3                      | 4               |
|-------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------|------------------------|-----------------|
|                                                                                                 | Loss Adjustment<br>Expenses | Other<br>Underwriting<br>Expenses | Investment<br>Expenses | Total           |
| 1. Claim adjustment services:                                                                   |                             |                                   |                        |                 |
| 1.1 Direct.....                                                                                 | (1,118)                     |                                   |                        | (1,118)         |
| 1.2 Reinsurance assumed.....                                                                    | 26,248                      |                                   |                        | 26,248          |
| 1.3 Reinsurance ceded.....                                                                      | (1,118)                     |                                   |                        | (1,118)         |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....                                        | 26,248                      | 0                                 | 0                      | 26,248          |
| 2. Commission and brokerage:                                                                    |                             |                                   |                        |                 |
| 2.1 Direct, excluding contingent.....                                                           |                             | 42,657                            |                        | 42,657          |
| 2.2 Reinsurance assumed, excluding contingent.....                                              |                             | 137,584                           |                        | 137,584         |
| 2.3 Reinsurance ceded, excluding contingent.....                                                |                             | 42,657                            |                        | 42,657          |
| 2.4 Contingent - direct.....                                                                    |                             | 147                               |                        | 147             |
| 2.5 Contingent - reinsurance assumed.....                                                       |                             | 2,760                             |                        | 2,760           |
| 2.6 Contingent - reinsurance ceded.....                                                         |                             | 147                               |                        | 147             |
| 2.7 Policy and membership fees.....                                                             |                             |                                   |                        | 0               |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....                 | 0                           | 140,344                           | 0                      | 140,344         |
| 3. Allowances to manager and agents.....                                                        |                             | 6,436                             |                        | 6,436           |
| 4. Advertising.....                                                                             |                             | 12,362                            |                        | 12,362          |
| 5. Boards, bureaus and associations.....                                                        | 39                          | 1,896                             |                        | 1,935           |
| 6. Surveys and underwriting reports.....                                                        | 2,947                       | 19,276                            |                        | 22,223          |
| 7. Audit of assureds' records.....                                                              |                             |                                   |                        | 0               |
| 8. Salary and related items:                                                                    |                             |                                   |                        |                 |
| 8.1 Salaries.....                                                                               | 64,246                      | 50,784                            |                        | 115,030         |
| 8.2 Payroll taxes.....                                                                          | 5,140                       | 3,700                             |                        | 8,840           |
| 9. Employee relations and welfare.....                                                          | 9,545                       | 8,246                             |                        | 17,791          |
| 10. Insurance.....                                                                              | 373                         | 168                               |                        | 541             |
| 11. Directors' fees.....                                                                        |                             |                                   |                        | 0               |
| 12. Travel and travel items.....                                                                | 3,985                       | 1,235                             |                        | 5,220           |
| 13. Rent and rent items.....                                                                    | 7,458                       | 4,954                             |                        | 12,412          |
| 14. Equipment.....                                                                              | 1,904                       | 3,075                             |                        | 4,979           |
| 15. Cost or depreciation of EDP equipment and software.....                                     | 9,214                       | 8,190                             |                        | 17,404          |
| 16. Printing and stationery.....                                                                | 395                         | 1,599                             |                        | 1,994           |
| 17. Postage, telephone and telegraph, exchange and express.....                                 | 4,679                       | 9,604                             |                        | 14,283          |
| 18. Legal and auditing.....                                                                     | 464                         | 1,736                             |                        | 2,200           |
| 19. Totals (Lines 3 to 18).....                                                                 | 110,389                     | 133,261                           | 0                      | 243,650         |
| 20. Taxes, licenses and fees:                                                                   |                             |                                   |                        |                 |
| 20.1 State and local insurance taxes deducting guaranty association credits<br>of \$.....0..... |                             | 21,070                            |                        | 21,070          |
| 20.2 Insurance department licenses and fees.....                                                | 128                         | 3,724                             |                        | 3,852           |
| 20.3 Gross guaranty association assessments.....                                                |                             | (54)                              |                        | (54)            |
| 20.4 All other (excluding federal and foreign income and real estate).....                      | 124                         | (260)                             |                        | (136)           |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....                            | 252                         | 24,480                            | 0                      | 24,732          |
| 21. Real estate expenses.....                                                                   |                             |                                   |                        | 0               |
| 22. Real estate taxes.....                                                                      |                             |                                   |                        | 0               |
| 23. Reimbursements by uninsured plans.....                                                      |                             |                                   |                        | 0               |
| 24. Aggregate write-ins for miscellaneous expenses.....                                         | 2,989                       | 4,566                             | 6,404                  | 13,959          |
| 25. Total expenses incurred.....                                                                | 139,878                     | 302,651                           | 6,404                  | (a).....448,933 |
| 26. Less unpaid expenses - current year.....                                                    | 135,375                     | 26,223                            | 1,402                  | 163,000         |
| 27. Add unpaid expenses - prior year.....                                                       | 132,880                     | 22,731                            | 1,305                  | 156,916         |
| 28. Amounts receivable relating to uninsured plans, prior year.....                             |                             |                                   |                        | 0               |
| 29. Amounts receivable relating to uninsured plans, current year.....                           |                             |                                   |                        | 0               |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....                                     | 137,383                     | 299,159                           | 6,307                  | 442,849         |

DETAILS OF WRITE-INS

|                                                                          |       |       |       |        |
|--------------------------------------------------------------------------|-------|-------|-------|--------|
| 2401. Other expenses.....                                                | 2,989 | 4,566 |       | 7,555  |
| 2402. Investment expenses.....                                           |       |       | 6,404 | 6,404  |
| 2403. ....                                                               |       |       |       | 0      |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 0     | 0     | 0     | 0      |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | 2,989 | 4,566 | 6,404 | 13,959 |

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

|      |                                                                          | 1                        | 2                     |
|------|--------------------------------------------------------------------------|--------------------------|-----------------------|
|      |                                                                          | Collected<br>During Year | Earned<br>During Year |
| 1.   | U.S. government bonds.....                                               | (a).....106,206          | .....88,270           |
| 1.1  | Bonds exempt from U.S. tax.....                                          | (a).....                 | .....                 |
| 1.2  | Other bonds (unaffiliated).....                                          | (a).....                 | .....                 |
| 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).....1                | .....                 |
| 7.   | Derivative instruments.....                                              | (f).....                 | .....                 |
| 8.   | Other invested assets.....                                               | .....                    | .....                 |
| 9.   | Aggregate write-ins for investment income.....                           | .....0                   | .....0                |
| 10.  | Total gross investment income.....                                       | .....106,207             | .....88,270           |
| 11.  | Investment expenses.....                                                 |                          | (g).....6,404         |
| 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).....0             |
| 15.  | Aggregate write-ins for deductions from investment income.....           |                          | .....0                |
| 16.  | Total deductions (Lines 11 through 15).....                              |                          | .....6,404            |
| 17.  | Net investment income (Line 10 minus Line 16).....                       |                          | .....81,866           |

DETAILS OF WRITE-INS

|       |                                                                    |        |        |
|-------|--------------------------------------------------------------------|--------|--------|
| 0901. | .....                                                              | .....  | .....  |
| 0902. | .....                                                              | .....  | .....  |
| 0903. | .....                                                              | .....  | .....  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page.....  | .....0 | .....0 |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .....0 | .....0 |
| 1501. | .....                                                              | .....  | .....  |
| 1502. | .....                                                              | .....  | .....  |
| 1503. | .....                                                              | .....  | .....  |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page..... | .....  | .....0 |
| 1599. | Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       | .....  | .....0 |

- (a) Includes \$.....7,756 accrual of discount less \$.....3,929 amortization of premium and less \$.....2,336 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 \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

|      | 1                                                      | 2                                | 3                                                        | 4                                              | 5                                                                  |
|------|--------------------------------------------------------|----------------------------------|----------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------|
|      | Realized<br>Gain (Loss)<br>on Sales<br>or Maturity     | Other<br>Realized<br>Adjustments | Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized<br>Capital Gain (Loss) | Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
| 1.   | U.S. government bonds.....4,293                        | .....                            | .....4,293                                               | .....                                          | .....                                                              |
| 1.1  | Bonds exempt from U.S. tax.....                        | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 1.2  | Other bonds (unaffiliated).....                        | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 1.3  | Bonds of affiliates.....                               | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 2.1  | Preferred stocks (unaffiliated).....                   | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 2.11 | Preferred stocks of affiliates.....                    | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 2.2  | Common stocks (unaffiliated).....                      | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 2.21 | Common stocks of affiliates.....                       | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 3.   | Mortgage loans.....                                    | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 4.   | Real estate.....                                       | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 5.   | Contract loans.....                                    | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 6.   | Cash, cash equivalents and short-term investments..... | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 7.   | Derivative instruments.....                            | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 8.   | Other invested assets.....                             | .....                            | .....0                                                   | .....                                          | .....                                                              |
| 9.   | Aggregate write-ins for capital gains (losses).....0   | .....0                           | .....0                                                   | .....0                                         | .....0                                                             |
| 10.  | Total capital gains (losses).....4,293                 | .....0                           | .....4,293                                               | .....0                                         | .....0                                                             |

DETAILS OF WRITE-INS

|       |                                                                 |        |        |        |        |
|-------|-----------------------------------------------------------------|--------|--------|--------|--------|
| 0901. | .....                                                           | .....  | .....0 | .....  | .....  |
| 0902. | .....                                                           | .....  | .....0 | .....  | .....  |
| 0903. | .....                                                           | .....  | .....0 | .....  | .....  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page... | .....0 | .....0 | .....0 | .....0 |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....     | .....0 | .....0 | .....0 | .....0 |

EXHIBIT OF NONADMITTED ASSETS

|                                                                                                                             | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|
| 1. Bonds (Schedule D).....                                                                                                  |                                                  |                                                | .....0                                                          |
| 2. Stocks (Schedule D):                                                                                                     |                                                  |                                                |                                                                 |
| 2.1 Preferred stocks.....                                                                                                   |                                                  |                                                | .....0                                                          |
| 2.2 Common stocks.....                                                                                                      |                                                  |                                                | .....0                                                          |
| 3. Mortgage loans on real estate (Schedule B):                                                                              |                                                  |                                                |                                                                 |
| 3.1 First liens.....                                                                                                        |                                                  |                                                | .....0                                                          |
| 3.2 Other than first liens.....                                                                                             |                                                  |                                                | .....0                                                          |
| 4. Real estate (Schedule A):                                                                                                |                                                  |                                                |                                                                 |
| 4.1 Properties occupied by the company.....                                                                                 |                                                  |                                                | .....0                                                          |
| 4.2 Properties held for the production of income.....                                                                       |                                                  |                                                | .....0                                                          |
| 4.3 Properties held for sale.....                                                                                           |                                                  |                                                | .....0                                                          |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2)<br>and short-term investments (Schedule DA).....          |                                                  |                                                | .....0                                                          |
| 6. Contract loans.....                                                                                                      |                                                  |                                                | .....0                                                          |
| 7. Derivatives (Schedule DB).....                                                                                           |                                                  |                                                | .....0                                                          |
| 8. Other invested assets (Schedule BA).....                                                                                 |                                                  |                                                | .....0                                                          |
| 9. Receivables for securities.....                                                                                          |                                                  |                                                | .....0                                                          |
| 10. Securities lending reinvested collateral assets (Schedule DL).....                                                      |                                                  |                                                | .....0                                                          |
| 11. Aggregate write-ins for invested assets.....                                                                            | .....0                                           | .....0                                         | .....0                                                          |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....                                                                | .....0                                           | .....0                                         | .....0                                                          |
| 13. Title plants (for Title insurers only).....                                                                             |                                                  |                                                | .....0                                                          |
| 14. Investment income due and accrued.....                                                                                  |                                                  |                                                | .....0                                                          |
| 15. Premiums and considerations:                                                                                            |                                                  |                                                |                                                                 |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....                                             |                                                  |                                                | .....0                                                          |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       |                                                  |                                                | .....0                                                          |
| 15.3 Accrued retrospective premiums.....                                                                                    |                                                  |                                                | .....0                                                          |
| 16. Reinsurance:                                                                                                            |                                                  |                                                |                                                                 |
| 16.1 Amounts recoverable from reinsurers.....                                                                               |                                                  |                                                | .....0                                                          |
| 16.2 Funds held by or deposited with reinsured companies.....                                                               |                                                  |                                                | .....0                                                          |
| 16.3 Other amounts receivable under reinsurance contracts.....                                                              |                                                  |                                                | .....0                                                          |
| 17. Amounts receivable relating to uninsured plans.....                                                                     |                                                  |                                                | .....0                                                          |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....                                           |                                                  |                                                | .....0                                                          |
| 18.2 Net deferred tax asset.....                                                                                            | .....229                                         | .....2,030                                     | .....1,801                                                      |
| 19. Guaranty funds receivable or on deposit.....                                                                            |                                                  |                                                | .....0                                                          |
| 20. Electronic data processing equipment and software.....                                                                  |                                                  |                                                | .....0                                                          |
| 21. Furniture and equipment, including health care delivery assets.....                                                     |                                                  |                                                | .....0                                                          |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....                                             |                                                  |                                                | .....0                                                          |
| 23. Receivables from parent, subsidiaries and affiliates.....                                                               |                                                  |                                                | .....0                                                          |
| 24. Health care and other amounts receivable.....                                                                           |                                                  |                                                | .....0                                                          |
| 25. Aggregate write-ins for other than invested assets.....                                                                 | .....0                                           | .....0                                         | .....0                                                          |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | .....229                                         | .....2,030                                     | .....1,801                                                      |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                            |                                                  |                                                | .....0                                                          |
| 28. TOTALS (Lines 26 and 27).....                                                                                           | .....229                                         | .....2,030                                     | .....1,801                                                      |

DETAILS OF WRITE-INS

|                                                                          |        |        |        |
|--------------------------------------------------------------------------|--------|--------|--------|
| 1101. ....                                                               |        |        | .....0 |
| 1102. ....                                                               |        |        | .....0 |
| 1103. ....                                                               |        |        | .....0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .....0 | .....0 | .....0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .....0 | .....0 | .....0 |
| 2501. ....                                                               |        |        | .....0 |
| 2502. ....                                                               |        |        | .....0 |
| 2503. ....                                                               |        |        | .....0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .....0 | .....0 | .....0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | .....0 | .....0 | .....0 |

NOTES TO FINANCIAL STATEMENTS

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Infinity Preferred Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and of the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Invested asset values are generally stated as follows:

Bonds are stated at amortized cost using the interest method.

Short-term investments are stated at amortized cost.

Unpaid Losses and Loss Adjustment Expense Reserves - The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses and development on reported losses based on past experience net of salvage and subrogation recoveries; and (d) estimates based on experience of expenses for investigating and adjusting claims. The total of these factors is reduced for portions ceded to other insurers. All such estimates are based on the current state of the law and coverage litigation, which could change substantially by the time claims are settled. These liabilities are subject to the impact of changes in claim amounts, frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses ("LAE") are adequate. Changes in estimates of the liabilities for losses and LAE are reflected in the statement of income in the period in which determined.

Premium Deficiency Reserve - The Company uses anticipated investment income as a factor in the premium deficiency calculation.

Premium Recognition - Premiums are earned over the terms of the related insurance 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 for direct business and are based on reports received from ceding companies for reinsurance.

Underwriting Expense Recognition - Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

2.) ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company did not have any accounting changes or corrections of errors during 2011.

3.) BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method - The Company does not have any unamortized goodwill reported as a component of an investment.

B. Statutory Merger - The Company was not a party to any merger transactions during 2011.

C. Impairment Loss - Not applicable.

4.) DISCONTINUED OPERATIONS

The Company did not have any discontinued operations during 2011.

5.) INVESTMENTS

A. Mortgage Loans - The Company does not have any investment in mortgage loans.

B. Debt Restructuring - The Company does not hold any investments involved in debt restructuring.

C. Reverse Mortgages - The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

1. Prepayment assumptions used are derived by the Securities Industry and Financial Markets Association (SIFMA) and Interactive Data Corporation (IDC). Effective yields are determined at the date of purchase, while significant changes in estimated cash flow from the original prepayment assumptions are accounted for on a prospective basis.
2. The Company does not invest in loan-backed securities.
3. None.
4. None.

NOTES TO FINANCIAL STATEMENTS

5. The determination of whether unrealized losses on investments are other-than-temporary requires judgement based on subjective as well as objective factors. Factors considered and resources used by management include:
- whether the unrealized loss is credit-driven or a result of changes in market interest rates;

•

the length of time the security's market value has been below its amortized cost (bonds) or cost (unaffiliated common stocks);

•

the extent to which fair value is less than amortized cost (bonds) or cost (unaffiliated common stocks) basis;

•

the intent to sell the security;

•

whether it is more likely than not that there will be a requirement to sell the security before its anticipated recovery;

•

historical operating, balance sheet and cash flow data contained in issuer's SEC filings;

•

issuer news releases;

•

near-term prospects for improvement in the issuer and/or its industry;

•

industry research and communications with industry specialists; and

•

third-party research and credit rating reports.

E. Repurchase Agreements and/or Securities Lending Transactions - The Company does not participate in repurchase agreements or securities lending transactions.

F. Real Estate - The Company does not have any real estate investments.

G. Low-Income Housing Tax Credits - The Company does not have investments in low-income housing tax credits.

6.) JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Impairment - Not applicable.

7.) INVESTMENT INCOME

The Company did not exclude any due and accrued income from surplus at December 31, 2011.

8.) DERIVATIVE INSTRUMENTS

The Company's investment objectives do not include holding or issuing derivative financial instruments.

9.) INCOME TAXES

A. The amount of gross deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") comprising net DTAs/(DTLs) is shown below as well as admitted, nonadmitted, and change in nonadmitted DTAs:

1.

|                                                                             | 2011            |                |              | 2010            |                |              | Change          |                |              |
|-----------------------------------------------------------------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                                                             | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>Total | (7)<br>Ordinary | (8)<br>Capital | (9)<br>Total |
| (a) Gross Deferred Tax Assets                                               | \$ 51,179       | \$ 0           | \$ 51,179    | \$ 45,414       | \$ 0           | \$ 45,414    | \$ 5,765        | \$ 0           | \$ 5,765     |
| (b) Statutory Valuation Allowance Adjustment                                | 0               | 0              | 0            | 0               | 0              | 0            | 0               | 0              | 0            |
| (c) Adjusted Gross Deferred Tax Assets (1a - 1b)                            | 51,179          | 0              | 51,179       | 45,414          | 0              | 45,414       | 5,765           | 0              | 5,765        |
| (d) Deferred Tax Liabilities                                                | 3,786           | 3,620          | 7,406        | 1,116           | 4,713          | 5,829        | 2,670           | (1,093)        | 1,577        |
| (e) Subtotal Net Deferred Tax Assets/(Net Deferred Tax Liability) (1c - 1d) | 47,393          | (3,620)        | 43,773       | 44,298          | (4,713)        | 39,585       | 3,095           | 1,093          | 4,188        |
| (f) Deferred Tax Assets Nonadmitted                                         | 229             | 0              | 229          | 2,030           | 0              | 2,030        | (1,801)         | 0              | (1,801)      |
| (g) Net Admitted Deferred Tax Assets/(Net Deferred Tax Liability) (1e - 1f) | \$ 47,164       | \$ (3,620)     | \$ 43,544    | \$ 42,268       | \$ (4,713)     | \$ 37,555    | \$ 4,896        | \$ 1,093       | \$ 5,989     |

2. The Company has elected to admit additional DTAs pursuant to SSAP 10R, ¶10.e. The current period election does not differ from the prior reporting period.

3. The increased amount, by tax character, of admitted adjusted gross DTAs resulting from ¶10.e. are:

Ordinary

Capital

Total increase in additional adjusted gross DTAs

\$ 1,729

0

\$ 1,729

14.1

NOTES TO FINANCIAL STATEMENTS

4. The amount of each result or component of the calculation, by tax character, of ¶10.a., ¶10.b.i., ¶10.b.ii., and ¶10.c. is as follows:

|                                                               | 2011            |                |              | 2010            |                |              | Change          |                |              |
|---------------------------------------------------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                                               | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>Total | (7)<br>Ordinary | (8)<br>Capital | (9)<br>Total |
| (a) Recovered through loss carrybacks (¶10.a.)                | \$ 41815        | \$ 0           | \$ 41815     | \$ 36,633       | \$ 0           | \$ 36,633    | \$ 5,182        | \$ 0           | \$ 5,182     |
| (b) Lesser of:                                                | 0               | 0              | 0            | 0               | 0              | 0            | 0               | 0              | 0            |
| (c) Expected to be recognized within 1year (¶10.b.i.)         | 0               | 0              | 0            | 0               | 0              | 0            | 0               | 0              | 0            |
| (d) 10%of adjusted capital and surplus (¶10.b.ii.)            | xxx             | xxx            | 393,121      | xxx             | xxx            | 397,117      | xxx             | xxx            | (3,996)      |
| (e) Adjusted Gross DTAs offset against existing DTLs (¶10.c.) | 7,406           | 0              | 7,406        | 5,829           | 0              | 5,829        | 1,577           | 0              | 1,577        |
| (f) Total (4a+4b+4e)                                          | \$ 49,221       | \$ 0           | \$ 49,221    | \$ 42,462       | \$ 0           | \$ 42,462    | \$ 6,759        | \$ 0           | \$ 6,759     |

The amount of each result or component of the calculation, by tax character, of ¶10.e.i., ¶10.e.ii.(a), ¶10.e.ii.(b) and ¶10.e.iii is as follows:

|                                                                   | 2011            |                |              | 2010            |                |              | Change          |                |              |
|-------------------------------------------------------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                                                   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>Total | (7)<br>Ordinary | (8)<br>Capital | (9)<br>Total |
| (g) Recovered through loss carrybacks (¶10.e.i.)                  | \$ 42,863       | \$ 0           | \$ 42,863    | \$ 37,260       | \$ 0           | \$ 37,260    | \$ 5,603        | \$ 0           | \$ 5,603     |
| (h) Lesser of:                                                    | 681             | 0              | 681          | 295             | 0              | 295          | 386             | 0              | 386          |
| (i) Expected to be recognized within 3 years (¶10.e.ii.(a))       | 681             | 0              | 681          | 295             | 0              | 295          | 386             | 0              | 386          |
| (j) 15%of adjusted capital and surplus (¶10.e.ii.(b))             | xxx             | xxx            | 589,682      | xxx             | xxx            | 595,675      | xxx             | xxx            | (5,993)      |
| (k) Adjusted gross DTAs offset against existing DTLs (¶10.e.iii.) | 7,406           | 0              | 7,406        | 5,829           | 0              | 5,829        | 1,577           | 0              | 1,577        |
| (l) Total (4g+4h+4k)                                              | \$ 50,950       | \$ 0           | \$ 50,950    | \$ 43,384       | \$ 0           | \$ 43,384    | \$ 7,566        | \$ 0           | \$ 7,566     |
| <b>Risk-based capital level used in ¶10.d.:</b>                   |                 |                |              |                 |                |              |                 |                |              |
| (m) Total Adjusted Capital                                        | xxx             | xxx            | \$ 3,623,350 | xxx             | xxx            | \$ 3,935,483 | xxx             | xxx            | \$ (312,133) |
| (n) Authorized Control Level                                      | xxx             | xxx            | \$ 67,960    | xxx             | xxx            | \$ 63,886    | xxx             | xxx            | \$ 4,074     |

5. The The impact of tax-planning strategies on adjusted gross and net admitted DTAs is as follows:

|                                                                                   | 2011            |                |              | 2010            |                |              | Change          |                |              |
|-----------------------------------------------------------------------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                                                                   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>Total | (7)<br>Ordinary | (8)<br>Capital | (9)<br>Total |
| Impact of Tax Planning Strategies                                                 |                 |                |              |                 |                |              |                 |                |              |
| (a) Adjusted Gross DTAs (%of Total Adjusted Gross DTAs)                           | 0%              | 0%             | 0%           | 0%              | 0%             | 0%           | 0%              | 0%             | 0%           |
| (b) Net Admitted Adjusted Gross DTAs (%of Total Net Admitted Adjusted Gross DTAs) | 0%              | 0%             | 0%           | 0%              | 0%             | 0%           | 0%              | 0%             | 0%           |

6. The amounts resulting from the calculation in ¶10.a., ¶10.b., and ¶10.c. are as follows:

|                                                    | 2011            |                |              | 2010            |                |              | Change          |                |              |
|----------------------------------------------------|-----------------|----------------|--------------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                                    | (1)<br>Ordinary | (2)<br>Capital | (3)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>Total | (7)<br>Ordinary | (8)<br>Capital | (9)<br>Total |
| (a) Admitted Deferred Tax Assets                   | \$ 41815        | \$ 0           | \$ 41815     | \$ 36,633       | \$ 0           | \$ 36,633    | \$ 5,182        | \$ 0           | \$ 5,182     |
| (b) Admitted Assets                                | xxx             | xxx            | 4,694,183    | xxx             | xxx            | 4,906,615    | xxx             | xxx            | (212,432)    |
| (c) Adjusted Statutory Surplus                     | xxx             | xxx            | 3,623,350    | xxx             | xxx            | 3,935,483    | xxx             | xxx            | (312,133)    |
| (d) Total Adjusted Capital from DTAs               | xxx             | xxx            | \$ 41815     | xxx             | xxx            | \$ 36,633    | xxx             | xxx            | \$ 5,182     |
| <b>Increases due to SSAP 10R, paragraph 10.e.:</b> |                 |                |              |                 |                |              |                 |                |              |
| (e) Admitted Deferred Tax Assets                   | \$ 1,729        | \$ 0           | \$ 1,729     | \$ 922          | \$ 0           | \$ 922       | \$ 807          | \$ 0           | \$ 807       |
| (f) Admitted Assets                                | \$ 1,729        | \$ 0           | \$ 1,729     | \$ 922          | \$ 0           | \$ 922       | \$ 807          | \$ 0           | \$ 807       |
| (g) Statutory Surplus                              | \$ 1,729        | \$ 0           | \$ 1,729     | \$ 922          | \$ 0           | \$ 922       | \$ 807          | \$ 0           | \$ 807       |

B. The Company has recognized all deferred tax liabilities.

C. Current Tax and Change in Deferred Tax

1. Current income tax:

|                                                | (1)<br>2011 | (2)<br>2010 | (3)<br>Change |
|------------------------------------------------|-------------|-------------|---------------|
| (a) Federal                                    | \$ 35,884   | \$ 68,749   | \$ (32,865)   |
| (b) Foreign                                    | 0           | 0           | 0             |
| (c) Subtotal                                   | 35,884      | 68,749      | (32,865)      |
| (d) Federal income tax on net capital gains    | 2,617       | 3,765       | (1,148)       |
| (e) Utilization of capital loss carry-forwards | 0           | 0           | 0             |
| (f) Other                                      | 0           | 327         | (327)         |
| (g) Federal and Foreign income taxes incurred  | \$ 38,501   | \$ 72,841   | \$ (34,340)   |



NOTES TO FINANCIAL STATEMENTS

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

2. Deferred Tax Assets Resulting in Book/Tax Differences:

|                                                               | (1)<br>2011 | (2)<br>2010 | (3)<br>Change |
|---------------------------------------------------------------|-------------|-------------|---------------|
| (a) Ordinary:                                                 |             |             |               |
| (1) Discounting of unpaid losses                              | \$ 9,173    | \$ 9,494    | \$ (321)      |
| (2) Unearned premium reserve                                  | 33,068      | 29,083      | 3,985         |
| (3) Policyholder reserves                                     | 0           | 0           | 0             |
| (4) Investments                                               | 0           | 0           | 0             |
| (5) Deferred acquisition costs                                | 0           | 0           | 0             |
| (6) Policyholder dividends accrual                            | 0           | 0           | 0             |
| (7) Fixed assets                                              | 0           | 0           | 0             |
| (8) Compensation and benefits accrual                         | 6,099       | 5,011       | 1,088         |
| (9) Pension accrual                                           |             |             | 0             |
| (10) Receivables - nonadmitted                                | 0           | 0           | 0             |
| (11) Net operating loss carry-forward                         | 0           | 0           | 0             |
| (12) Tax credit carry-forward                                 | 0           | 0           | 0             |
| (13) Other (including items <5% of total ordinary tax assets) | 0           | 0           | 0             |
| (14) Other assets - nonadmitted                               | 0           | 0           | 0             |
| (15) Accrued liabilities                                      | 2,839       | 1,826       | 1,013         |
| (99) Subtotal                                                 | 51,179      | 45,414      | 5,765         |
| (b) Statutory valuation allowance adjustment                  | 0           | 0           | 0             |
| (c) Nonadmitted                                               | 229         | 2,030       | (1,801)       |
| (d) Admitted ordinary deferred tax assets (2a99-2b-2c)        | 50,950      | 43,384      | 7,566         |
| (e) Capital:                                                  |             |             |               |
| (1) Investments                                               | 0           | 0           | 0             |
| (2) Net capital loss carry-forward                            | 0           | 0           | 0             |
| (3) Real estate                                               | 0           | 0           | 0             |
| (4) Other (including items <5% of total capital tax assets)   | 0           | 0           | 0             |
| (99) Subtotal                                                 | 0           | 0           | 0             |
| (f) Statutory valuation allowance adjustment                  | 0           | 0           | 0             |
| (g) Nonadmitted                                               | 0           | 0           | 0             |
| (h) Admitted capital deferred tax assets (2e99-2f-2g)         | 0           | 0           | 0             |
| (i) Admitted deferred tax assets (2d+2h)                      | \$ 50,950   | \$ 43,384   | \$ 7,566      |

3. Deferred Tax Liabilities Resulting in Book/Tax Differences:

|                                                              | (1)<br>2011 | (2)<br>2010 | (3)<br>Change |
|--------------------------------------------------------------|-------------|-------------|---------------|
| (a) Ordinary:                                                |             |             |               |
| (1) Investments                                              | \$ 3,520    | \$ 828      | \$ 2,692      |
| (2) Fixed assets                                             | 0           | 0           | 0             |
| (3) Deferred and uncollected premium                         | 0           | 0           | 0             |
| (4) Policyholder reserves                                    | 0           | 0           | 0             |
| (5) Other (including items <5% of total ordinary tax assets) | 0           | 0           | 0             |
| (6) Additional acquisition costs - installment premiums      | 0           | 0           | 0             |
| (7) Discount of accrued salvage and subrogation              | 266         | 288         | (22)          |
| (8) Guaranty funds receivable                                | 0           | 0           | 0             |
| (99) Subtotal                                                | 3,786       | 1,116       | 2,670         |
| (b) Capital:                                                 |             |             |               |
| (1) Investments                                              | 3,620       | 4,713       | (1,093)       |
| (2) Real estate                                              | 0           | 0           | 0             |
| (3) Other (including items <5% of total capital tax assets)  | 0           | 0           | 0             |
| (99) Subtotal                                                | 3,620       | 4,713       | (1,093)       |
| (c) Deferred tax liabilities (3a99+3b99)                     | \$ 7,406    | \$ 5,829    | \$ 1,577      |

4. Net Deferred Tax Assets/Liabilities:

|                                             | (1)<br>2011 | (2)<br>2010 | (3)<br>Change |
|---------------------------------------------|-------------|-------------|---------------|
| Net Deferred Tax Assets/Liabilities (2i-3c) | \$ 43,544   | \$ 37,555   | \$ 5,989      |

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The Company's income tax expense and change in deferred income taxes differs from the amount obtained by applying the federal statutory rate of 35% to net income after dividends to policyholders. The significant items causing this difference are as follows:

|                                                          | 2011      | Effective Tax Rate (%) |
|----------------------------------------------------------|-----------|------------------------|
| Income taxes at the statutory rate                       | \$ 33,665 | 35.0%                  |
| (Over) under accrual of prior year tax                   | 0         | 0.0%                   |
| Non-admitted assets                                      | 0         | 0.0%                   |
| Tax exempt interest deduction                            | 0         | 0.0%                   |
| Valuation allowance for capital loss carry forward       | 0         | 0.0%                   |
| Other                                                    | 648       | 0.7%                   |
| Securities                                               | 0         | 0.0%                   |
| Total                                                    | \$ 34,313 | 35.7%                  |
| Federal and foreign income taxes incurred                | \$ 35,884 | 37.3%                  |
| Current taxes on realized capital gains                  | 2,617     | 2.7%                   |
| Change in net deferred income taxes excluding unrealized | (4,188)   | -4.3%                  |
| Total statutory income taxes                             | \$ 34,313 | 35.7%                  |

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- At December 31, 2011, the Company had \$0 of net capital loss carryforward.
- The following is income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

| Year | Amount    |
|------|-----------|
| 2011 | \$ 38,501 |
| 2010 | \$ 72,514 |

- The Company did not have any protective tax deposits admitted under section 6603 of the Internal Revenue Service Code.

F. The Company's federal income tax return is consolidated.

- The Company's federal income tax return is consolidated with the following entities:

|                                               |                                            |
|-----------------------------------------------|--------------------------------------------|
| Atlanta Casualty General Agency, Inc.         | Atlanta Casualty Group, Inc.               |
| Budget Insurance Premiums, Inc.               | Granite Finance Co., Inc.                  |
| Hillstar Insurance Company                    | Infinity Agency of Texas, Inc.             |
| Infinity Assurance Insurance Company          | Infinity Auto Insurance Company            |
| Infinity Casualty Insurance Company           | Infinity General Insurance Company         |
| Infinity Group, Inc. (The)                    | Infinity Indemnity Insurance Company       |
| Infinity Insurance Company                    | Infinity Preferred Insurance Company       |
| Infinity Premier Insurance Company            | Infinity Property and Casualty Corporation |
| Infinity Property and Casualty Services, Inc. | Infinity Reserve Insurance Company         |
| Infinity Safeguard Insurance Company          | Infinity Security Insurance Company        |
| Infinity Select Insurance Company             | Infinity Specialty Insurance Company       |
| Infinity Standard Insurance Company           | Leader Group, Inc.                         |
| Leader Managing General Agency, Inc.          | Texas Windsor Group, Inc.                  |
| Windsor Group, Inc.                           |                                            |

- The Company is included in the consolidated federal income tax return filed by Infinity Property and Casualty Corporation ("IPCC").

The method of allocation among the affiliated companies is subject to a written agreement that covers all periods in which the companies are included in the consolidated federal income tax return filed by IPCC. The agreement states that each subsidiary agrees to pay IPCC an amount of tax equal to its allocated share of the consolidated federal income tax liability based on the rules provided by the Internal Revenue Code of 1986, as amended. IPCC agrees to pay each subsidiary for the tax benefit, if any, of losses that are utilized by other members included in the consolidated federal income tax return.

10.) INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- The Company is an indirect wholly owned subsidiary of IPCC; 100% of the outstanding stock of the Company is directly owned by Infinity Insurance Company ("Infinity"). See Schedule Y, Part 1, Organizational Chart.
- Detail of Transactions Greater Than 1/2% of Admitted Assets  
  
The Company paid an ordinary dividend of \$375,000 to Infinity in cash on December 22, 2011.
- Change in Terms of Intercompany Arrangements - None
- Amounts Due To or From Related Parties

At December 31, 2011 and December 31, 2010, the Company had payables due to Infinity of \$18,060 and \$18,042, respectively. Each balance was as a result of the intercompany reinsurance pooling agreement described in Note 26.

NOTES TO FINANCIAL STATEMENTS

- E.

Guarantees or Contingencies for Related Parties - The Company has not made any guarantees or undertakings for the benefit of an affiliate or related party that result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F.

Certain administrative, management, accounting, data processing, underwriting, claim and collection services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or its affiliates.
- G.

All outstanding shares of the Company are owned by Infinity.
- H.

The Company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.
- I.

The Company has no investment in a subsidiary, controlled or affiliated company that exceeds 10% of its admitted assets.
- J.

Impairment - Not applicable.
- K.

Investment in Foreign Insurance Subsidiary - Not applicable.
- L.

Investment in Downstream Non-Insurance Holding Company – Not applicable.
- 11.)

DEBT
- A.

The Company does not have any capital note obligations.
- B.

The Company does not have any Federal Home Loan Bank agreements.
- 12.)

RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS
- A.

Defined Benefit Plans - The Company does not have any defined benefit plans.
- B.

Defined Contribution Plans - The Company does not have any defined contribution plans.
- C.

Multiemployer Plans - The Company does not have any multiemployer plans.
- D.

Consolidated / Holding Company Plans
- Employee Retirement Plan
- All employees meeting minimum requirements regarding service are eligible to participate in the Infinity Property and Casualty Corporation's ("Parent") 401(k) Retirement Plan ("the Plan") for the benefit of employees of the Parent and its participating subsidiaries. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has two types of contributions, including 401(k) Contributions made by participating employees and Contributions made by the Company. Participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. The Parent also has a Supplemental Executive Retirement Plan ("SERP") for a select group of management or highly compensated employees. The SERP enables eligible employees to receive additional retirement contributions from the Company that are precluded by law due to limitations of a qualified retirement plan. SERP costs are funded as they accrue and vested benefits are fully funded. Matching Contributions to the SERP are subject to the discretion of the Parent, and the Company has no liability for future contributions to the SERP. The Company's share of the expense for the Plan and the SERP during 2011 was \$3,991.
- Postretirement Benefit Plan
- The Company provides postretirement benefits to employees based on date of retirement, age, and service requirements through plans sponsored by the Parent. The retiree medical care plan is a contributory plan. Some employees pay the full cost of retiree medical coverage as outlined by the plan. The Company paid the full cost of life insurance coverage in 2011 for retirees eligible for this coverage. The Parent has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.
- The Company accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2011, the Company's accumulated postretirement benefit obligation ("APBO") was \$4,045 using a discount rate of 4.00% of which \$4,045 is currently accrued. Net postretirement benefits costs for the year ended December 31, 2011, were \$140 which includes administrative cost, service cost and interest cost.
- The weighted average annual assumed rate of increase in the health care cost trend rate is 9.0% for 2012 and is assumed to decrease gradually to 5.0% by 2031 and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the APBO at December 31, 2011 by \$311.
- E.

Postemployment Benefits and Compensated Absences
- The Company has accrued for postemployment benefits and compensated absences in accordance with SSAP No. 11.
- F.

Impact of Medicare Modernization Act on Postretirement Benefits
- During 2006, IPCC determined that the benefits provided under the plan described in Note 12D were actuarially equivalent to those benefits provided by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA"). IPCC did not reflect the government subsidy provided by the MMA in the calculation of the APBO as of December 31, 2011 other than as reflected in the insured over 65 rates going forward.
- 13.)

CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS
- A.

The Company has 25,000 shares of common stock authorized, of which 12,000 shares are issued and outstanding with a par value of \$125 per share.
- B.

The Company has no preferred stock outstanding.
- C.

The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the state of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance, is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which may be paid in 2012 based on policyholders' surplus is \$362,507.
- D.

The Company paid an ordinary dividend of \$375,000 to Infinity in cash on December 22, 2011.

NOTES TO FINANCIAL STATEMENTS

- E. Within the limitations of (C) above, there are no specific restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E. These unassigned funds are held for the benefit of the owner and policyholders.
- G. Mutual Surplus Advance - Not applicable.
- H. No stock of the Company or its affiliates is held by the Company for special purposes.
- I. Special Surplus Funds  
The Company has special surplus funds in the amount of \$1,729 due to the adoption of SSAP 10R, ¶10.e.
- J. The portion of unassigned funds reduced by cumulative unrealized gains and losses is \$0 at the end of 2011.
- K. The Company does not have any surplus debentures or similar obligations.
- L. and M. Quasi-Reorganizations - Not applicable.

14.) CONTINGENCIES

- A. Contingent Commitments – The Company does not have any contingent commitments.
1. The Company does not have any contingent commitments.
2. Detail of Other Contingent Commitments

| (1)<br>Nature and<br>Circumstances of<br>Guarantee and<br>Key Attributes,<br>Including Date<br>and Duration of<br>Agreement | (2)<br><br>Liability<br>Recognition of<br>Guarantee | (3)<br><br>Ultimate Financial<br>Statement Impact<br>if Action Under<br>the Guarantee is<br>Required | (4)<br><br>Maximum<br>Potential Amount<br>of Future<br>Payments the<br>Guarantor Could<br>be Required to<br>Make | (5)<br><br>Current Status of<br>Payment or<br>Performance<br><br>Risk of<br>Guarantee |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                                                                                             |                                                     |                                                                                                      |                                                                                                                  |                                                                                       |
| NONE                                                                                                                        |                                                     |                                                                                                      |                                                                                                                  |                                                                                       |
|                                                                                                                             |                                                     |                                                                                                      |                                                                                                                  |                                                                                       |
| Total                                                                                                                       |                                                     |                                                                                                      |                                                                                                                  |                                                                                       |

3. Summary of Detail in 14A2

| (1)<br>Description                                                                            | (2)<br>Amount |
|-----------------------------------------------------------------------------------------------|---------------|
| (a) Aggregate maximum potential amount of future payments guarantor could be required to make | \$ 0          |
| (b) Current liability recognized in financial statements:                                     |               |
| (1) Noncontingent liabilities                                                                 | 0             |
| (2) Contingent liabilities                                                                    | 0             |
| (c) Ultimate financial statement impact if action under guarantee required                    |               |
| (1) Investments in SCA                                                                        | 0             |
| (2) Joint venture                                                                             | 0             |
| (3) Dividends to Stockholder (capital contribution)                                           | 0             |
| (4) Expense                                                                                   | 0             |
| (5) Other                                                                                     | 0             |
| (6) Total                                                                                     | \$ 0          |

- B. Assessments  
The Company receives notification of insolvency of other insurance companies from state insurance departments or guaranty funds. These insolvencies could result in future assessments against the Company. At this time the Company is unable to estimate the possible amounts, if any, of such assessments. Accordingly, the Company is unable to determine the impact, if any, such assessments may have on the Company's financial position or results of operations.
- C. Gain Contingencies - The Company does not have any gain contingencies.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits - None

NOTES TO FINANCIAL STATEMENTS

- E. Product Warranties – Not applicable.
- F. All Other Contingencies

Various lawsuits against the Company have arisen in the ordinary course of the Company's business. The Company's management believes that contingent liabilities arising from such litigation and other matters will not have a material effect on the financial position or results of operations of the Company.

15.) LEASES

- A. Lessee Leasing Arrangements – Not applicable.
- B. Lessor Leasing Arrangements – Not applicable.

16.) INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not have any financial instruments with off-balance sheet risk or concentrations of credit risk.

17.) SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. The Company did not sell any receivable balances during 2011.
- B. Transfer and Servicing of Financial Assets - Not applicable.
- C. Wash Sales - The Company was not involved in any wash sale transactions during 2011.

18.) GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company does not serve as an administrator for uninsured accident and health plans or uninsured portions of partially insured plans.

19.) DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

The Company did not have any direct premium written by a managing general agent or third party administrator.

20.) FAIR VALUE MEASUREMENTS

The Company values all assets and liabilities at amortized cost.

21.) OTHER ITEMS

- A. Extraordinary Items - Not applicable.
- B. Troubled Debt Restructuring: Debtors - Not applicable.
- C. Other Disclosures – None.
- D. At the end of the current and prior year, the Company had admitted assets of \$94,526 and \$63,706, respectively, in premiums receivable. The current amount is due from Infinity under the Company's participation in the intercompany pooling arrangement as described in Note 26.
- E. Business Interruption Insurance Recoveries - Not applicable.
- F. State Transferable and Non-transferable Tax Credits - Not applicable.
- G. Subprime Mortgage Related Risk Exposure

1. The Company does not engage in direct subprime residential or other mortgage lending. There were no impairment write downs taken during 2011 and no realized gains or losses recognized on sales of investments with subprime exposure.

2. Directly Held Subprime Mortgage Loans - The Company does not have any risk exposure through direct investment in subprime mortgage loans.

3. Direct Exposure Through Other Investments – The Company does not have direct exposure to subprime mortgage related risk through any other type investments.

4. Subprime Underwriting Exposure - The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage.

22.) EVENTS SUBSEQUENT

Subsequent events have been considered through February 22, 2012 for the statutory statement issued on December 31, 2011. There have not been any subsequent events which may have a material effect on the financial condition of the Company.

23.) REINSURANCE

- A. Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate reinsurance recoverable that exceeds 3% of its policyholder surplus due from Infinity (NAIC Group Code 3495, Federal Employer Identification Number 31-0943862) in the amount of \$1,354,322 as a result of the intercompany reinsurance pooling agreement described in Note 26.

- B. Reinsurance Recoverable in Dispute - The Company does not have any reinsurance recoverable on losses in dispute that individually exceed 5% or in the aggregate exceed 10% of its policyholder surplus.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

1. The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2010, of all reinsurance agreements is as follows:

|                                 | ASSUMED         |                   | CEDED           |                   | NET             |                   |
|---------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
|                                 | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| Affiliates: Pooling             | \$ 472,397      | \$ 60,325         | \$ 22,671       | \$ 2,263          | \$ 449,726      | \$ 58,062         |
| Affiliates: Non-Pooling         | 0               | 0                 | 0               | 0                 | 0               | 0                 |
| All Other                       | 0               | 0                 | 0               | 0                 | 0               | 0                 |
| Totals                          | \$ 472,397      | \$ 60,325         | \$ 22,671       | \$ 2,263          | \$ 449,726      | \$ 58,062         |
| Direct Unearned Premium Reserve | \$ 22,671       |                   |                 |                   |                 |                   |

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at the end of the current year are as follows:

| Description                        | Direct | Assumed  | Ceded  | Net      |
|------------------------------------|--------|----------|--------|----------|
| Contingent Commissions             | \$ 147 | \$ 2,911 | \$ 147 | \$ 2,911 |
| Sliding Scale Adjustments          | 0      | 0        | 0      | 0        |
| Other Profit Commission Agreements | 0      | 0        | 0      | 0        |
| Totals                             | \$ 147 | \$ 2,911 | \$ 147 | \$ 2,911 |

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

- D. Uncollectible Reinsurance – None.
- E. Commutation of Ceded Reinsurance - The Company did not commute any ceded reinsurance treaties during 2011.
- F. Retroactive Reinsurance - Not applicable.
- G. Reinsurance Accounted for as a Deposit - Not applicable.
- H. Disclosures for the Transfer of Property and Casualty Run-off Agreements – Not applicable.

24.) RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company does not have any retrospective reinsurance agreements in force.

25.) CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides an analysis of the change in loss and LAE reserves net of reinsurance recoverables (in thousands):

|                                 | 2011   | 2010   |
|---------------------------------|--------|--------|
| Balance at beginning of period  | \$ 461 | \$ 491 |
| Loss and LAE incurred:          |        |        |
| Current accident year           | 764    | 681    |
| Prior accident years            | 5      | (74)   |
|                                 | 769    | 607    |
| Loss and LAE payments made for: |        |        |
| Current accident year           | (460)  | (400)  |
| Prior accident years            | (289)  | (237)  |
|                                 | (749)  | (637)  |
|                                 |        |        |
| Balance at end of period        | \$ 481 | \$ 461 |

Reserves as of December 31, 2010 were \$461,000. As of December 31, 2011, \$289,000 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$177,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Private Passenger Auto and Commercial Auto lines of insurance. As a result, there has been a \$5,000 unfavorable prior year development during 2011 as compared to a \$74,000 favorable development during 2010. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. See table below for the effect resulting from the inclusion of extra-contractual obligations.

NOTES TO FINANCIAL STATEMENTS

Beginning in 2005, losses and expenses associated with extra-contractual obligations were reflected in the underwriting section of the income statement. The following table reflects the effect to Schedule P of the extra-contractual obligations (in thousands):

| Year  | Payments for<br>Loss and LAE | Outstanding Loss<br>and LAE | Loss and LAE<br>Incurred |
|-------|------------------------------|-----------------------------|--------------------------|
| Prior | \$ 0                         | \$ 0                        | \$ 0                     |
| 2002  | 8                            | 0                           | 8                        |
| 2003  | 10                           | 0                           | 10                       |
| 2004  | 3                            | 0                           | 3                        |
| 2005  | 4                            | 0                           | 4                        |
| 2006  | 1                            | 1                           | 2                        |
| 2007  | 2                            | 0                           | 2                        |
| 2008  | 0                            | 0                           | 0                        |
| 2009  | 0                            | 0                           | 0                        |
| 2010  | 0                            | 0                           | 0                        |
| 2011  | 0                            | 0                           | 0                        |
|       | \$ 28                        | \$ 1                        | \$ 29                    |

26.) INTERCOMPANY POOLING ARRANGEMENTS

The Company and its insurance affiliates maintain an intercompany reinsurance pooling agreement with the Company's parent, Infinity. The effect is to transfer all direct insurance liabilities of the pool members to Infinity and to cede specified percentages of the net underwriting results of Infinity to the participating pool members as follows:

| Company                              | NAIC Company Code | Participation Percentage |
|--------------------------------------|-------------------|--------------------------|
| Infinity Insurance Company           | 22268             | 98.8%                    |
| Hillstar Insurance Company           | 10068             | 0.10%                    |
| Infinity Assurance Insurance Company | 39497             | 0.10%                    |
| Infinity Auto Insurance Company      | 11738             | 0.10%                    |
| Infinity Casualty Insurance Company  | 21792             | 0.10%                    |
| Infinity Indemnity Insurance Company | 10061             | 0.10%                    |
| Infinity Preferred Insurance Company | 10195             | 0.10%                    |
| Infinity Premier Insurance Company   | 37001             | 0.10%                    |
| Infinity Reserve Insurance Company   | 10968             | 0.10%                    |
| Infinity Safeguard Insurance Company | 16802             | 0.10%                    |
| Infinity Security Insurance Company  | 38873             | 0.10%                    |
| Infinity Select Insurance Company    | 20260             | 0.10%                    |
| Infinity Standard Insurance Company  | 12599             | 0.10%                    |

The Company's net underwriting results are determined after making cessions to various other non-affiliated reinsurers under terms of other reinsurance agreements. Substantially all of these cessions are made subsequent to the pooling of business from the pool members to Infinity. There are no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and the corresponding entries on the assumed and ceded reinsurance schedules of other pool participants. The Provision for Reinsurance (Schedule F, Part 7), if any, is recorded by Infinity and is not shared with the other pool participants. Uncollectible reinsurance balances which are written off are subject to the terms of the pooling agreement.

Amounts due to(from) Infinity and all affiliated entities participating in the intercompany pooling arrangement in accordance with SSAP 63 as of December 31, 2011 are as follows:

| Company                              | Loss and LAE Reinsurance | Agent's Balances |
|--------------------------------------|--------------------------|------------------|
| Infinity Insurance Company           | \$ 810,204               | \$ (1,134,308)   |
| Hillstar Insurance Company           | (67,517)                 | 94,526           |
| Infinity Assurance Insurance Company | (67,517)                 | 94,525           |
| Infinity Auto Insurance Company      | (67,517)                 | 94,525           |
| Infinity Casualty Insurance Company  | (67,517)                 | 94,526           |
| Infinity Indemnity Insurance Company | (67,517)                 | 94,526           |
| Infinity Preferred Insurance Company | (67,517)                 | 94,526           |
| Infinity Premier Insurance Company   | (67,517)                 | 94,526           |
| Infinity Reserve Insurance Company   | (67,517)                 | 94,526           |
| Infinity Safeguard Insurance Company | (67,517)                 | 94,525           |
| Infinity Security Insurance Company  | (67,517)                 | 94,525           |
| Infinity Select Insurance Company    | (67,517)                 | 94,526           |
| Infinity Standard Insurance Company  | (67,517)                 | 94,526           |

27.) STRUCTURED SETTLEMENTS

- A. The Company has not purchased any annuities under which it is owner and payee to fund future payments that are fixed.
- B. Not applicable.

28.) HEALTH CARE RECEIVABLES

Not applicable.

NOTES TO FINANCIAL STATEMENTS

29.) PARTICIPATING POLICIES

Not applicable.

30.) PREMIUM DEFICIENCY RESERVES

The Company does not have any premium deficiency reserves. The Company uses anticipated investment income as a factor in the premium deficiency calculation.

31.) HIGH DEDUCTIBLES

The Company does not write any high deductible policies.

32.) DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount liabilities for unpaid losses or unpaid LAE.

33.) ASBESTOS / ENVIRONMENTAL RESERVES

The Company does not have any exposure for asbestos or environmental claims.

34.) SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal exchange, and accordingly, has nothing to report.

35.) MULTIPLE PERIL CROP INSURANCE

The Company does not write multiple peril crop insurance.

36.) FINANCIAL GUARANTY INSURANCE

The Company does not write financial guaranty insurance.



Infinity Preferred Insurance Company  
GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [ X ]      No [   ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ]      No [   ]      N/A [   ]

1.3

State regulating?

Ohio

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [   ]      No [ X ]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006

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.

12/31/2006

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).

12/15/2007

3.4

By what department or departments?

Ohio

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [   ]      No [   ]      N/A [ X ]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [   ]      No [   ]      N/A [ X ]

4.1

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

4.11

sales of new business?

Yes [   ]      No [ X ]

4.12

renewals?

Yes [   ]      No [ X ]

4.2

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

4.21

sales of new business?

Yes [   ]      No [ X ]

4.22

renewals?

Yes [   ]      No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [   ]      No [ X ]

5.2

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

|                     |                    |                        |
|---------------------|--------------------|------------------------|
| 1<br>Name of Entity | 2<br>NAIC Co. Code | 3<br>State of Domicile |
| Not Applicable      |                    |                        |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [   ]      No [ X ]

6.2

If yes, give full information:

Not Applicable

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

.....%

7.22

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

|                  |                     |
|------------------|---------------------|
| 1<br>Nationality | 2<br>Type of Entity |
| Not Applicable   |                     |

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.

Not Applicable

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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
| Not Applicable      |                             |          |          | NO       |           |          |

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, 1901 Sixth Avenue North - Suite 1200, Birmingham, Alabama 35203

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

Not Applicable

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

Not Applicable

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 answer to 10.5 is no or n/a, please explain.

Not Applicable

Infinity Preferred Insurance Company  
GENERAL INTERROGATORIES

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?  
Martha A. Winslow, FCAS, MAAA, Senior Consultant of Towers Watson, 8400 Normandale Lake Blvd., Suite 1700, Minneapolis, Minnesota 55437

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?  
12.11 Name of real estate holding company  
Not Applicable

Yes [ ] No [X]

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

12.2

If yes, provide explanation.  
Not Applicable

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 [ ]

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ ]

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] N/A [ ]

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:  
Not Applicable

14.2

Has the code of ethics for senior managers been amended?

Yes [ ] No [X]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).  
Not Applicable

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).  
Not Applicable

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<br>American Bankers<br>Association (ABA)<br>Routing Number | 2<br>Issuing or Confirming<br>Bank Name | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>Amount |
|                                                              | Not Applicable                          |                                                             |             |

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X] No [ ]

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X] No [ ]

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No [ ]

PART 1 - COMMON INTERROGATORIES - 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  
20.12 To stockholders not officers  
20.13 Trustees, supreme or grand (Fraternal only)

\$.....0  
\$.....0  
\$.....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  
20.22 To stockholders not officers  
20.23 Trustees, supreme or grand (Fraternal only)

\$.....0  
\$.....0  
\$.....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  
21.22 Borrowed from others  
21.23 Leased from others  
21.24 Other

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  
22.22 Amount paid as expenses  
22.23 Other amounts paid

23.1

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

Yes [ ] No [X]

23.2

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

Infinity Preferred Insurance Company

PART 1 - COMMON INTERROGATORIES - 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.  
Not Applicable

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).  
The Company does not have any security lending programs.

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 [   ]      No [   ]      N/A [ X ]

24.5

If answer to 24.4 is yes, report amount of collateral for conforming programs.

24.6

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

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 [   ]      No [   ]      N/A [ X ]

24.8

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [   ]      No [   ]      N/A [ X ]

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 [   ]      No [   ]      N/A [ X ]

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

\$.....158,251

25.29

Other

\$.....0

25.3

For category (25.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
| Not Applicable             |                  |             |

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?  
If no, attach a description with this statement.

Yes [   ]      No [   ]      N/A [ X ]

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:

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<br>Name of Custodian(s)   | 2<br>Custodian's Address                  |
|-----------------------------|-------------------------------------------|
| The Bank of New York Mellon | One Wall Street, New York, New York 10286 |

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<br>Name(s)   | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|----------------|------------------|------------------------------|
| Not Applicable |                  |                              |

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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| Not Applicable     |                    |                     |             |

28.05

Identify all investment advisors, brokers/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<br>Central Registration Depository Number(s) | 2<br>Name                                 | 3<br>Address                                |
|------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Not Applicable                                 | Gen Re-New England Asset Management, Inc. | 76 Batterson Park Rd., Farmington, CT 06032 |

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<br>CUSIP #   | 2<br>Name of Mutual Fund | 3<br>Book/Adj.Carrying Value |
|----------------|--------------------------|------------------------------|
|                | Not Applicable           |                              |
| 29.2999. TOTAL |                          | 0                            |

29.3

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

| 1<br>Name of Mutual Fund<br>(from the above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual<br>Fund's Book/Adjusted<br>Carrying Value<br>Attributable to Holding | 4<br>Date of Valuation |
|----------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------|
| Not Applicable                                     |                                                        |                                                                                            |                        |

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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                                | 2             | 3                                                                                  |
|----------------------------|----------------------------------|---------------|------------------------------------------------------------------------------------|
|                            | Statement<br>(Admitted)<br>Value | Fair<br>Value | Excess of Statement<br>over Fair Value (-),<br>or Fair Value over<br>Statement (+) |
| 30.1 Bonds.....            | 4,531,365                        | 4,697,350     | 165,985                                                                            |
| 30.2 Preferred stocks..... |                                  |               | 0                                                                                  |
| 30.3 Totals.....           | 4,531,365                        | 4,697,350     | 165,985                                                                            |

30.4 Describe the sources or methods utilized in determining the fair values:

Generally, market values for publicly traded bonds not available from the Securities Valuation Office of the National Association of Insurance Commissioners are obtained from Interactive Data Corporation (IDC), a global provider of financial market data and related services to financial institutions. Should IDC not price a bond, fair value information is obtained from other globally recognized pricing sources, including Reuters and Bloomberg. Market value for privately placed and other illiquid securities is obtained from broker quotes or determined by comparison to similar investments in the public market.

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.  
Not Applicable

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:  
Not Applicable

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....1,285

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    | 2           |
|------|-------------|
| Name | Amount Paid |
| None |             |

34.1 Amount of payments for legal expenses, if any? \$.....1,279

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            | 2           |
|--------------|-------------|
| Name         | Amount Paid |
| Luce Forward | 458         |

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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              | 2           |
|----------------|-------------|
| Name           | Amount Paid |
| Not Applicable |             |

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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.

1.3

What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31

Reason for excluding:

Not Applicable

1.4

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

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health test:

|     | 1                            | 2          |
|-----|------------------------------|------------|
|     | Current Year                 | Prior Year |
| 2.1 | Premium Numerator.....       | \$.....0   |
| 2.2 | Premium Denominator.....     | \$.....0   |
| 2.3 | Premium Ratio (2.1/2.2)..... | .....0.0   |
| 2.4 | Reserve Numerator.....       | \$.....0   |
| 2.5 | Reserve Denominator.....     | \$.....0   |
| 2.6 | Reserve Ratio (2.4/2.5)..... | .....0.0   |

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

3.22

Non-participating policies

4.

FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1

Does the reporting entity issue assessable policies?

Yes [ ]

No [ ]

4.2

Does the reporting entity issue non-assessable policies?

Yes [ ]

No [ ]

4.3

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

.....%

4.4

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

5.

FOR RECIPROCAL EXCHANGES ONLY:

5.1

Does the exchange appoint local agents?

Yes [ ]

No [ ]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [ ]

No [ ]

N/A [ ]

5.22

As a direct expense of the exchange

Yes [ ]

No [ ]

N/A [ ]

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 [ ]

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 of loss?

Not Applicable - Line of Business not written.

6.2

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

The Company utilizes historical catastrophe loss data to estimate the Company's probable maximum loss (PML) in areas where there is a concentration of automobiles insured. The Company's PML is limited since auto comprehensive is the primary property coverage sold. The Company used Risklink 10.0 and AIR CLASIC/2 version 12.0 to estimate its PML.

6.3

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

The Company, as a wholly owned subsidiary of Infinity Insurance Company, was covered under a catastrophe reinsurance agreement that provides \$15 million of coverage in excess of the first \$5 million of loss for an event. Effective 3/1/11, an additional layer of catastrophe reinsurance was added that covered 75% of \$5 million in excess of \$20 million. See Note 26 in the Notes to Financial Statements for information regarding the intercompany pooling agreement.

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:

Not Applicable

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [ ]

No [ ]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [ ]

No [ X ]

8.2

If yes, give full information:  
Not Applicable

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 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 affiliate 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 32 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  
(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  
(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 [ ]

No [ X ]

Yes [ ]

No [ X ]

Yes [ X ]

No [ ]

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance 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 this reporting entity guaranteed policies issued by any other reporting entity and now in force?

Yes [ ]

No [ X ]

11.2

If yes, give full information:  
Not Applicable

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
12.11 Unpaid losses  
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....0

\$.....0

\$.....0

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:

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 [ ]

No [ ]

N/A [ X ]

12.4

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

.....%

.....%

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 [ ]

No [ X ]

12.6

If yes, state the amount thereof at December 31 of current year:  
12.61 Letters of credit  
12.62 Collateral and other funds

.....

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):\$.....1,100

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

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

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
Not Applicable

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

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

14.5 If the answer to 14.4 is no, please explain:  
Not Applicable

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

15.2 If yes, give full information:  
Not Applicable

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<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|-----------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home.....       | .....                          | .....                        | .....                          | .....                           | .....                         |
| 16.12 Products.....   | .....                          | .....                        | .....                          | .....                           | .....                         |
| 16.13 Automobile..... | .....                          | .....                        | .....                          | .....                           | .....                         |
| 16.14 Other*.....     | .....                          | .....                        | .....                          | .....                           | .....                         |

\* Disclose type of coverage: ..... Not Applicable

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.....

17.12 Unfunded portion of Interrogatory 17.11.....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11.....

17.14 Case reserves portion of Interrogatory 17.11.....

17.15 Incurred but not reported portion of Interrogatory 17.11.....

17.16 Unearned premium portion of Interrogatory 17.11.....

17.17 Contingent commission portion of Interrogatory 17.11.....

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.....

17.19 Unfunded portion of Interrogatory 17.18.....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18.....

17.21 Case reserves portion of Interrogatory 17.18.....

17.22 Incurred but not reported portion of Interrogatory 17.18.....

17.23 Unearned premium portion of Interrogatory 17.18.....

17.24 Contingent commission portion of Interrogatory 17.18.....

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

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

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 administered as of the reporting date. ....

FIVE-YEAR HISTORICAL DATA

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

|                                                                                                                                                                             | 1<br>2011 | 2<br>2010 | 3<br>2009 | 4<br>2008 | 5<br>2007  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>                                                                                                         |           |           |           |           |            |
| 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)....                                                                        | 991,003   | 2,400,584 | 3,601,986 | 5,880,728 | 11,024,482 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....                                                                                                                         | 512,223   | 1,210,911 | 2,000,704 | 3,352,105 | 6,127,568  |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....                                                                                                   |           |           |           |           |            |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....                                                                                                  |           |           |           |           |            |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....                                                                                                               |           |           |           |           |            |
| 6. Total (Line 35).....                                                                                                                                                     | 1,503,226 | 3,611,495 | 5,602,690 | 9,232,833 | 17,152,050 |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>                                                                                                                       |           |           |           |           |            |
| 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)....                                                                        | 719,849   | 636,763   | 549,866   | 565,923   | 650,899    |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....                                                                                                                         | 356,127   | 310,106   | 294,003   | 326,167   | 363,363    |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....                                                                                                   |           |           |           |           |            |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....                                                                                                 |           |           |           |           |            |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....                                                                                                              |           |           |           |           |            |
| 12. Total (Line 35).....                                                                                                                                                    | 1,075,976 | 946,869   | 843,869   | 892,090   | 1,014,262  |
| <b>Statement of Income (Page 4)</b>                                                                                                                                         |           |           |           |           |            |
| 13. Net underwriting gain (loss) (Line 8).....                                                                                                                              | (52,053)  | 26,279    | 48,334    | 23,615    | 22,722     |
| 14. Net investment gain (loss) (Line 11).....                                                                                                                               | 83,542    | 106,903   | 173,917   | 224,942   | 233,785    |
| 15. Total other income (Line 15).....                                                                                                                                       | 62,080    | 59,803    | 48,807    | 46,303    | 42,991     |
| 16. Dividends to policyholders (Line 17).....                                                                                                                               |           |           |           |           |            |
| 17. Federal and foreign income taxes incurred (Line 19).....                                                                                                                | 35,884    | 69,076    | 103,685   | 80,909    | 94,809     |
| 18. Net income (Line 20).....                                                                                                                                               | 57,685    | 123,909   | 167,373   | 213,951   | 204,689    |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>                                                                                                                                  |           |           |           |           |            |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....                                                                                  | 4,695,912 | 4,907,537 | 4,878,258 | 5,450,736 | 5,362,043  |
| 20. Premiums and considerations (Page 2, Col. 3):                                                                                                                           |           |           |           |           |            |
| 20.1 In course of collection (Line 15.1).....                                                                                                                               | 94,526    | 63,706    | 55,940    | 52,365    | 58,052     |
| 20.2 Deferred and not yet due (Line 15.2).....                                                                                                                              |           |           |           |           |            |
| 20.3 Accrued retrospective premiums (Line 15.3).....                                                                                                                        |           |           |           |           |            |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26).....                                                                                              | 1,070,833 | 971,132   | 949,792   | 990,634   | 1,098,906  |
| 22. Losses (Page 3, Line 1).....                                                                                                                                            | 345,208   | 328,201   | 340,915   | 356,058   | 383,608    |
| 23. Loss adjustment expenses (Page 3, Line 3).....                                                                                                                          | 135,375   | 132,880   | 150,346   | 167,878   | 205,966    |
| 24. Unearned premiums (Page 3, Line 9).....                                                                                                                                 | 472,397   | 415,481   | 374,531   | 379,053   | 409,414    |
| 25. Capital paid up (Page 3, Lines 30 & 31).....                                                                                                                            | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000  |
| 26. Surplus as regards policyholders (Page 3, Line 37).....                                                                                                                 | 3,625,079 | 3,936,405 | 3,928,466 | 4,460,102 | 4,263,137  |
| <b>Cash Flow (Page 5)</b>                                                                                                                                                   |           |           |           |           |            |
| 27. Net cash from operations (Line 11).....                                                                                                                                 | 136,462   | 158,873   | 147,376   | 115,467   | 180,351    |
| <b>Risk-Based Capital Analysis</b>                                                                                                                                          |           |           |           |           |            |
| 28. Total adjusted capital.....                                                                                                                                             | 3,625,079 | 3,936,405 | 3,928,466 | 4,460,102 | 4,263,137  |
| 29. Authorized control level risk-based capital.....                                                                                                                        | 67,960    | 63,887    | 63,655    | 77,026    | 96,598     |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0                          |           |           |           |           |            |
| 30. Bonds (Line 1).....                                                                                                                                                     | 98.6      | 98.5      | 94.0      | 99.9      | 99.4       |
| 31. Stocks (Lines 2.1 & 2.2).....                                                                                                                                           |           |           |           |           |            |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2).....                                                                                                                    |           |           |           |           |            |
| 33. Real estate (Lines 4.1, 4.2 & 4.3).....                                                                                                                                 |           |           |           |           |            |
| 34. Cash, cash equivalents and short-term investments (Line 5).....                                                                                                         | 1.4       | 1.5       | 6.0       | 0.1       | 0.6        |
| 35. Contract loans (Line 6).....                                                                                                                                            |           |           |           |           |            |
| 36. Derivatives (Line 7).....                                                                                                                                               |           |           | XXX       | XXX       | XXX        |
| 37. Other invested assets (Line 8).....                                                                                                                                     |           |           |           |           |            |
| 38. Receivable for securities (Line 9).....                                                                                                                                 |           |           |           |           |            |
| 39. Securities lending reinvested collateral assets (Line 10).....                                                                                                          |           |           | 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      |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>                                                                                                                   |           |           |           |           |            |
| 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 (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.....                                                                                                                                      | 0         | 0         | 0         | 0         | 0          |
| 49. Percentage of investments in parent, subsidiaries and affiliates to surplus<br>as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)..... | 0.0       |           |           |           |            |



Infinity Preferred Insurance Company  
FIVE-YEAR HISTORICAL DATA  
(Continued)

|                                                                                                                                                                                                   | 1         | 2         | 3         | 4         | 5          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|------------|
|                                                                                                                                                                                                   | 2011      | 2010      | 2009      | 2008      | 2007       |
| <b>Capital and Surplus Accounts (Page 4)</b>                                                                                                                                                      |           |           |           |           |            |
| 50. Net unrealized capital gains (losses) (Line 24).....                                                                                                                                          |           |           |           |           |            |
| 51. Dividends to stockholders (Line 35).....                                                                                                                                                      | (375,000) | (120,000) | (446,000) |           |            |
| 52. Change in surplus as regards policyholders for the year (Line 38).....                                                                                                                        | (311,326) | 7,939     | (531,636) | 196,965   | 208,411    |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1&amp;2)</b>                                                                                                                                          |           |           |           |           |            |
| 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)...                                                                                              | 1,400,047 | 2,374,885 | 4,170,944 | 6,445,375 | 9,062,675  |
| 54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....                                                                                                                                              | 342,896   | 734,056   | 1,336,345 | 3,137,023 | 4,565,296  |
| 55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....                                                                                                                        | 308       | 166       | 366       | 368       | 315        |
| 56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....                                                                                                                       |           |           |           |           |            |
| 57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....                                                                                                                                    |           |           |           |           |            |
| 58. Total (Line 35).....                                                                                                                                                                          | 1,743,251 | 3,109,107 | 5,507,655 | 9,582,766 | 13,628,286 |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>                                                                                                                                                   |           |           |           |           |            |
| 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)...                                                                                              | 419,539   | 356,833   | 333,072   | 404,419   | 374,528    |
| 60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....                                                                                                                                              | 191,730   | 156,710   | 148,361   | 178,426   | 200,694    |
| 61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....                                                                                                                        | 308       | 166       | 366       | 368       | 315        |
| 62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....                                                                                                                       |           |           |           |           |            |
| 63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....                                                                                                                                    |           |           |           |           |            |
| 64. Total (Line 35).....                                                                                                                                                                          | 611,577   | 513,709   | 481,799   | 583,213   | 575,537    |
| <b>Operating Percentages</b><br>(Page 4) (Item divided by Page 4, Line 1) x 100.0                                                                                                                 |           |           |           |           |            |
| 65. Premiums earned (Line 1).....                                                                                                                                                                 | 100.0     | 100.0     | 100.0     | 100.0     | 100.0      |
| 66. Losses incurred (Line 2).....                                                                                                                                                                 | 61.7      | 55.3      | 55.0      | 60.2      | 57.0       |
| 67. Loss expenses incurred (Line 3).....                                                                                                                                                          | 13.7      | 11.7      | 11.5      | 10.1      | 13.6       |
| 68. Other underwriting expenses incurred (Line 4).....                                                                                                                                            | 29.7      | 30.1      | 27.8      | 27.1      | 27.2       |
| 69. Net underwriting gain (loss) (Line 8).....                                                                                                                                                    | (5.1)     | 2.9       | 5.7       | 2.6       | 2.2        |
| <b>Other Percentages</b>                                                                                                                                                                          |           |           |           |           |            |
| 70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15<br>divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....                                                    | 22.4      | 22.5      | 22.2      | 22.8      | 23.4       |
| 71. Losses and loss expenses incurred to premiums earned<br>(Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....                                                                          | 75.4      | 67.0      | 66.5      | 70.3      | 70.6       |
| 72. Net premiums written to policyholders' surplus (Page 8, Part 1B,<br>Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....                                                         | 29.7      | 24.1      | 21.5      | 20.0      | 23.8       |
| <b>One Year Loss Development (000 omitted)</b>                                                                                                                                                    |           |           |           |           |            |
| 73. Development in estimated losses and loss expenses incurred prior<br>to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....                                                       | (3)       | (74)      | (65)      | (21)      | (16)       |
| 74. Percent of development of losses and loss expenses incurred to policyholders' surplus<br>of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....                      | (0.1)     | (1.9)     | (1.5)     | (0.5)     | (0.4)      |
| <b>Two Year Loss Development (000 omitted)</b>                                                                                                                                                    |           |           |           |           |            |
| 75. Development in estimated losses and loss expenses incurred 2 years before the<br>current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....                              | (89)      | (111)     | (71)      | (48)      | (41)       |
| 76. Percent of development of losses and loss expenses incurred to<br>reported policyholders' surplus of second prior year end<br>(Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)..... | (2.3)     | (2.5)     | (1.7)     | (1.2)     | (0.8)      |

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

Yes [ ] No [ ]

If no, please explain:

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

| Years in Which<br>Premiums<br>Were<br>Earned and<br>Losses Were<br>Incurred | Premiums Earned                   |                |                               | Loss and Loss Expense Payments    |                |                                          |                |                                   |                |                                                     |                                                                 | 12<br>Number of<br>Claims<br>Reported-<br>Direct and<br>Assumed |
|-----------------------------------------------------------------------------|-----------------------------------|----------------|-------------------------------|-----------------------------------|----------------|------------------------------------------|----------------|-----------------------------------|----------------|-----------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
|                                                                             | 1<br><br>Direct<br>and<br>Assumed | 2<br><br>Ceded | 3<br><br>Net<br>(Cols. 1 - 2) | Loss Payments                     |                | Defense and Cost<br>Containment Payments |                | Adjusting and Other<br>Payments   |                | 10<br><br>Salvage<br>and<br>Subrogation<br>Received | 11<br><br>Total<br>Net Paid<br>(Cols. 4 - 5 +<br>6 - 7 + 8 - 9) |                                                                 |
|                                                                             |                                   |                |                               | 4<br><br>Direct<br>and<br>Assumed | 5<br><br>Ceded | 6<br><br>Direct<br>and<br>Assumed        | 7<br><br>Ceded | 8<br><br>Direct<br>and<br>Assumed | 9<br><br>Ceded |                                                     |                                                                 |                                                                 |
| 1. Prior.....                                                               | .....XXX.....                     | .....XXX.....  | .....XXX.....                 | .....1                            | .....1         | .....0                                   | .....0         | .....1                            | .....          | .....0                                              | .....1                                                          | ....XXX.....                                                    |
| 2. 2002.....                                                                | .....1,326                        | .....395       | .....931                      | .....804                          | .....225       | .....73                                  | .....1         | .....142                          | .....3         | .....42                                             | .....791                                                        | ....XXX.....                                                    |
| 3. 2003.....                                                                | .....1,355                        | .....314       | .....1,041                    | .....748                          | .....195       | .....82                                  | .....1         | .....138                          | .....1         | .....35                                             | .....769                                                        | ....XXX.....                                                    |
| 4. 2004.....                                                                | .....1,909                        | .....94        | .....1,815                    | .....1,113                        | .....31        | .....7                                   | .....0         | .....228                          | .....0         | .....36                                             | .....1,317                                                      | ....XXX.....                                                    |
| 5. 2005.....                                                                | .....988                          | .....27        | .....961                      | .....506                          | .....17        | .....17                                  | .....1         | .....110                          | .....          | .....37                                             | .....615                                                        | ....XXX.....                                                    |
| 6. 2006.....                                                                | .....964                          | .....15        | .....949                      | .....501                          | .....5         | .....17                                  | .....0         | .....114                          | .....          | .....39                                             | .....626                                                        | ....XXX.....                                                    |
| 7. 2007.....                                                                | .....1,039                        | .....7         | .....1,032                    | .....583                          | .....4         | .....22                                  | .....0         | .....107                          | .....          | .....47                                             | .....707                                                        | ....XXX.....                                                    |
| 8. 2008.....                                                                | .....928                          | .....5         | .....923                      | .....506                          | .....2         | .....20                                  | .....0         | .....99                           | .....          | .....41                                             | .....623                                                        | ....XXX.....                                                    |
| 9. 2009.....                                                                | .....853                          | .....5         | .....848                      | .....465                          | .....2         | .....16                                  | .....0         | .....86                           | .....          | .....40                                             | .....565                                                        | ....XXX.....                                                    |
| 10. 2010.....                                                               | .....911                          | .....5         | .....906                      | .....505                          | .....1         | .....11                                  | .....0         | .....86                           | .....          | .....48                                             | .....602                                                        | ....XXX.....                                                    |
| 11. 2011.....                                                               | .....1,025                        | .....6         | .....1,019                    | .....392                          | .....          | .....5                                   | .....          | .....63                           | .....          | .....33                                             | .....460                                                        | ....XXX.....                                                    |
| 12. Totals.....                                                             | .....XXX.....                     | .....XXX.....  | .....XXX.....                 | .....6,124                        | .....480       | .....269                                 | .....4         | .....1,172                        | .....4         | .....398                                            | .....7,076                                                      | ....XXX.....                                                    |

|               | Losses Unpaid            |                 |                          |                 | Defense and Cost Containment Unpaid |                 |                          |                 | Adjusting and Other Unpaid |          | 23<br><br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br><br>Number of Claims Outstanding- Direct and Assumed |
|---------------|--------------------------|-----------------|--------------------------|-----------------|-------------------------------------|-----------------|--------------------------|-----------------|----------------------------|----------|-----------------------------------------------|--------------------------------------------|------------------------------------------------------------|
|               | Case Basis               |                 | Bulk + IBNR              |                 | Case Basis                          |                 | Bulk + IBNR              |                 | 21                         | 22       |                                               |                                            |                                                            |
|               | 13<br>Direct and Assumed | 14<br><br>Ceded | 15<br>Direct and Assumed | 16<br><br>Ceded | 17<br>Direct and Assumed            | 18<br><br>Ceded | 19<br>Direct and Assumed | 20<br><br>Ceded |                            |          |                                               |                                            |                                                            |
| 1. Prior..... | .....16                  | .....12         | .....1                   | .....1          | .....0                              | .....0          | .....0                   | .....0          | .....1                     | .....0   |                                               | .....5                                     | ....XXX.....                                               |
| 2. 2002.....  | .....0                   |                 | .....0                   | .....0          | .....0                              |                 | .....0                   | .....0          | .....0                     | .....0   |                                               | .....1                                     | ....XXX.....                                               |
| 3. 2003.....  | .....0                   |                 | .....0                   | .....0          | .....0                              |                 | .....0                   | .....0          | .....0                     | .....(0) | .....0                                        | .....1                                     | ....XXX.....                                               |
| 4. 2004.....  | .....0                   | .....0          | .....0                   | .....0          | .....0                              | .....0          | .....0                   | .....0          | .....0                     | .....(0) | .....0                                        | .....1                                     | ....XXX.....                                               |
| 5. 2005.....  | .....0                   |                 | .....1                   | .....0          | .....0                              |                 | .....0                   | .....0          | .....1                     | .....0   | .....0                                        | .....2                                     | ....XXX.....                                               |
| 6. 2006.....  | .....1                   | .....0          | .....2                   | .....0          | .....1                              |                 | .....0                   | .....0          | .....2                     |          | .....0                                        | .....5                                     | ....XXX.....                                               |
| 7. 2007.....  | .....2                   | .....0          | .....5                   | .....0          | .....2                              |                 | .....0                   |                 | .....3                     |          | .....0                                        | .....12                                    | ....XXX.....                                               |
| 8. 2008.....  | .....4                   |                 | .....7                   |                 | .....3                              |                 | .....1                   |                 | .....4                     |          | .....1                                        | .....19                                    | ....XXX.....                                               |
| 9. 2009.....  | .....12                  |                 | .....10                  |                 | .....7                              |                 | .....3                   |                 | .....7                     |          | .....1                                        | .....38                                    | ....XXX.....                                               |
| 10. 2010..... | .....36                  | .....1          | .....28                  |                 | .....11                             |                 | .....8                   |                 | .....12                    |          | .....3                                        | .....93                                    | ....XXX.....                                               |
| 11. 2011..... | .....110                 |                 | .....123                 |                 | .....13                             |                 | .....13                  |                 | .....44                    |          | .....23                                       | .....303                                   | ....XXX.....                                               |
| 12. Totals... | .....182                 | .....13         | .....177                 | .....1          | .....37                             | .....0          | .....25                  | .....0          | .....73                    | .....0   | .....28                                       | .....481                                   | ....XXX.....                                               |

|            | Total Losses and<br>Loss Expenses Incurred |               |               | Loss and Loss Expense Percentage<br>(Incurred/Premiums Earned) |               |               | Nontabular<br>Discount |                       | 34<br><br>Inter-Company<br>Pooling<br>Participation<br>Percentage | Net Balance Sheet<br>Reserves after Discount |                                  |
|------------|--------------------------------------------|---------------|---------------|----------------------------------------------------------------|---------------|---------------|------------------------|-----------------------|-------------------------------------------------------------------|----------------------------------------------|----------------------------------|
|            | 26<br>Direct<br>and<br>Assumed             | 27<br>Ceded   | 28<br>Net     | 29<br>Direct<br>and<br>Assumed                                 | 30<br>Ceded   | 31<br>Net     | 32<br>Loss             | 33<br>Loss<br>Expense |                                                                   | 35<br>Losses<br>Unpaid                       | 36<br>Loss<br>Expenses<br>Unpaid |
| 1. Prior.. | .....XXX.....                              | .....XXX..... | .....XXX..... | .....XXX.....                                                  | .....XXX..... | .....XXX..... | .....                  | .....                 | .....XXX.....                                                     | .....4                                       | .....1                           |
| 2. 2002.   | .....1,020                                 | .....228      | .....792      | .....76.9                                                      | .....57.8     | .....85.0     | .....                  | .....                 | .....1.00                                                         | .....1                                       | .....0                           |
| 3. 2003.   | .....969                                   | .....198      | .....770      | .....71.5                                                      | .....63.0     | .....74.0     | .....                  | .....                 | .....1.00                                                         | .....1                                       | .....0                           |
| 4. 2004.   | .....1,349                                 | .....31       | .....1,318    | .....70.7                                                      | .....33.2     | .....72.6     | .....                  | .....                 | .....1.00                                                         | .....1                                       | .....1                           |
| 5. 2005.   | .....635                                   | .....18       | .....617      | .....64.2                                                      | .....66.6     | .....64.2     | .....                  | .....                 | .....0.10                                                         | .....1                                       | .....1                           |
| 6. 2006.   | .....637                                   | .....5        | .....631      | .....66.0                                                      | .....35.7     | .....66.5     | .....                  | .....                 | .....0.10                                                         | .....2                                       | .....2                           |
| 7. 2007.   | .....723                                   | .....4        | .....719      | .....69.6                                                      | .....58.4     | .....69.7     | .....                  | .....                 | .....0.10                                                         | .....7                                       | .....5                           |
| 8. 2008.   | .....644                                   | .....2        | .....642      | .....69.4                                                      | .....34.6     | .....69.6     | .....                  | .....                 | .....0.10                                                         | .....11                                      | .....8                           |
| 9. 2009.   | .....604                                   | .....2        | .....602      | .....70.8                                                      | .....32.9     | .....71.0     | .....                  | .....                 | .....0.10                                                         | .....22                                      | .....16                          |
| 10. 2010.  | .....697                                   | .....2        | .....695      | .....76.5                                                      | .....32.7     | .....76.7     | .....                  | .....                 | .....0.10                                                         | .....63                                      | .....31                          |
| 11. 2011.  | .....763                                   | .....0        | .....763      | .....74.5                                                      | .....0.0      | .....74.9     | .....                  | .....                 | .....0.10                                                         | .....233                                     | .....70                          |
| 12. Totals | .....XXX.....                              | .....XXX..... | .....XXX..... | .....XXX.....                                                  | .....XXX..... | .....XXX..... | .....0                 | .....0                | .....XXX.....                                                     | .....345                                     | .....135                         |

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

**SCHEDULE P - PART 2 - SUMMARY**

| Years in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) |          |            |            |            |            |            |            |            |            | DEVELOPMENT |           |
|-------------------------------------|----------------------------------------------------------------------------------------------------|----------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-----------|
|                                     | 1                                                                                                  | 2        | 3          | 4          | 5          | 6          | 7          | 8          | 9          | 10         | 11          | 12        |
|                                     | 2002                                                                                               | 2003     | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | One Year    | Two Year  |
| 1. Prior.....                       | .....433                                                                                           | .....489 | .....519   | .....544   | .....540   | .....551   | .....569   | .....565   | .....565   | .....567   | .....1      | .....1    |
| 2. 2002.....                        | .....630                                                                                           | .....629 | .....633   | .....658   | .....660   | .....657   | .....654   | .....653   | .....652   | .....652   | .....(0)    | .....(1)  |
| 3. 2003.....                        | .....XXX                                                                                           | .....663 | .....628   | .....649   | .....648   | .....644   | .....637   | .....636   | .....634   | .....634   | .....(0)    | .....(2)  |
| 4. 2004.....                        | .....XXX                                                                                           | .....XXX | .....1,206 | .....1,125 | .....1,112 | .....1,107 | .....1,100 | .....1,093 | .....1,090 | .....1,089 | .....(1)    | .....(4)  |
| 5. 2005.....                        | .....XXX                                                                                           | .....XXX | .....XXX   | .....560   | .....546   | .....536   | .....521   | .....513   | .....508   | .....506   | .....(2)    | .....(7)  |
| 6. 2006.....                        | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....560   | .....555   | .....537   | .....525   | .....519   | .....516   | .....(3)    | .....(9)  |
| 7. 2007.....                        | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....632   | .....643   | .....626   | .....614   | .....609   | .....(4)    | .....(16) |
| 8. 2008.....                        | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....577   | .....562   | .....543   | .....539   | .....(4)    | .....(22) |
| 9. 2009.....                        | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....539   | .....511   | .....510   | .....(1)    | .....(30) |
| 10. 2010.....                       | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....587   | .....598   | .....11     | .....XXX  |
| 11. 2011.....                       | .....XXX                                                                                           | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....656   | .....XXX    | .....XXX  |
| 12. Totals.....                     |                                                                                                    |          |            |            |            |            |            |            |            |            | .....(3)    | .....(89) |

**SCHEDULE P - PART 3 - SUMMARY**

| Years in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) |          |          |            |            |            |            |            |            |            | 11                                        | 12                                           |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------|----------|----------|------------|------------|------------|------------|------------|------------|------------|-------------------------------------------|----------------------------------------------|
|                                     | 1                                                                                                         | 2        | 3        | 4          | 5          | 6          | 7          | 8          | 9          | 10         | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
|                                     | 2002                                                                                                      | 2003     | 2004     | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       |                                           |                                              |
| 1. Prior.....                       | .....000                                                                                                  | .....228 | .....383 | .....492   | .....516   | .....526   | .....558   | .....559   | .....561   | .....562   | .....XXX                                  | .....XXX                                     |
| 2. 2002.....                        | .....239                                                                                                  | .....420 | .....520 | .....619   | .....643   | .....648   | .....650   | .....651   | .....652   | .....652   | .....XXX                                  | .....XXX                                     |
| 3. 2003.....                        | .....XXX                                                                                                  | .....218 | .....405 | .....585   | .....616   | .....627   | .....631   | .....633   | .....633   | .....633   | .....XXX                                  | .....XXX                                     |
| 4. 2004.....                        | .....XXX                                                                                                  | .....XXX | .....548 | .....1,013 | .....1,057 | .....1,078 | .....1,085 | .....1,087 | .....1,088 | .....1,089 | .....XXX                                  | .....XXX                                     |
| 5. 2005.....                        | .....XXX                                                                                                  | .....XXX | .....XXX | .....300   | .....440   | .....483   | .....497   | .....503   | .....504   | .....505   | .....XXX                                  | .....XXX                                     |
| 6. 2006.....                        | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....316   | .....452   | .....493   | .....505   | .....510   | .....513   | .....XXX                                  | .....XXX                                     |
| 7. 2007.....                        | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....XXX   | .....373   | .....544   | .....580   | .....594   | .....601   | .....XXX                                  | .....XXX                                     |
| 8. 2008.....                        | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....335   | .....474   | .....509   | .....525   | .....XXX                                  | .....XXX                                     |
| 9. 2009.....                        | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....303   | .....436   | .....479   | .....XXX                                  | .....XXX                                     |
| 10. 2010.....                       | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....345   | .....516   | .....XXX                                  | .....XXX                                     |
| 11. 2011.....                       | .....XXX                                                                                                  | .....XXX | .....XXX | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....XXX   | .....397   | .....XXX                                  | .....XXX                                     |

**SCHEDULE P - PART 4 - SUMMARY**

| Years in Which Losses Were Incurred | Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) |          |          |          |          |          |          |          |          |          |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                     | 1                                                                                                                   | 2        | 3        | 4        | 5        | 6        | 7        | 8        | 9        | 10       |
|                                     | 2002                                                                                                                | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     |
| 1. Prior.....                       | .....56                                                                                                             | .....33  | .....24  | .....16  | .....5   | .....1   | .....2   | .....1   | .....0   | .....0   |
| 2. 2002.....                        | .....202                                                                                                            | .....85  | .....26  | .....13  | .....5   | .....3   | .....2   | .....1   | .....1   | .....0   |
| 3. 2003.....                        | .....XXX                                                                                                            | .....223 | .....89  | .....24  | .....12  | .....8   | .....3   | .....2   | .....1   | .....0   |
| 4. 2004.....                        | .....XXX                                                                                                            | .....XXX | .....338 | .....48  | .....17  | .....16  | .....9   | .....3   | .....1   | .....0   |
| 5. 2005.....                        | .....XXX                                                                                                            | .....XXX | .....XXX | .....112 | .....45  | .....27  | .....16  | .....7   | .....3   | .....1   |
| 6. 2006.....                        | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....113 | .....50  | .....25  | .....12  | .....5   | .....2   |
| 7. 2007.....                        | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....XXX | .....123 | .....53  | .....25  | .....10  | .....5   |
| 8. 2008.....                        | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....127 | .....50  | .....16  | .....8   |
| 9. 2009.....                        | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....129 | .....33  | .....13  |
| 10. 2010.....                       | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....118 | .....36  |
| 11. 2011.....                       | .....XXX                                                                                                            | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....XXX | .....136 |

Infinity Preferred Insurance Company  
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
Allocated by States and Territories

| States, Etc.                      | 1<br><br>Active Status | Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken |                                 | 4<br><br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br><br>Direct Losses Paid (Deducting Salvage) | 6<br><br>Direct Losses Incurred | 7<br><br>Direct Losses Unpaid | 8<br><br>Finance and Service Charges not Included in Premiums | 9<br><br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-----------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------|-------------------------------------------------|---------------------------------|-------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                   |                        | 2<br><br>Direct Premiums Written                                                                              | 3<br><br>Direct Premiums Earned |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 1. Alabama.....AL                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 2. Alaska.....AK                  | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 3. Arizona.....AZ                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 4. Arkansas.....AR                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 5. California.....CA              | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 6. Colorado.....CO                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 7. Connecticut.....CT             | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 8. Delaware.....DE                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 9. District of Columbia.....DC    | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 10. Florida.....FL                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 11. Georgia.....GA                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 12. Hawaii.....HI                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 13. Idaho.....ID                  | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 14. Illinois.....IL               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 15. Indiana.....IN                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 16. Iowa.....IA                   | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 17. Kansas.....KS                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 18. Kentucky.....KY               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 19. Louisiana.....LA              | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 20. Maine.....ME                  | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 21. Maryland.....MD               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 22. Massachusetts.....MA          | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 23. Michigan.....MI               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 24. Minnesota.....MN              | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 25. Mississippi.....MS            | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 26. Missouri.....MO               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 27. Montana.....MT                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 28. Nebraska.....NE               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 29. Nevada.....NV                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 30. New Hampshire.....NH          | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 31. New Jersey.....NJ             | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 32. New Mexico.....NM             | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 33. New York.....NY               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 34. North Carolina.....NC         | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 35. North Dakota.....ND           | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 36. Ohio.....OH                   | ...L...                | .....62,206                                                                                                   | .....172,074                    |                                                                         | .....242,517                                    | .....49,112                     | .....56,112                   | .....7,897                                                    |                                                                                  |
| 37. Oklahoma.....OK               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 38. Oregon.....OR                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 39. Pennsylvania.....PA           | ...L...                | .....365,044                                                                                                  | .....1,102,257                  |                                                                         | .....889,157                                    | .....435,082                    | .....968,681                  | .....55,780                                                   |                                                                                  |
| 40. Rhode Island.....RI           | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 41. South Carolina.....SC         | ...L...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 42. South Dakota.....SD           | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 43. Tennessee.....TN              | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 44. Texas.....TX                  | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 45. Utah.....UT                   | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 46. Vermont.....VT                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 47. Virginia.....VA               | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 48. Washington.....WA             | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 49. West Virginia.....WV          | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 50. Wisconsin.....WI              | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 51. Wyoming.....WY                | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 52. American Samoa.....AS         | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 53. Guam.....GU                   | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 54. Puerto Rico.....PR            | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 55. US Virgin Islands.....VI      | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 56. Northern Mariana Islands...MP | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 57. Canada.....CN                 | ...N...                |                                                                                                               |                                 |                                                                         |                                                 |                                 |                               |                                                               |                                                                                  |
| 58. Aggregate Other Alien.....OT  | ...XXX.                | .....0                                                                                                        | .....0                          | .....0                                                                  | .....0                                          | .....0                          | .....0                        | .....0                                                        | .....0                                                                           |
| 59. Totals.....                   | (a)....3               | .....427,250                                                                                                  | .....1,274,331                  | .....0                                                                  | .....1,131,674                                  | .....484,194                    | .....1,024,793                | .....63,677                                                   | .....0                                                                           |

| DETAILS OF WRITE-INS                                                |           |        |        |        |        |        |        |        |        |
|---------------------------------------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5801. ....                                                          | ...XXX... |        |        |        |        |        |        |        |        |
| 5802. ....                                                          | ...XXX... |        |        |        |        |        |        |        |        |
| 5803. ....                                                          | ...XXX... |        |        |        |        |        |        |        |        |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | ...XXX... | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |
| 5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)      | ...XXX... | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 | .....0 |

(a) Insert the number of "L" responses except for Canada and Other Alien.  
(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.  
Auto Liability and Auto Physical Damage - Location of principal garage of insured

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 - ORGANIZATIONAL CHART

|                                                   | <u>FEIN Number</u> | <u>NAIC<br/>Co. Code</u> | <u>Domiciliary<br/>State</u> |
|---------------------------------------------------|--------------------|--------------------------|------------------------------|
| <b>INFINITY PROPERTY AND CASUALTY CORPORATION</b> | 03-0483872         |                          |                              |
| <b>Hillstar Insurance Company*</b>                | 31-1358834         | 10068                    | IN                           |
| <b>Infinity Financial Centers, LLC</b>            | 20-4363792         |                          |                              |
| <b>Infinity Insurance Company*</b>                | 31-0943862         | 22268                    | IN                           |
| Infinity Agency of Texas                          | 74-2641866         |                          |                              |
| Infinity Assurance Insurance Company*             | 75-1227771         | 39497                    | OH                           |
| Infinity Auto Insurance Company*                  | 34-0927698         | 11738                    | OH                           |
| Budget Insurance Premiums, Inc.                   | 34-0936546         |                          |                              |
| Leader Managing General Agency, Inc.              | 75-2280915         |                          |                              |
| Leader Group, Inc.                                | 34-1852743         |                          |                              |
| Infinity Casualty Insurance Company*              | 58-1132392         | 21792                    | OH                           |
| Atlanta Casualty Group, Inc.                      | 58-1293110         |                          |                              |
| Infinity County Mutual Insurance Company*@        | 43-6030348         | 13820                    | TX                           |
| Infinity Indemnity Insurance Company*             | 34-1767787         | 10061                    | IN                           |
| Infinity Preferred Insurance Company*             | 34-1785809         | 10195                    | OH                           |
| Infinity Premier Insurance Company*               | 31-1287689         | 37001                    | IN                           |
| Infinity Reserve Insurance Company*               | 31-1627506         | 10968                    | OH                           |
| Infinity Safeguard Insurance Company*             | 73-0772113         | 16802                    | OH                           |
| Granite Finance Company                           | 74-1537031         |                          |                              |
| Infinity Security Insurance Company*              | 58-1806192         | 38873                    | IN                           |
| Infinity Select Insurance Company*                | 31-1333017         | 20260                    | IN                           |
| Infinity Standard Insurance Company*              | 58-1806189         | 12599                    | IN                           |
| Infinity Property and Casualty Services, Inc.     | 58-1080659         |                          |                              |
| Casualty Underwriters, Inc.                       | 58-0642684         |                          |                              |
| Windsor Group, Inc.                               | 58-1948692         |                          |                              |
| The Infinity Group, Inc.                          | 31-1357130         |                          |                              |

\*Denotes Insurer  
@ Denotes company which is affiliated but not owned

2011 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

|                                                                                                  |      |                                                                                                  |      |
|--------------------------------------------------------------------------------------------------|------|--------------------------------------------------------------------------------------------------|------|
| Assets                                                                                           | 2    | Schedule P-Part 2H-Section 1-Other Liability-Occurrence                                          | 56   |
| Cash Flow                                                                                        | 5    | Schedule P-Part 2H-Section 2-Other Liability-Claims-Made                                         | 56   |
| Exhibit of Capital Gains (Losses)                                                                | 12   | Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)  | 57   |
| Exhibit of Net Investment Income                                                                 | 12   | Schedule P-Part 2J-Auto Physical Damage                                                          | 57   |
| Exhibit of Nonadmitted Assets                                                                    | 13   | Schedule P-Part 2K-Fidelity, Surety                                                              | 57   |
| Exhibit of Premiums and Losses (State Page)                                                      | 19   | Schedule P-Part 2L-Other (Including Credit, Accident and Health)                                 | 57   |
| Five-Year Historical Data                                                                        | 17   | Schedule P-Part 2M-International                                                                 | 57   |
| General Interrogatories                                                                          | 15   | Schedule P-Part 2N-Reinsurance – Nonproportional Assumed Property                                | 58   |
| Jurat Page                                                                                       | 1    | Schedule P-Part 2O-Reinsurance – Nonproportional Assumed Liability                               | 58   |
| Liabilities, Surplus and Other Funds                                                             | 3    | Schedule P-Part 2P-Reinsurance – Nonproportional Assumed Financial Lines                         | 58   |
| Notes To Financial Statements                                                                    | 14   | Schedule P-Part 2R-Section 1-Products Liability-Occurrence                                       | 59   |
| Overflow Page For Write-ins                                                                      | 98   | Schedule P-Part 2R-Section 2-Products Liability-Claims-Made                                      | 59   |
| Schedule A-Part 1                                                                                | E01  | Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty                                          | 59   |
| Schedule A-Part 2                                                                                | E02  | Schedule P-Part 2T-Warranty                                                                      | 59   |
| Schedule A-Part 3                                                                                | E03  | Schedule P-Part 3A-Homeowners/Farmowners                                                         | 60   |
| Schedule A-Verification Between Years                                                            | SI02 | Schedule P-Part 3B-Private Passenger Auto Liability/Medical                                      | 60   |
| Schedule B-Part 1                                                                                | E04  | Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical                                       | 60   |
| Schedule B-Part 2                                                                                | E05  | Schedule P-Part 3D-Workers' Compensation                                                         | 60   |
| Schedule B-Part 3                                                                                | E06  | Schedule P-Part 3E-Commercial Multiple Peril                                                     | 60   |
| Schedule B-Verification Between Years                                                            | SI02 | Schedule P-Part 3F-Section 1 –Medical Professional Liability-Occurrence                          | 61   |
| Schedule BA-Part 1                                                                               | E07  | Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made                          | 61   |
| Schedule BA-Part 2                                                                               | E08  | Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 61   |
| Schedule BA-Part 3                                                                               | E09  | Schedule P-Part 3H-Section 1-Other Liability-Occurrence                                          | 61   |
| Schedule BA-Verification Between Years                                                           | SI03 | Schedule P-Part 3H-Section 2-Other Liability-Claims-Made                                         | 61   |
| Schedule D-Part 1                                                                                | E10  | Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)  | 62   |
| Schedule D-Part 1A-Section 1                                                                     | SI05 | Schedule P-Part 3J-Auto Physical Damage                                                          | 62   |
| Schedule D-Part 1A-Section 2                                                                     | SI08 | Schedule P-Part 3K-Fidelity/Surety                                                               | 62   |
| Schedule D-Part 2-Section 1                                                                      | E11  | Schedule P-Part 3L-Other (Including Credit, Accident and Health)                                 | 62   |
| Schedule D-Part 2-Section 2                                                                      | E12  | Schedule P-Part 3M-International                                                                 | 62   |
| Schedule D-Part 3                                                                                | E13  | Schedule P-Part 3N-Reinsurance – Nonproportional Assumed Property                                | 63   |
| Schedule D-Part 4                                                                                | E14  | Schedule P-Part 3O-Reinsurance – Nonproportional Assumed Liability                               | 63   |
| Schedule D-Part 5                                                                                | E15  | Schedule P-Part 3P-Reinsurance – Nonproportional Assumed Financial Lines                         | 63   |
| Schedule D-Part 6-Section 1                                                                      | E16  | Schedule P-Part 3R-Section 1-Products Liability-Occurrence                                       | 64   |
| Schedule D-Part 6-Section 2                                                                      | E16  | Schedule P-Part 3R-Section 2-Products Liability-Claims-Made                                      | 64   |
| Schedule D-Summary By Country                                                                    | SI04 | Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty                                          | 64   |
| Schedule D-Verification Between Years                                                            | SI03 | Schedule P-Part 3T-Warranty                                                                      | 64   |
| Schedule DA-Part 1                                                                               | E17  | Schedule P-Part 4A-Homeowners/Farmowners                                                         | 65   |
| Schedule DA-Verification Between Years                                                           | SI10 | Schedule P-Part 4B-Private Passenger Auto Liability/Medical                                      | 65   |
| Schedule DB-Part A-Section 1                                                                     | E18  | Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical                                       | 65   |
| Schedule DB-Part A-Section 2                                                                     | E19  | Schedule P-Part 4D-Workers' Compensation                                                         | 65   |
| Schedule DB-Part A-Verification Between Years                                                    | SI11 | Schedule P-Part 4E-Commercial Multiple Peril                                                     | 65   |
| Schedule DB-Part B-Section 1                                                                     | E20  | Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence                           | 66   |
| Schedule DB-Part B-Section 2                                                                     | E21  | Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made                          | 66   |
| Schedule DB-Part B-Verification Between Years                                                    | SI11 | Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 66   |
| Schedule DB-Part C-Section 1                                                                     | SI12 | Schedule P-Part 4H-Section 1-Other Liability-Occurrence                                          | 66   |
| Schedule DB-Part C-Section 2                                                                     | SI13 | Schedule P-Part 4H-Section 2-Other Liability-Claims-Made                                         | 66   |
| Schedule DB-Part D                                                                               | E22  | Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) | 67   |
| Schedule DB-Verification                                                                         | SI14 | Schedule P-Part 4J-Auto Physical Damage                                                          | 67   |
| Schedule DL-Part 1                                                                               | E23  | Schedule P-Part 4K-Fidelity/Surety                                                               | 67   |
| Schedule DL-Part 2                                                                               | E24  | Schedule P-Part 4L-Other (Including Credit, Accident and Health)                                 | 67   |
| Schedule E-Part 1-Cash                                                                           | E25  | Schedule P-Part 4M-International                                                                 | 67   |
| Schedule E-Part 2-Cash Equivalents                                                               | E26  | Schedule P-Part 4N-Reinsurance – Nonproportional Assumed Property                                | 68   |
| Schedule E-Part 3-Special Deposits                                                               | E27  | Schedule P-Part 4O-Reinsurance – Nonproportional Assumed Liability                               | 68   |
| Schedule E-Verification Between Years                                                            | SI15 | Schedule P-Part 4P-Reinsurance – Nonproportional Assumed Financial Lines                         | 68   |
| Schedule F-Part 1                                                                                | 20   | Schedule P-Part 4R-Section 1-Products Liability-Occurrence                                       | 69   |
| Schedule F-Part 2                                                                                | 21   | Schedule P-Part 4R-Section 2-Products Liability-Claims-Made                                      | 69   |
| Schedule F-Part 3                                                                                | 22   | Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty                                          | 69   |
| Schedule F-Part 4                                                                                | 23   | Schedule P-Part 4T-Warranty                                                                      | 69   |
| Schedule F-Part 5                                                                                | 24   | Schedule P-Part 5A-Homeowners/Farmowners                                                         | 70   |
| Schedule F-Part 6                                                                                | 25   | Schedule P-Part 5B-Private Passenger Auto Liability/Medical                                      | 71   |
| Schedule F-Part 7                                                                                | 26   | Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical                                       | 72   |
| Schedule F-Part 8                                                                                | 27   | Schedule P-Part 5D-Workers' Compensation                                                         | 73   |
| Schedule H-Accident and Health Exhibit-Part 1                                                    | 28   | Schedule P-Part 5E-Commercial Multiple Peril                                                     | 74   |
| Schedule H-Accident and Health Exhibit-Part 2, Part 3 and Part 4                                 | 29   | Schedule P-Part 5F-Medical Professional Liability-Claims-Made                                    | 76   |
| Schedule H-Accident and Health Exhibit-Part 5-Health Claims                                      | 30   | Schedule P-Part 5F-Medical Professional Liability-Occurrence                                     | 75   |
| Schedule P-Part 1-Summary                                                                        | 31   | Schedule P-Part 5H-Other Liability-Claims-Made                                                   | 78   |
| Schedule P-Part 1A-Homeowners/Farmowners                                                         | 33   | Schedule P-Part 5H-Other Liability-Occurrence                                                    | 77   |
| Schedule P-Part 1B-Private Passenger Auto Liability/Medical                                      | 34   | Schedule P-Part 5R-Products Liability-Claims-Made                                                | 80   |
| Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical                                       | 35   | Schedule P-Part 5R-Products Liability-Occurrence                                                 | 79   |
| Schedule P-Part 1D-Workers' Compensation                                                         | 36   | Schedule P-Part 5T-Warranty                                                                      | 81   |
| Schedule P-Part 1E-Commercial Multiple Peril                                                     | 37   | Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical                                       | 82   |
| Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence                           | 38   | Schedule P-Part 6D-Workers' Compensation                                                         | 82   |
| Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made                          | 39   | Schedule P-Part 6E-Commercial Multiple Peril                                                     | 83   |
| Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)  | 40   | Schedule P-Part 6H-Other Liability-Claims-Made                                                   | 84   |
| Schedule P-Part 1H-Section 1-Other Liability-Occurrence                                          | 41   | Schedule P-Part 6H-Other Liability-Occurrence                                                    | 83   |
| Schedule P-Part 1H-Section 2-Other Liability-Claims-Made                                         | 42   | Schedule P-Part 6M-International                                                                 | 84   |
| Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) | 43   | Schedule P-Part 6N-Reinsurance – Nonproportional Assumed Property                                | 85   |
| Schedule P-Part 1J-Auto Physical Damage                                                          | 44   | Schedule P-Part 6O-Reinsurance – Nonproportional Assumed Liability                               | 85   |
| Schedule P-Part 1K-Fidelity/Surety                                                               | 45   | Schedule P-Part 6R-Products Liability-Claims-Made                                                | 86   |
| Schedule P-Part 1L-Other (Including Credit, Accident and Health)                                 | 46   | Schedule P-Part 6R-Products Liability-Occurrence                                                 | 86   |
| Schedule P-Part 1M-International                                                                 | 47   | Schedule P-Part 7A-Primary Loss Sensitive Contracts                                              | 87   |
| Schedule P-Part 1N-Reinsurance – Nonproportional Assumed Property                                | 48   | Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts                                          | 89   |
| Schedule P-Part 1O-Reinsurance – Nonproportional Assumed Liability                               | 49   | Schedule P Interrogatories                                                                       | 91   |
| Schedule P-Part 1P-Reinsurance – Nonproportional Assumed Financial Lines                         | 50   | Schedule T-Exhibit of Premiums Written                                                           | 92   |
| Schedule P-Part 1R-Section 1-Products Liability-Occurrence                                       | 51   | Schedule T-Part 2-Interstate Compact                                                             | 93   |
| Schedule P-Part 1R-Section 2-Products Liability-Claims-Made                                      | 52   | Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group       | 94   |
| Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty                                          | 53   | Schedule Y-Detail of Insurance Holding Company System                                            | 95   |
| Schedule P-Part 1T-Warranty                                                                      | 54   | Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates                          | 96   |
| Schedule P-Part 2, Part 3 and Part 4 - Summary                                                   | 32   | Statement of Income                                                                              | 4    |
| Schedule P-Part 2A-Homeowners/Farmowners                                                         | 55   | Summary Investment Schedule                                                                      | SI01 |
| Schedule P-Part 2B-Private Passenger Auto Liability/Medical                                      | 55   | Supplemental Exhibits and Schedules Interrogatories                                              | 97   |
| Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical                                       | 55   | Underwriting and Investment Exhibit Part 1                                                       | 6    |
| Schedule P-Part 2D-Workers' Compensation                                                         | 55   | Underwriting and Investment Exhibit Part 1A                                                      | 7    |
| Schedule P-Part 2E-Commercial Multiple Peril                                                     | 55   | Underwriting and Investment Exhibit Part 1B                                                      | 8    |
| Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence                           | 56   | Underwriting and Investment Exhibit Part 2                                                       | 9    |
| Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made                          | 56   | Underwriting and Investment Exhibit Part 2A                                                      | 10   |
| Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)   | 56   | Underwriting and Investment Exhibit Part 3                                                       | 11   |