
AMENDED FILING EXPLANATION

Please find enclosed restated pages for the Company's 2011 Annual Statement filing. The restatement resulted from the Company's premium deficiency calculation and resulted in increased net income and surplus to the previously filed 2011 figures. The difference was addressed as part of Ernst & Young's audit of the Company's Audited Notes. In calculating the homeowner loss ratio for the premium deficiency calculation the Company utilized the actual loss ratio which due to the abnormal year of Catastrophe's in Massachusetts during 2011 resulted in a premium deficiency. After discussions with our Auditor we determined that the appropriate loss ratio for the analysis should have removed the effect of the extra ordinary weather related losses when calculating the premium deficiency reserve. The revised calculation resulted in no premium deficiency for the homeowner line for the Company. This change was incorporated in the 2011 Audited Notes filed with your Department on June 1, 2012. As a result of the difference between the 2011 Audited Statements and our 2011 Annual Statement we are amending our 2011 Annual Statement.

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ANNUAL STATEMENT

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

American Commerce Insurance Company

NAIC Group Code.....0411, 0411 (Current Period) (Prior Period)	NAIC Company Code..... 19941	Employer's ID Number..... 31-4361173
Organized under the Laws of OHIO	State of Domicile or Port of Entry OHIO	Country of Domicile US
Incorporated/Organized..... September 18, 1946	Commenced Business..... March 19, 1947	
Statutory Home Office	3590 TWIN CREEKS DRIVE..... COLUMBUS OH 43218-2579 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	211 MAIN STREET..... WEBSTER MA 01570 (Street and Number) (City or Town, State and Zip Code)	
Mail Address	211 MAIN STREET..... WEBSTER MA 01570 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	211 MAIN STREET..... WEBSTER MA 01570 (Street and Number) (City or Town, State and Zip Code)	
Internet Web Site Address	www.acilink.com	
Statutory Statement Contact	BRIAN KEITH GERMAIN (Name) bgermain@mapfreusa.com (E-Mail Address)	
	508-943-9000 (Area Code) (Telephone Number)	
	508-943-9000-14942 (Area Code) (Telephone Number) (Extension)	
	508-949-4246 (Fax Number)	

OFFICERS

Name	Title	Name	Title
1. JAIME TAMAYO	PRESIDENT & CEO	2. DANIEL PATRICK OLOHAN	SECRETARY, GENERAL COUNSEL, & SVP
3. ROBERT EDWARD MCKENNA	TREASURER, CAO, & SVP	4. RANDALL VAUGHN BECKER	EXECUTIVE VICE PRESIDENT & CFO

OTHER

DIRECTORS OR TRUSTEES

RANDALL VAUGHN BECKER	DENNIS JOHN CROSSLEY	GERALD FELS	FREDERICK LAWRENCE GRUEL
JOHN DAVID PORTER	MARK ALLEN SHAW	MARK HARRY SHAW	JAIME TAMAYO
OTTO TILLMAN WRIGHT	DAVID HILL COCHRANE #	KIRK RICHARD NELSON #	

State of..... MASSACHUSETTS
County of.... WORCESTER

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

(Signature) JAIME TAMAYO	(Signature) DANIEL PATRICK OLOHAN	(Signature) ROBERT EDWARD MCKENNA
1. (Printed Name) PRESIDENT & CEO	2. (Printed Name) SECRETARY, GENERAL COUNSEL, & SVP	3. (Printed Name) TREASURER, CAO, & SVP
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2012

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

Yes [] No [X]
1
June 15, 2012

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	173,889,211		173,889,211	184,499,172
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	6,193,655		6,193,655	3,465,804
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).....	1,850,907		1,850,907	1,805,466
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 (\$....11,857,266, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....0, Sch. DA).....	11,857,266		11,857,266	6,391,369
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).....	193,791,039	0	193,791,039	196,161,811
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,055,600	150,008	1,905,592	2,153,832
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	36,555,534		36,555,534	39,141,309
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.....	54,874,585		54,874,585	48,521,365
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	24,237,239		24,237,239	24,090,780
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	653,918		653,918	
18.2 Net deferred tax asset.....	7,632,764	2,037,644	5,595,120	5,100,079
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	1,658,970		1,658,970	961,879
21. Furniture and equipment, including health care delivery assets (\$.....0).....	938,199	938,199	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	4,582,614
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	49,194,838	1,975,290	47,219,548	40,074,188
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	371,592,686	5,101,141	366,491,545	360,787,857
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	371,592,686	5,101,141	366,491,545	360,787,857

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. PRE PAID RENT.....	5,200	5,200	0	
2502. PRE PAID EXPENSES.....	274,089	274,089	0	38,825,755
2503. EQUITY IN POOLS AND ASSOCIATIONS.....	45,811,462		45,811,462	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	3,104,087	1,696,001	1,408,086	1,248,433
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	49,194,838	1,975,290	47,219,548	40,074,188

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	46,892,915	51,160,721
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	31,389,926	25,997,820
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	12,596,450	12,558,744
4. Commissions payable, contingent commissions and other similar charges.....	4,186,196	4,956,958
5. Other expenses (excluding taxes, licenses and fees).....	2,944,225	3,345,113
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	530,047	1,121,524
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		3,237,888
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 \$.....149,160,941 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).....	74,468,342	71,660,954
10. Advance premium.....	3,410,625	2,880,025
11. Dividends declared and unpaid:		
11.1 Stockholders.....	13,616,103	
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	43,691,629	47,360,094
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.....	3,505,936	
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.....	490,894	346,984
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	237,723,288	224,626,825
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	237,723,288	224,626,825
29. Aggregate write-ins for special surplus funds.....	702,358	760,961
30. Common capital stock.....	3,226,140	3,226,140
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.....	26,188,147	26,188,147
35. Unassigned funds (surplus).....	98,651,612	105,985,784
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).....	128,768,257	136,161,032
38. TOTALS (Page 2, Line 28, Col. 3).....	366,491,545	360,787,857

DETAILS OF WRITE-INS

2501. MISCELLANEOUS LIABILITIES.....	490,894	346,984
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).....	490,894	346,984
2901. ADDITIONAL ADMITTED DEFERRED TAX ASSETS UNDER SSAP10R, par.10e.....	702,358	760,961
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).....	702,358	760,961
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

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4).....	147,461,016	138,871,314
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7).....	101,734,109	86,764,797
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	17,971,149	16,738,427
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	40,327,405	38,996,733
5.	Aggregate write-ins for underwriting deductions.....	(154,170)	(130,040)
6.	Total underwriting deductions (Lines 2 through 5).....	159,878,493	142,369,917
7.	Net income of protected cells.....		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(12,417,477)	(3,498,603)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....	9,859,836	11,758,812
10.	Net realized capital gains (losses) less capital gains tax of \$....(884,305) (Exhibit of Capital Gains (Losses)).....	3,678,828	2,685,594
11.	Net investment gain (loss) (Lines 9 + 10).....	13,538,664	14,444,406
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13.	Finance and service charges not included in premiums.....	1,793,133	1,863,786
14.	Aggregate write-ins for miscellaneous income.....	48,230	46,253
15.	Total other income (Lines 12 through 14).....	1,841,363	1,910,039
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	2,962,550	12,855,842
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).....	2,962,550	12,855,842
19.	Federal and foreign income taxes incurred.....	(756,476)	3,348,629
20.	Net income (Line 18 minus Line 19) (to Line 22).....	3,719,026	9,507,213
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	136,161,032	133,815,552
22.	Net income (from Line 20).....	3,719,026	9,507,213
23.	Net transfers (to) from Protected Cell accounts.....		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$....147,006.....	273,012	2,707,151
25.	Change in net unrealized foreign exchange capital gain (loss).....		
26.	Change in net deferred income tax.....	(3,132,791)	(384,233)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	3,801,733	2,108,225
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.....	(13,616,103)	(13,381,555)
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.....	1,562,348	1,788,679
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(7,392,775)	2,345,480
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	128,768,257	136,161,032

DETAILS OF WRITE-INS

0501. LAD PROGRAM INCOME.....	(154,170)	(130,040)
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).....	(154,170)	(130,040)
1401. Miscellaneous Income.....	20,759	30,288
1402. GAIN ON SALE OF FIXED ASSETS.....	27,471	15,965
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).....	48,230	46,253
3701. ADDITIONAL ADMITTED DEFERRED TAX ASSETS UNDER SSAP10R, par 10e.....	702,358	760,961
3702. RECLASSIFICATION OF ADDITIONAL ADMITTED DEFERRED TAX ASSETS TO SPECIAL SURPLUS FUNDS.....	(702,358)	(760,961)
3703. STAUTORY ADJUSTMENT FOR TAX SETTLEMENT.....	308,213	737,222
3798. Summary of remaining write-ins for Line 37 from overflow page.....	1,254,135	1,051,457
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	1,562,348	1,788,679

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	149,716,314	142,796,974
2. Net investment income.....	10,194,197	11,799,074
3. Miscellaneous income.....	1,841,363	1,910,039
4. Total (Lines 1 through 3).....	161,751,874	156,506,087
5. Benefit and loss related payments.....	107,109,488	101,389,775
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	59,869,805	52,913,733
7. Commissions, expenses paid and aggregate write-ins for deductions.....	.....	.....
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$....(734,733) tax on capital gains (losses).....	2,251,025	2,550,137
10. Total (Lines 5 through 9).....	169,230,318	156,853,645
11. Net cash from operations (Line 4 minus Line 10).....	(7,478,444)	(347,558)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	87,336,922	98,744,955
12.2 Stocks.....	3,211,900	15,987,174
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	328,824	62,829
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).....	90,877,646	114,794,958
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	73,391,128	71,277,447
13.2 Stocks.....	6,019,900	2,003,200
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	501,529	518,186
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	.....	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	79,912,557	73,798,833
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).....	10,965,089	40,996,125
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.....	.....	27,318,480
16.6 Other cash provided (applied).....	1,979,252	(12,947,019)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	1,979,252	(40,265,499)
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).....	5,465,897	383,068
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	6,391,369	6,008,301
19.2 End of year (Line 18 plus Line 19.1).....	11,857,266	6,391,369

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

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NOTES TO FINANCIAL STATEMENTS**Note 1 - Summary of Significant Accounting Policies****A. Accounting Practices, Impact of NAIC/State Differences**

The accompanying financial statements of the American Commerce Insurance Company (the Company) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio. The NAIC Accounting Practices and Procedures manual, version effective January 1, 2001 (NAIC SAP), has been adopted as a component of prescribed or permitted practices by the State of Ohio. Certain prior year account balances have been reclassified to conform to the 2011 presentation.

B. Use of Estimates

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 the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Premiums are recognized as income ratably over the terms of the related insurance policies. Unearned premiums reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business.

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.

Net investment income earned consists primarily of interest, dividends and rent income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rent income includes an imputed rent for the Company's occupancy of its own building. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write downs for impairments considered to be other than temporary.

In addition, the Company adheres to the following accounting policies:

- (1) Short-term investments are accounted for in the same manner as similar long-term investments in accordance with SSAP No. 2.
- (2) Bonds, excluding loan-backed and structured securities are accounted for in accordance with SSAP No. 26. Amortized cost is calculated using the scientific interest method. Bonds containing call provisions are amortized to either the call or maturity value date whichever produces the lowest asset value (yield to worst). Investment grade bonds are stated at amortized cost. Non-investment grade bonds are stated at the lower of amortized cost or fair value. Bonds whose decline has been determined to be other than temporary are written down to a new cost basis and the write down amount is accounted for as a realized loss.
- (3) Common stocks of unaffiliated entities are stated at fair value and accounted for in accordance SSAP No. 30.
- (4) Preferred stocks of unaffiliated entities are accounted for in accordance with SSAP No. 32. Investment grade redeemable preferred stocks are stated at amortized cost. Investment grade perpetual preferred stocks are stated at fair value. Non-Investment grade preferred stocks are stated at the lower of book value or fair value. Preferred stocks whose decline has been determined to be other than temporary are written down to a new cost basis and the write down amount is accounted for as a realized loss.
- (5) The Company does not have mortgage loans.
- (6) Loan-backed and Structured Securities are accounted for in accordance with SSAP No. 43R. Amortized cost is calculated retrospectively using the scientific interest method. The carrying value and NAIC Designation for non-agency loan-backed and structured securities is determined using a two-step NAIC process. Those bonds assigned a NAIC designation of 1 or 2 in the first step are stated at amortized cost. Those bonds assigned a 3 through 6 designation are stated at the lower of amortized cost or fair value. The NAIC designation assigned under the second step of the process is reported for these securities in Schedule D and is used in the risk-based capital calculation. Investment grade bonds not subject to the above prescribed process are stated at amortized cost and the non-investment grade bonds are stated at the lower of amortized cost or fair value. Bonds whose decline has been determined to be other than temporary are written down to a new cost basis and the write down amount is accounted for as a realized loss.
- (7) The Company does not have investments in Subsidiary, Controlled and Affiliated Entities.
- (8) The Company does not have investments in Joint Ventures, Partnerships or Limited Liability Companies.
- (9) The Company does not have derivatives.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. On a direct basis, the Company has environmental and mold claims. On a pooled basis, the Company shares claims for lead paint, oil and mold as well.
- (12) The company has a written capitalization policy for purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.
- (13) The company does not have any pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Corrections of Errors**A. Accounting Changes Other than Codification and Corrections of Errors**

None

NOTES TO FINANCIAL STATEMENTS**Note 3 - Business Combinations and Goodwill**

A. Statutory Purchase Method

None

B. Statutory Merger

None

C. Writedowns for Impairments of Investments in Affiliates

None

Note 4 - Discontinued Operations

A. None

Note 5 - Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

None

B. Troubled Debt Restructuring for Creditors

None

C. Reverse Mortgages

None

D. Loan-backed Securities

1 Prepayment assumptions are obtained from broker-dealer surveys, internal estimates or Bloomberg.

2 During 2011 the company recognized \$0 in Other-Than-Temporary Impairment on Loan-Backed and Structured Securities

	(7) Amortized Cost Before OTTI	(8) OTTI Recognized in Loss	(9) Fair Value (7) - (8)
OTTI Recognized 1st Qtr			
a. Intent to Sell:	\$0	\$0	\$0
b. Inability or lack intent to hold:	\$0	\$0	\$0
c. Total OTTI 1st Qtr	\$0	\$0	\$0
OTTI Recognized 2nd Qtr			
d. Intent to Sell:	\$0	\$0	\$0
e. Inability or lack intent to hold:	\$0	\$0	\$0
f. Total OTTI 2nd Qtr	\$0	\$0	\$0
OTTI Recognized 3rd Qtr			
g. Intent to Sell:	\$0	\$0	\$0
h. Inability or lack intent to hold:	\$0	\$0	\$0
i. Total OTTI 3rd Qtr	\$0	\$0	\$0
OTTI Recognized 4th Qtr			
j. Intent to Sell:	\$0	\$0	\$0
k. Inability or lack intent to hold:	\$0	\$0	\$0
l. Total OTTI 4th Qtr	\$0	\$0	\$0
m. Totals for 2011	\$0	\$0	\$0

3 Currently held loan-backed and structured securities with recognized OTTI:

CUSIP	Book/Adj Carrying Amortized Cost Before Current Period OTTI	Present Value of Projected Cashflows	OTTI Recognized	Amortized Cost After OTTI	Fair Value at time of OTTI	Date of Financial Stmt Where Reported
59024KAG8 MERRIL LYNCH ALT NTE	1,460,175	200,000	1,260,175	200,000	201,152	12/31/2009
TOTALS			\$1,260,175			

NOTES TO FINANCIAL STATEMENTS**4 Impaired loan-backed and structured securities for which an OTTI has not been recognized:**

A1. The aggregate amount of unrealized losses - Less than 12 months:	\$113,808
A2. The aggregate amount of unrealized losses - 12 months or longer:	\$904,539
B1. The aggregate related fair value of securities with unrealized losses - Less than 12 months:	\$8,133,847
B2. The aggregate related fair value of securities with unrealized losses - 12 months or longer:	\$1,433,431

5 The general categories of information considered in reaching the conclusion that the impairments are not other-than temporary include:

- . Probability of collecting all amounts due according to the contractual terms in effect at the time of acquisition.
- . Intent to sell: Is there intent to sell the security before recovery.
- . The length of time and the extent to which fair value has been less than amortized cost.
- . The financial conditions and short term prospects of the issuer.
- . Intent and Ability to hold: Is there a lack of ability to hold, where cash and working capital requirements and contractual or regulatory obligations indicate that the investment may need to be sold before the forecasted recovery occurs.

E. Repurchase Agreements - New Disclosures

None

F. Writedowns for Impairments of Real Estate/Real Estate Sales and Retail Land Sales

None

G. Low Income Housing Tax Credits

None

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

None

Note 7 - Investment Income**A. Accrued Investment Income**

Investment income due and accrued with amounts over 90 days past due are non-admitted assets and excluded from Surplus.

B. Amounts Non-admitted

The total amount excluded at 12/31/11 was \$150,008.

Note 8 - Derivative Instruments

None

NOTES TO FINANCIAL STATEMENTS**Note 9 Income Taxes**

The Components of the net deferred tax asset/liability at 12/31 are as follows:

9A.	12/31/2011			12/31/2010			CHANGE		
	ORDINARY	CAPITAL	TOTAL	ORDINARY	CAPITAL	TOTAL	ORDINARY	CAPITAL	TOTAL
1a. Gross deferred tax assets	5,930,548	2,398,069	8,328,617	5,764,174	5,407,408	11,171,582	166,374	(3,009,339)	(2,842,965)
1b. Statutory valuation allowance adjustment	-	-	-	-	1,700,000	1,700,000	-	(1,700,000)	(1,700,000)
1c. Adjusted gross deferred tax assets (1a-1b)	5,930,548	2,398,069	8,328,617	5,764,174	3,707,408	9,471,582	166,374	(1,309,339)	(1,142,965)
1d. Deferred tax liabilities	695,639	214	695,853	256,514	2,508	259,022	439,125	(2,294)	436,831
1e. Subtotal (net deferred tax assets) (1c-1d)	5,234,909	2,397,855	7,632,764	5,507,660	3,704,900	9,212,560	(272,751)	(1,307,045)	(1,579,796)
1f. Deferred tax assets nonadmitted		2,037,644	2,037,644	407,581	3,704,900	4,112,481	(407,581)	(1,667,256)	(2,074,837)
1g. Net admitted deferred tax assets (1e-1f)	5,234,909	360,211	5,595,120	5,100,079	-	5,100,079	134,830	360,211	495,041

Admission calculation components - SSAP 10R, paragraphs 10.a., 10.b., 10.c.

9A.	4a. SSAP 10R, paragraph 10.a.	1,382,733	-	1,382,733	4,339,119	-	4,339,119	(2,956,386)	-	(2,956,386)
	4b. SSAP 10R, paragraph 10.b. (the lesser of paragraph 10.b.1 and 10.b.ii, below)	3,414,850	95,179	3,510,029	-	-	-	3,414,850	95,179	3,510,029
	4c. SSAP 10R, paragraph 10.b.i	3,414,850	95,179	3,510,029	-	-	-	3,414,850	95,179	3,510,029
	4d. SSAP 10R, paragraph 10.b.ii	XXX	XXX	13,141,417	XXX	XXX	13,567,302	XXX	XXX	(425,885)
	4e. SSAP 10R, paragraph 10.c	695,639	214	695,853	256,514	2,508	259,022	439,125	(2,294)	436,831
	4f. Total (4a+4b+4e)	5,493,222	95,393	5,588,615	4,595,633	2,508	4,598,141	897,589	92,885	990,474

9A. Admission calculation components - SSAP 10R, paragraph 10.e.

4g. SSAP 10R, paragraph 10.e.i	1,382,733	-	1,382,733	5,100,080	-	5,100,080	(3,717,347)	-	(3,717,347)
4h. SSAP 10R, paragraph 10.e.ii (the lesser of paragraph 10.e.i.a and 10.e.ii.b, below)	4,103,078	360,211	4,463,289	259,022	-	259,022	3,844,056	360,211	4,204,267
4i. SSAP 10R, paragraph 10.e.i.a	4,103,078	360,211	4,463,289	259,022	-	259,022	3,844,056	360,211	4,204,267
4j. SSAP 10R, paragraph 10.e.ii.b	XXX	XXX	19,712,125	XXX	XXX	20,350,953	XXX	XXX	(638,828)
4k. SSAP 10R, paragraph 10.e.iii	444,737	214	444,951	256,514	2,508	259,022	188,223	(2,294)	185,929
4l. Total (4g+4h+4k)	5,930,548	360,425	6,290,973	5,615,616	2,508	5,618,124	314,932	357,917	672,849

9A. Used in SSAP 10R, paragraph 10.d.

4m. Total adjusted capital	XXX	XXX	128,768,257	XXX	XXX	136,161,032	XXX	XXX	(7,392,775)
4n. Authorized Control Level	XXX	XXX	7,891,853	XXX	XXX	7,367,407	XXX	XXX	524,446

9A. Impact of Tax Planning Strategies

(% of total adjusted gross DTAs)	-	11.1%	3.2%	-	-	-	0.0%	11.1%	3.2%
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5b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	-	73.6%	4.7%	-	-	-	0.0%	73.6%	4.7%
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9A. SSAP 10R, paragraphs 10.a, 10.b, and 10.c

6a. Admitted deferred tax assets	5,493,222	95,393	5,588,615	4,595,633	2,508	4,598,141	897,589	92,885	990,474
6b. Admitted assets	XXX	XXX	365,789,187	XXX	XXX	359,767,874	XXX	XXX	6,021,313
6c. Admitted assets less the statutory balance sheet for prior qtr	XXX	XXX	131,414,165	XXX	XXX	135,673,023	XXX	XXX	(4,258,858)
6d. Total adjusted capital from DTAs	XXX	XXX	128,065,899	XXX	XXX	135,141,049	XXX	XXX	(7,075,150)

Increases due to SSAP10R, paragraph 10.e.

6e. Admitted deferred tax assets	437,326	265,032	702,358	1,019,983	-	1,019,983	(582,657)	265,032	(317,625)
6f. Admitted Assets	437,326	265,032	702,358	1,019,983	-	1,019,983	(582,657)	265,032	(317,625)
6g. Admitted surplus	437,326	265,032	702,358	1,019,983	-	1,019,983	(582,657)	265,032	(317,625)

NOTES TO FINANCIAL STATEMENTS

9 C.	Current Income Tax	12/31/2011	12/31/2010	CHANGE		
1a. Federal	(756,476)	3,348,629	(4,105,105)			
1b. Foreign		-	-			
1c. Subtotal	(756,476)	3,348,629	(4,105,105)			
1d. Federal income tax on net capital gains	753,299	152,932	600,367			
1e. Utilization of capital loss carry-forwards	(1,637,604)	(152,932)	(1,484,672)			
1f. Other		-	-			
1g. Federal and foreign income taxes incurred	(1,640,781)	3,348,629	(4,989,410)			
 9 C.	 Deferred Tax Assets					
Ordinary						
9 C 2a1 Discounting of Unpaid Losses	1,278,268	1,470,725	(192,457)			
2a2 Unearned premium reserve	2,442,195	2,516,371	(74,176)			
2a3 Policyholder reserve		-	-			
2a4 Investments	-	-	-			
2a5 Deferred acquisition costs	-	-	-			
2a6. Policyholder dividends accrual		-	-			
2a7. Fixed Assets		-	-			
2a8. Compensation and benefits accrual	316,461	361,032	(44,571)			
2a9. Pension Accrual		-	-			
2a10. Receivables- nonadmitted		-	-			
2a11. Net operating loss carry-forward		-	-			
2a12. Tax Credit carry-forward	760,639	-	760,639			
2a13. Other	1,132,985	1,416,046	(283,061)			
2a99. Subtotal	5,930,548	5,764,174	166,374			
9C2b. Statutory valuation allowance adjustment		-	-			
9C2c. Nonadmitted		407,581	(407,581)			
9C2d. Admitted ordinary deferred tax assets (2a99-2b-2c)	5,930,548	5,356,593	573,955			
 Capital						
9 C 2e1. Investments	2,398,069	2,725,603	(327,534)			
2e2. Net capital loss carryforward		2,681,805	(2,681,805)			
2e3. Real estate		-	-			
2e4. Other		-	-			
2e99. Subtotal	2,398,069	5,407,408	(3,009,339)			
 9 C	 2f. Statutory valuation allowance adjustment					
2g. Nonadmitted	2,037,644	3,704,900	(1,667,256)			
2h. Admitted capital deferred tax assets (2E99-2f-2g)	360,425	2,508	357,917			
2i. Admitted deferred tax assets (2d+2h)	6,290,973	5,359,101	931,872			
 Deferred Tax Liabilities -						
Ordinary						
9 C 3a1. Investments	90,982	89,354	1,628			
3a2. Fixed Assets		-	-			
3a3. Deferred and uncollected premium		-	-			
3a4. Policyholder reserves		-	-			
3a5. Other	604,657	167,160	437,497			
3a99. Subtotal	695,639	256,514	439,125			
 Capital						
9 C 3b1. Investments	214	2,508	(2,294)			
3b2. Real estate		-	-			
3b3. Other		-	-			
3b99. Subtotal	214	2,508	(2,294)			
 9 C	 3c. Deferred tax liabilities (3a99+3b99)					
4. Net deferred tax assets/liabilities (2i-3c)	695,853	259,022	436,831			
	5,595,120	5,100,079	495,041			

NOTES TO FINANCIAL STATEMENTS**9C. Current Tax and Change in Deferred Tax (continued)**

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

	December 31, 2011	December 31, 2010	Change
Total deferred tax assets	\$8,328,617	\$11,171,582	(\$2,842,965)
Total deferred tax liabilities	695,853	259,022	436,831
Net deferred tax asset	\$7,632,764	\$10,912,560	(3,279,796)
Tax effect of unrealized gains			147,006
Change in net deferred income tax			(\$3,132,790)

Gross deferred tax assets in the admissibility test were adjusted by \$0 at 12/31/2011 and \$1,700,000 at 12/31/2010 because certain assets that are capital in nature were not expected to be realized in future tax returns

9D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant items causing a difference between the statutory federal income tax rate and the effective income tax rate are as follows:

	December 31, 2011	Effective Tax Rate
Provision computed at statutory rate	\$727,386	35.00%
Tax Exempt Interest	(757,448)	-36.45%
Dividend Received Deduction	(34,791)	-1.67%
Nondeductible expenses	33,624	1.62%
True-ups and other adjustments to tax	28,691	1.38%
Tax on Change in Non-admitted Assets	9,413	0.45%
Other Surplus Adjustments	438,947	21.12%
Totals	\$445,822	21.45%
Reconciliation:		
Federal and for'n income taxes incurred	(\$756,476)	-36.40%
Current taxes on realized capital gains	(884,305)	-42.55%
Change in net deferred income taxes	3,132,790	150.74%
True-up to deferred taxes	(1,046,187)	-50.34%
Total statutory income taxes	\$445,822	21.45%

NOTES TO FINANCIAL STATEMENTS**9E. Operating Loss and Tax Credit Carryforwards**

(1) At December 31, 2011 the Company has no net operating or capital losses available to offset future taxable income.

The Company also has \$760,639 of Alternative Minimum Tax (AMT) Credits available to offset future tax.

(a) AMT Credits never expire. The Company's remaining credits were generated as follows:

Year Generated	Carryover Remaining
2009*	\$ 760,639

* Amended return resulting from net operating loss carryback

(2) The following is income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	\$ -	\$ -	\$ -
2010	\$ 1,382,733	\$ -	\$ 1,382,733
	<u>\$ 1,382,733</u>	<u>\$ -</u>	<u>\$ 1,382,733</u>

(3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

9F. (1a) For the period ending December 31, 2011, The Company will file as a part of the consolidated federal income tax return with its ultimate U.S. parent, Mapfre USA Corp and its subsidiaries, The Commerce Insurance Company, Citation Insurance Company, State-Wide Insurance Company, Commerce West Insurance Company, Mapfre Insurance Company, Mapfre Insurance Company of Florida, ACIC Holding Company, Inc., Bay Finance Holding Company, and Mapfre Intermediaries, Inc. (said parties constituting an "Affiliated Group," as defined in and for the purposes of IRC §1504(a))

(1b) Each affiliate is jointly and severally liable for federal income taxes of the Affiliated Group, and has entered into a written tax sharing agreement. Under this agreement, allocation is made primarily on a separate return basis, with current payment for losses and other tax items utilized in the consolidated return.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**A. Nature of Relationship**

All outstanding shares of the Company are owned by ACIC Holding Company, Inc. (AHC), an insurance holding company domiciled in Rhode Island. Ninety five percent (95%) of the common stock of AHC is owned by MAPFRE U.S.A. Corp. (MUSA) MAPFRE U.S.A. Corp was previously known as Commerce Group, Inc. (CGI). CGI changed its name to MAPFRE U.S.A. Corp on January 1, 2010. The remaining five percent (5%) of the common stock is owned by AAA Southern New England (AAA SNE).

B. Detail of Transaction Greater than 1/2% of Admitted Assets

The Company declared a common stock dividend of \$13,616,103 and \$13,381,555 to its parent company in December of 2011 and 2010, respectively.

C. Change in Terms of Intercompany Arrangements

None

D. Amounts Due To or from Related Parties

	2011	2010
	Due From (To)	
Commerce Insurance Company	\$ (3,561,554)	\$ 8,688,206
Commerce West Insurance Company	348,204	(1,832,788)
American Commerce Holding Company	(13,616,103)	-
State-Wide Insurance Company	(337,881)	(2,309,712)
MAPFRE Insurance Company of Florida	(65,699)	29,984
MAPFRE Insurance Company	110,997	6,924
	<u>\$ (17,122,036)</u>	<u>\$ 4,582,614</u>

NOTES TO FINANCIAL STATEMENTS**E. Guarantees or Contingencies for Related Parties**

None

F. Management, Service Contracts, Cost Sharing Arrangements

The "Management Cost Allocation Agreement" provides that the Company is charged or reimbursed for services rendered by the Company or its insurance affiliates and entails 1) investment related and 2) non-investment related services. Costs pertaining to investment related services are actual costs borne by the Company which, per agreement, were determined to be the total rate of 15 basis points per annum times the investment balance at each regular calendar quarter. The non-investment related charges are costs borne by the Company and or its affiliates for functions supporting the affiliated companies. The fee shall be based upon recorded time spent by the Company and its affiliates in supporting the affiliated companies.

G. Nature of Relationships that Could Affect Operations

The outstanding shares of the Company are 100% owned by AHC and AHC is 5% owned by AAA of Southern New England, which is a producing agent of the Company.

H. Amount Deducted for Investment in Upstream Company

None

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

None

J. Writedown for Impairments of Investments in Affiliates

None

K. Foreign Insurance Subsidiary Valued Using CARVM

None

L. Downstream Holding Company Valued Using Look-Through Method

None

Note 11 - Debt**A. Amount, Interest, Maturities, Collateral, Covenants**

None

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

None

B. Defined Contribution Plans

The Company's ultimate parent company, MUSA, sponsors a 401(k) retirement plan feature for which substantially all employees are eligible. See Note 12D.

C. Multiemployer Plans

None

D. Consolidated/Holding Company Plans

In 2009, MUSA's Board of Directors extended its Incentive Award (IA) program to include additional officers and management personnel of subsidiary companies. IAs entitles recipients to cash payments over three years based upon MUSA's results. During 2011 and 2010, 355,183 and 360,739 units, respectively, were issued to American Commerce officers and management personnel, resulting in direct expense of \$501,000 and \$669,000 of expense during 2011 and 2010 respectively. The direct expense differs from the pooled expense for each applicable company.

In December 2008, CGI offered certain officers of subsidiary companies awards under the Supplemental Officers Incentive Compensation Agreement. Payments under this plan were based upon MUSA's reported IFRS net earnings, with 50% payments made in each of March 2010 and 2011. There was no expense related to this plan in either 2011 or 2010 and the final payment was made in March, 2011.

Eligible employees of the Company may participate in a Company-sponsored 401(k) retirement plan. This 401(k) plan includes a matching contribution from the Company of 50% of the first 6% of eligible compensation contributed by the participant to the Plan. In addition to the matching contribution, profit sharing contributions shall be made by the Company with respect to each Plan year in an amount equal to 3% of each eligible participant's covered compensation (or in such different amount as may be determined by the Company).

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement.

F. Impact of Medicare Modernization Act on Postretirement Benefits

None

Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**A. Outstanding Shares**

The Company has 1,000,000 common stock shares authorized, 107,538 shares issued and outstanding. AHC owns 100% of the Company. All shares are Class A.

NOTES TO FINANCIAL STATEMENTS

B. Dividend Rate of Preferred Stock

The Company has no preferred stock outstanding.

C., D, E and F. Dividend Restrictions

The maximum amount of dividends that can be paid by State of Ohio insurance companies to shareholders or policyholders without prior approval of the Insurance Commissioner is subject to restrictions. Without prior approval from the commissioner, dividends can not exceed the greatest of 10% of surplus, or net income for the 12 month period ending the 31st day of December.

The Company declared a common stock dividend of \$13,616,103 and \$13,381,555 to its parent company in December of 2011 and 2010, respectively.

Payment for 2011 declaration was made on January 6, 2012. The dividend was fully accrued at December 31, 2011.

Payment for 2010 declaration was made on December 30, 2010.

The total amount of dividends charged to unassigned funds in 2011 was \$13,616,103.

G. Multiple Surplus Advances

There are no restrictions on unassigned surplus.

H. Company Stock Held for Special Purposes

The Company did not hold any stock for special purposes.

I. Changes in Special Surplus funds

None

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by each item below follows:

(1) Unrealized gains (losses):	\$273,013
(2) Non-admitted asset value:	\$3,801,733
(3) Separate account balances:	NONE
(4) Asset valuation reserves:	NONE
(5) Provision for reinsurance:	NONE

K. Surplus Notes

The Company did not issue any surplus debentures or similar obligations.

L and M. Impact of Quasi-reorganizations

None

Note 14 - Contingencies**A (1) Contingent Commitments**

None

A(2) Information concerning guarantees**a) Nature of guarantee**

None

NOTES TO FINANCIAL STATEMENTS

b) Potential future payments

None

c) Recourse provisions

None

d) Carrying amount of liability for guarantor's obligations

None

A(3) Aggregate compilation of guarantee obligations

None

B. Assessments

The Company is subject to assessments by the states in which it writes business. These amounts are expensed when received. The Company anticipates that there will be additional assessments from time to time relating to various insolvencies.

C. Gain Contingencies

None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses

Company had two claims in suit resulting in a paid losses of \$825,000 in 2011 and one claim in suit resulting in a paid loss of \$309 in 2010.

E. Product Warranties

None

F. All Other Contingencies

The Company is a defendant in various legal actions arising from the normal course of business. These proceedings are considered to be ordinary to operations or without foundation in fact. Management is of the opinion that these actions will not have a material adverse effect on the financial statements of the Company.

Note 15 - Leases

A. Lessee Leasing Arrangements

In 2010, ACIC entered into a lease for a branch location in Carmel, Indiana. The lease, effective February 2011, is for a five year term expiring January, 2016. In addition to the minimum lease payment, ACIC is required to pay its pro rata share of the building's operating expenses, as defined. Rent expense for 2011 was \$32,000.

At December 31, 2011 future minimum lease payments under non-cancelable operating leases are as follows:

Year	Minimum Rent
2012	\$ 35,000
2013	36,000
2014	37,000
2015	37,000
2016	3,000
	<u>148,000</u>

B. Lessor Leasing Arrangements

None

Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk

A. Face or Contracts Amounts

None

B. Nature and Terms

None

NOTES TO FINANCIAL STATEMENTS

C. Exposure to Credit Related Losses

None

D. Collateral Policy

None

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

A. Transfers or Receivables Reported as Sales

None

B. Transfers and Servicing of Financial Assets

None

C. Wash Sales

None

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

A. Administrative Services Only (ASO) Plans

None

B. Administrative Services Contract (ASC) Plans

None

C. Medicare or Similarly Structured Cost Based Reimbursement Contracts

None

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

A. None

Note 20 -Fair Value Measurement

A1. Summary of Financial Assets Measured and Reported at Fair Value at 12/31/11

Description	Level 1	Level 2	Level 3	TOTAL
Preferred Stock	\$ -	\$ 3,413,900	\$ -	\$ 3,413,900
Bonds	-	876,793	-	876,793
Common Stock	-	-	-	-
TOTALS	\$ -	\$ 4,290,693	\$ -	\$ 4,290,693

A2 Fair Value Measurement in Level 3 of the Fair Value Hierarchy.

Of the Financial Assets measured and reported at Fair Value. The company had \$392,179 categorized as Level 3 in the Fair Value Hierarchy at 12/31/10 and \$0 at 12/31/11.

Description	Beginning Balance at 1/1/2011	Transfers into Level 3	Transfers out of Level 3	Total gains & (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2011
Preferred Stock										
Bonds	392,179	-	-	28,959	108,644	-	-	(529,782)	-	-
Common Stock	-	-	-	-	-	-	-	-	-	-
TOTALS	\$ 392,179	\$ -	\$ -	\$ 28,959	\$ 108,644	\$ -	\$ -	\$ (529,782)	\$ -	\$ -

A3 The company's policy is to recognize "transfers into" and "transfers out of" the Fair Value Hierarchy Levels on the actual date of the event or change in circumstances that caused the transfer.

A4 Financial Assets included in Level 1 of the Fair Value Hierarchy include US Treasury securities and exchange traded common stock where prices are obtained directly from active markets.

Financial Assets included in Level 2 of the Fair Value Hierarchy are securities priced by the company's custodial bank and based on observable market data.

Financial Assets included in Level 3 of the Fair Value Hierarchy are securities priced utilizing broker quotes or carried at Net Asset Value.

A5 The company does not hold derivative assets or liabilities.

C. Other Fair Value Disclosures

Not Applicable

D. Reasons Not Practical to Estimate Fair Values

Not Applicable

Note 21 - Other Items

A. Extraordinary Items

In 2011 and 2010, State Wide Insurance Company (SWIC) and American Commerce Insurance Company (ACIC) entered into agreements with unaffiliated insurance companies for the purpose of the sale of "Youthful Male Operator Credits" (Class Credits) that can be used to reduce New York Automobile Insurance Plan (NYAIP) quota share obligations. These credits were derived from voluntary business written in 2010 and 2009 and applicable to the 2012 and 2011, respectively, quota

NOTES TO FINANCIAL STATEMENTS

obligations. The purchase prices of the credits derived from voluntary business written in 2010 and 2009 are listed below.

The total sale amounts for the LAD Credits are:

	2011	2010
ACIC	\$ 1,407,787	\$ 1,245,433
SWIC	495,552	360,000
	<u>\$ 1,903,339</u>	<u>\$ 1,605,433</u>

The total amount of the sale was recorded as a credit to Underwriting Expenses (Underwriting Income) in ACIC and SWIC and pooled according to the Intercompany Pooling Agreement. See Note 26A for more information regarding the pooling agreement.

	2011	2010
Commerce Insurance Company	75.0%	\$1,427,504
Citation Insurance Company	8.6%	163,687
American Commerce Insurance Company	8.1%	154,170
Commerce West Insurance Company	3.6%	68,520
State Wide Insurance Company	2.7%	51,390
MAPFRE Insurance Company of Florida	2.0%	38,068
	<u>100.0%</u>	<u>\$1,903,339</u>
		<u>\$1,605,433</u>

The amount is recorded in each company's Annual Statement on Page 4 column 5 as prescribed by the New York Insurance Circular Letter 1985-16 dated October 21, 1985.

B. Troubled Debt Restructuring for Debtors

None

C. Other Disclosures

Assets in the amount of \$5,541,265 and \$5,527,434 at December 31, 2011 and 2010 respectively, were on deposit with government authorities as required by state law.

D. Uncollectible Premiums Receivable

At December 31, 2011 and 2010, the Company had admitted assets of \$36,555,534 and \$39,141,309, respectively, in premiums receivable due from policyholders and agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition. The Company maintained an allowance for uncollectible premiums receivable of \$200,000 as of December 31, 2011 and 2010 respectively.

E. Business Interruptions Insurance Recoveries

None

F. State Transferable Tax Credits

None

G. Subprime Mortgage-Related Exposure

None

Note 22 - Events Subsequent

None

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

None

B. Reinsurance Recoverables in Dispute

None

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded and Protected Cells

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity	Unearned Premium	Commission Equity
Affiliates	\$74,468,343	\$0	\$149,160,939	\$0	(\$74,692,596)	\$ -
All others	-	-	-	-	-	-
Total	<u><u>\$ 74,468,343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 149,160,939</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (74,692,596)</u></u>	<u><u>\$ -</u></u>
Direct Unearned Premium Reserve -			\$ 149,160,939			

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

	Direct	Assumed	Ceded	Net
Contingent Commissions	\$ 714,535	\$ -	\$ -	\$ -
Sliding Scale Adjustments	-	-	-	-
Total	<u><u>\$ 714,535</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

None

H. Runoff Agreements

None

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company is a member company of American Nuclear Insurers (ANI). ANI is a voluntary, non-profit, unincorporated association of insurers through which members provide, on a several and not joint basis, property insurance protection and nuclear energy liability insurance protection. This protection covers hazards arising out of risks related to nuclear installations, operations or facilities. Membership is on a percentage participation basis with this percentage being applied through each pool in which the member participates. Members can increase their participation percentages at any time; however, this increase is only effective upon ANI Board of Directors approval. Members can also terminate or reduce their participation by giving written notice to the Association by June 30th of any calendar year with the effective date for the termination or reduction being December 31st of that year. Members may participate in the pool by being a direct writing member, a ceding member, an assuming member or any combination of the three.

B. Method Used to Record (Written or Earned)

American Commerce participates as a direct writing member. The reserve for retrospective premiums supplied by ANI typically represents 70% and 76% of the written premium. This reserve represents the portion of premiums that are withheld by ANI to cover all future paid losses and expenses.

The Company previously recorded this by adjusting the unearned premium reserve and then recording the ANI portion as Reserve for Retrospective Premium as a write-in liability on the balance sheet. Beginning in the second quarter of 2008, it was decided to record this adjustment as a separate segment of the unearned premium reserve.

C. Amount and Percent of Net Retrospective Premiums

None

Calculation of Non-admitted Accrued Retrospective Premiums

None

NOTES TO FINANCIAL STATEMENTS**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses****A. Reasons for Changes in Prior Year Incurred**

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$394,743 during the current year. The redundancy of \$394,743 is approximately 0.62 % of the unpaid losses and LAE of \$63,719,465 as of the prior year end. The favorable development is due primarily to lower than anticipated losses related to personal automobile liability. The \$394,743 redundancy is the result of the pooled results and not the Company on a stand alone basis.

Note 26 - Intercompany Pooling Arrangements**A. Companies, Percentages, Lines of Business, Non-Affiliated Reinsurance, Right of Direct Recovery and Sharing of Schedule F Penalty and Write-offs and Amounts Due to/from Lead Entity Participants.**

The Company and its insurance affiliates adopted an inter-company reinsurance pooling agreement in which the companies share underwriting profit and losses in proportion to the pool participation percentages. The pooling agreement permits all companies to rely on the capacity of the entire pool rather than on their own capital and surplus.

The pool participation percentages reflect the ratio of each subsidiary's policyholders' surplus to the aggregate policyholders' surplus. The percentages follow:

Company	NAIC Code	Pooling Percentage
The lead company The Commerce Insurance Company	34754	75.00%
Affiliate company Citation Insurance Company	40274	8.60%
Affiliate company American Commerce Insurance Company	19941	8.10%
Affiliate company Commerce West Insurance Company	13161	3.60%
Affiliate company State-Wide Insurance Company	25275	2.70%
Affiliate company MAPFRE Insurance Company of Florida	34932	2.00%

Due to NAIC practices and procedures, the historical paid losses for Schedule P have been restated to the current pooled percentages. All lines of business that are written by all the companies are subject to intercompany pooling.

Commerce Insurance Company, as the lead company, assumes the direct business of its affiliates, including State Wide Insurance Company. All external reinsurance, in the form of catastrophe, quota share, facultative and excess of loss contracts, are ceded to the external reinsurers by Commerce Insurance Company under the terms of the reinsurance contracts. Commerce then cedes the net business after external reinsurance back to its affiliates at the stated pooled participation percentages.

Effective January 1, 2012 the pooling agreement will be expanded to include Affiliate Company MAPFRE Insurance Company of New Jersey, NAIC Code 23876. The pooling percentages will be revised to reflect the ratio of each subsidiary's policyholders' surplus to the aggregate policyholders' surplus at June 30, 2011. The resulting revised percentages will be as follows:

Company	NAIC Code	Pooling Percentage
The lead company The Commerce Insurance Company	34754	71.20%
Affiliate company Citation Insurance Company	40274	7.40%
Affiliate company American Commerce Insurance Company	19941	9.10%
Affiliate company Commerce West Insurance Company	13161	4.60%
Affiliate company State-Wide Insurance Company	25275	3.90%
Affiliate company MAPFRE Insurance Company of Florida	34932	2.10%
Affiliate company MAPFRE Insurance Company of New Jersey	23876	1.70%

Note 27 - Structured Settlements**A. Reserves Released Due to the Purchase of Annuities**

None

B. Annuity Interest with Balances Due Greater than 1% of Policyholders' Surplus

None

Note 28 - Health Care Receivables

None

Note 29 - Participating Policies

Not Applicable

Note 30 - Premium Deficiency Reserves

The Company evaluated the need to record a premium deficiency reserve as of the end of the current year. This evaluation was completed on May 31, 2012 and it was determined that the Company did not have a premium deficiency reserve. The Company anticipates investment income as a factor in the premium deficiency calculation.

NOTES TO FINANCIAL STATEMENTS**Note 31 - High Deductibles**

None

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

Not Applicable

Note 33 - Asbestos/Environmental Reserves

A., B. and C.

None

D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

	2007	2008	2009	2010	2011
Environmental, Direct					
a. Beg Reserves incl case, bulk, IBNR & LAE	\$ 209,403	\$ 49,849	\$ 41,584	\$ 139,120	\$ 168,950
b. Loss & LAE Incurred	(71,938)	286,181	511,660	371,604	251,559
c. Calendar year payments for loss & LAE	87,616	294,446	414,124	341,774	377,075
d. End Reserves incl case, bulk, IBNR & LAE	<u>\$ 49,849</u>	<u>\$ 41,584</u>	<u>\$ 139,120</u>	<u>\$ 168,950</u>	<u>\$ 43,434</u>
Environmental, Assumed					
a. Beg Reserves incl case, bulk, IBNR & LAE	\$ 196,104	\$ 218,034	\$ 218,729	\$ 316,721	\$ 214,171
b. Loss & LAE Incurred	280,720	206,396	401,512	263,483	431,432
c. Calendar year payments for loss & LAE	258,790	205,701	303,520	366,033	288,345
d. End Reserves incl case, bulk, IBNR & LAE	<u>\$ 218,034</u>	<u>\$ 218,729</u>	<u>\$ 316,721</u>	<u>\$ 214,171</u>	<u>\$ 357,258</u>
Environmental, Net					
a. Beg Reserves incl case, bulk, IBNR & LAE	\$ 196,104	\$ 218,034	\$ 218,729	\$ 316,721	\$ 214,171
b. Loss & LAE Incurred	280,720	206,396	401,512	263,483	431,432
c. Calendar year payments for loss & LAE	258,790	205,701	303,520	366,033	288,345
d. End Reserves incl case, bulk, IBNR & LAE	<u>\$ 218,034</u>	<u>\$ 218,729</u>	<u>\$ 316,721</u>	<u>\$ 214,171</u>	<u>\$ 357,258</u>

E. Environmental IBNR and Bulk Reserve, Direct, Assumed and Net

None

F. Environmental LAE Reserve, Direct, Assumed and Net

None

Note 34 - Subscriber Savings Accounts

None

Note 35 - Multiple Peril Crop Insurance

None

Note 36 - Financial Guaranty Insurance

A & B. Not Applicable

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	206,292,482	210,201,875	191,215,009	163,141,977	170,997,573
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	111,047,034	111,913,916	102,135,072	96,975,487	101,686,430
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	100,389,872	93,095,860	75,078,112	59,253,620	59,051,874
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).....	417,729,388	415,211,651	368,428,193	319,371,084	331,735,877
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	77,457,235	74,935,279	71,343,845	75,367,795	86,615,743
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	50,741,852	48,431,779	45,438,059	46,877,160	50,309,295
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	22,069,317	20,566,562	19,157,147	17,160,799	16,928,211
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).....	150,268,404	143,933,620	135,939,051	139,405,754	153,853,249
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(12,417,477)	(3,498,603)	1,683,710	5,723,933	11,741,796
14. Net investment gain (loss) (Line 11).....	13,538,664	14,444,406	10,581,002	(1,618,310)	12,242,554
15. Total other income (Line 15).....	1,841,363	1,910,039	1,417,157	1,084,005	1,176,424
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(756,476)	3,348,629	3,503,209	3,984,692	7,650,371
18. Net income (Line 20).....	3,719,026	9,507,213	10,178,660	1,204,936	17,510,403
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	366,491,545	360,787,857	361,005,514	348,631,852	387,941,826
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	36,555,534	39,141,309	35,925,981	17,673,414	14,512,651
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).....	237,723,288	224,626,825	227,189,962	209,259,186	242,294,749
22. Losses (Page 3, Line 1).....	46,892,915	51,160,721	51,320,182	56,142,454	59,120,128
23. Loss adjustment expenses (Page 3, Line 3).....	12,596,450	12,558,744	11,904,332	12,516,061	12,321,106
24. Unearned premiums (Page 3, Line 9).....	74,468,342	71,660,954	66,598,646	66,219,810	56,282,065
25. Capital paid up (Page 3, Lines 30 & 31).....	3,226,140	3,226,140	3,226,140	3,226,140	3,226,140
26. Surplus as regards policyholders (Page 3, Line 37).....	128,768,257	136,161,032	133,815,552	139,372,666	145,647,077
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	(7,478,444)	(347,558)	(4,436,119)	9,980,164	34,295,934
Risk-Based Capital Analysis					
28. Total adjusted capital.....	127,786,107	136,161,032	133,815,552	139,372,666	145,647,077
29. Authorized control level risk-based capital.....	7,891,853	7,367,407	7,331,343	8,813,690	9,640,224
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	89.7	94.1	90.1	76.7	80.2
31. Stocks (Lines 2.1 & 2.2).....	3.2	1.8	6.7	8.9	15.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	1.0	0.9	0.6	0.8	0.6
34. Cash, cash equivalents and short-term investments (Line 5).....	6.1	3.3	2.6	13.7	3.6
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
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (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 as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

Annual Statement for the year 2011 of the **American Commerce Insurance Company**
FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	273,012	2,707,151	1,217,808	(1,746,199)	(3,159,062)
51. Dividends to stockholders (Line 35).....	(13,616,103)	(13,381,555)	(13,936,923)	.....	.....
52. Change in surplus as regards policyholders for the year (Line 38).....	(7,392,775)	2,345,480	(5,557,114)	(6,274,411)	14,120,277
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	136,783,569	123,389,566	106,519,337	102,303,955	83,881,571
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	76,407,434	67,881,046	57,835,950	58,972,967	54,687,609
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	72,135,804	46,730,509	39,336,621	42,198,983	28,497,149
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).....	285,326,807	238,001,121	203,691,908	203,475,905	167,066,329
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	53,398,845	47,597,646	47,386,879	46,572,457	34,830,727
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	33,260,337	29,314,099	28,996,100	29,260,358	27,462,222
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	19,342,733	10,012,513	9,217,001	7,793,473	5,655,197
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).....	106,001,915	86,924,258	85,599,980	83,626,288	67,948,146
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	69.0	62.5	59.6	56.3	54.1
67. Loss expenses incurred (Line 3).....	12.2	12.1	11.8	11.7	9.7
68. Other underwriting expenses incurred (Line 4).....	27.3	28.1	27.4	28.0	28.1
69. Net underwriting gain (loss) (Line 8).....	(8.4)	(2.5)	1.2	4.0	8.1
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	25.5	25.7	26.3	28.0	25.9
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	81.2	74.5	71.4	68.0	63.9
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	116.7	105.7	101.6	100.0	105.6
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(304)	(4,501)	(4,428)	(4,793)	(3,926)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(0.2)	(3.4)	(3.2)	(3.3)	(3.0)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(2,985)	(5,715)	(7,533)	(5,409)	(5,239)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(2.2)	(4.1)	(5.2)	(4.1)	(4.7)

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: