



**ANNUAL STATEMENT**  
**For the Year Ended December 31, 2011**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**CENTRAL MUTUAL INSURANCE COMPANY**

NAIC Group Code	0036 (Current Period)	0036 (Prior Period)	NAIC Company Code	20230	Employer's ID Number	34-4202560
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America					
Incorporated/Organized	04/17/1876		Commenced Business	10/02/1876		
Statutory Home Office	800 SOUTH WASHINGTON STREET (Street and Number)				VAN WERT, OH 45891-2357 (City or Town, State and Zip Code)	
Main Administrative Office	800 SOUTH WASHINGTON STREET (Street and Number)				VAN WERT, OH 45891-2357 (City or Town, State and Zip Code)	
Mail Address	P.O. BOX 351 (Street and Number or P.O. Box)				(419)238-1010 (Area Code) (Telephone Number)	
Primary Location of Books and Records	800 SOUTH WASHINGTON STREET (Street and Number)				VAN WERT, OH 45891-0351 (City or Town, State and Zip Code)	
Internet Website Address	WWW.CENTRAL-INSURANCE.COM				(419)238-1010 (Area Code) (Telephone Number)	
Statutory Statement Contact	THAD RYAN EIKENBARY (Name)				(419)238-5551-2437 (Area Code)(Telephone Number)(Extension)	
	TEIKENBARY@CENTRAL-INSURANCE.COM (E-Mail Address)				(419)238-7626 (Fax Number)	

**OFFICERS**

Name	Title
FRANCIS WALWORTH PURMORT III	PRESIDENT
EDWARD RAY BUHL	SECRETARY
THAD RYAN EIKENBARY	TREASURER

JAMES FREDERICK GLASSER, VICE PRESIDENT  
 CYNTHIA MARIE HURLESS, VICE PRESIDENT  
 TIMOTHY LEE RAUCH, VICE PRESIDENT  
 JOHN EWING WHITE, VICE PRESIDENT

MICHAEL PATRICK GUTH, SR. VICE PRESIDENT  
 PATRICK JOHN JACKSON, VICE PRESIDENT  
 JANA LOU RINGWALD, VICE PRESIDENT  
 PAUL CHARLES WOIROL, SR. VICE PRESIDENT

JEFFREY LEE HANSON, CHIEF FINANCIAL OFFICER  
 STEPHEN KEITH MOORE, VICE PRESIDENT  
 JANET LYNN WHITE, VICE PRESIDENT

**DIRECTORS OR TRUSTEES**

EDWARD RAY BUHL  
 RONALD JOSEPH KUTELLA  
 DREW PENNINGTON MACONACHY

JEFFREY LEE HANSON  
 RODGER SANFORD LAWSON  
 FRANCIS WALWORTH PURMORT III

THOMAS B KEARNEY  
 EDWARD JOSEPH NOONAN  
 CHARLES ALLAN RUNSER

State of Ohio  
 County of Van Wert ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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)  
 FRANCIS WALWORTH PURMORT III

(Printed Name)  
 1.  
 PRESIDENT  
 (Title)

(Signature)  
 EDWARD RAY BUHL

(Printed Name)  
 2.  
 SECRETARY  
 (Title)

(Signature)  
 THAD RYAN EIKENBARY

(Printed Name)  
 3.  
 TREASURER  
 (Title)

Subscribed and sworn to before me this  
 17th day of February, 2012

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[ ]

(Notary Public Signature)

## 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) .....	670,586,889		670,586,889	717,321,285
2. Stocks (Schedule D)				
2.1 Preferred stocks .....	26,183,106		26,183,106	29,885,054
2.2 Common Stocks .....	230,422,379	2,718,755	227,703,624	231,486,445
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	50,272,907		50,272,907	51,826,051
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....	304,448		304,448	305,381
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$....(19,150,134) Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$....24,478,343 Schedule DA) .....	5,328,210		5,328,210	16,790,462
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....	676,574		676,574	
9. Receivables for securities .....				
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	983,774,513	2,718,755	981,055,758	1,047,614,678
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	14,661,728		14,661,728	14,661,170
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	28,983,397	417,050	28,566,347	29,604,890
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	94,574,465		94,574,465	103,241,556
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	6,641,091		6,641,091	9,067,884
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	5,040,000		5,040,000	5,040,000
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	595,186		595,186	3,066,661
18.2 Net deferred tax asset .....	68,939,784	39,624,894	29,314,890	23,948,548
19. Guaranty funds receivable or on deposit .....	479,173		479,173	537,239
20. Electronic data processing equipment and software .....	5,653,360	5,535,735	117,626	159,819
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	1,734,034	1,734,034		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	232,652		232,652	325,883
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	34,489,038	32,717,620	1,771,418	3,148,418
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,245,798,421	82,748,087	1,163,050,334	1,240,416,746
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	1,245,798,421	82,748,087	1,163,050,334	1,240,416,746
<b>DETAILS OF WRITE-INS</b>				
1101. 0 .....				
1102. 0 .....				
1103. 0 .....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. <b>TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)</b> .....				
2501. EMPLOYEE BENEFIT TRUST FUND .....	11,528,073	11,528,073		
2502. PREPAID PENSION BENEFIT COSTS .....	20,930,855	20,930,855		
2503. PERMANENT TRAVEL ADVANCES .....	250	250		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	2,029,860	258,442	1,771,418	3,148,418
2599. <b>TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)</b> .....	34,489,038	32,717,620	1,771,418	3,148,418

## LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)		329,428,541	366,152,586
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)			
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		122,426,684	136,231,289
4. Commissions payable, contingent commissions and other similar charges		7,813,645	4,955,998
5. Other expenses (excluding taxes, licenses and fees)		11,875,704	10,828,583
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		3,270,409	3,707,702
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))			
7.2 Net deferred tax liability			
8. Borrowed money \$.....0 and interest thereon \$.....0			
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....45,193,077 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)		207,418,218	225,620,506
10. Advance premiums		3,388,325	3,944,378
11. Dividends declared and unpaid:			
11.1 Stockholders			
11.2 Policyholders		744,145	662,757
12. Ceded reinsurance premiums payable (net of ceding commissions)		3,256,935	4,705,893
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		13,331,797	13,566,688
15. Remittances and items not allocated			
16. Provision for reinsurance (Schedule F, Part 7)		94,539	26,249
17. Net adjustments in assets and liabilities due to foreign exchange rates			
18. Drafts outstanding			
19. Payable to parent, subsidiaries and affiliates			
20. Derivatives		305,686	293,082
21. Payable for securities			(233)
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		1,872,264	2,042,346
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)		705,226,892	772,737,824
27. Protected cell liabilities			
28. TOTAL Liabilities (Lines 26 and 27)		705,226,892	772,737,824
29. Aggregate write-ins for special surplus funds			
30. Common capital stock			
31. Preferred capital stock			
32. Aggregate write-ins for other than special surplus funds			
33. Surplus notes			
34. Gross paid in and contributed surplus			
35. Unassigned funds (surplus)		457,823,424	467,678,931
36. Less treasury stock, at cost:			
36.1 .....0 shares common (value included in Line 30 \$.....0)			
36.2 .....0 shares preferred (value included in Line 31 \$.....0)			
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)		457,823,424	467,678,931
38. TOTALS (Page 2, Line 28, Column 3)		1,163,050,316	1,240,416,755
<b>DETAILS OF WRITE-INS</b>			
2501. Reserve for Bad Faith Claims		100,097	100,097
2502. Reserve for Escheats		1,772,167	1,628,899
2503. Reserve for NC Auto Escrow			313,350
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		1,872,264	2,042,346
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)			
3201.			
3202.			
3203.			
3298. Summary of remaining write-ins for Line 32 from overflow page			
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)			

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**STATEMENT OF INCOME**

		1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>			
1. Premiums earned (Part 1, Line 35, Column 4) .....		393,370,372	433,228,565
<b>DEDUCTIONS</b>			
2. Losses incurred (Part 2, Line 35, Column 7) .....		288,299,916	335,171,377
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....		23,644,777	39,645,750
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....		120,267,505	132,436,595
5. Aggregate write-ins for underwriting deductions .....		(313,350)	(637,170)
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....		431,898,848	506,616,552
7. Net income of protected cells .....			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....		(38,528,476)	(73,387,987)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		33,146,025	34,344,417
10. Net realized capital gains (losses) less capital gains tax of \$.....1,469,763 (Exhibit of Capital Gains (Losses)) .....		2,729,561	4,634,962
11. Net investment gain or (loss) (Lines 9 + 10) .....		35,875,586	38,979,379
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....977,244) .....		(977,244)	(1,230,132)
13. Finance and service charges not included in premiums .....		2,782,113	3,346,178
14. Aggregate write-ins for miscellaneous income .....		604,857	735,389
15. TOTAL Other Income (Lines 12 through 14) .....		2,409,726	2,851,435
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....		(243,163)	(31,557,173)
17. Dividends to policyholders .....		1,748,281	2,031,743
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....		(1,991,444)	(33,588,916)
19. Federal and foreign income taxes incurred .....		925,276	388,096
20. Net income (Line 18 minus Line 19) (to Line 22) .....		(2,916,720)	(33,977,012)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....		467,678,903	500,607,035
22. Net income (from Line 20) .....		(2,916,720)	(33,977,012)
23. Net transfers (to) from Protected Cell accounts .....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(2,545,863) .....		(3,156,319)	(210,250)
25. Change in net unrealized foreign exchange capital gain (loss) .....			
26. Change in net deferred income tax .....		36,369,677	3,027,043
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....		(40,084,037)	(1,746,280)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		(68,290)	(21,633)
29. Change in surplus notes .....			
30. Surplus (contributed to) withdrawn from protected cells .....			
31. Cumulative effect of changes in accounting principles .....			
32. Capital changes:			
32.1 Paid in .....			
32.2 Transferred from surplus (Stock Dividend) .....			
32.3 Transferred to surplus .....			
33. Surplus adjustments:			
33.1 Paid in .....			
33.2 Transferred to capital (Stock Dividend) .....			
33.3 Transferred from capital .....			
34. Net remittances from or (to) Home Office .....			
35. Dividends to stockholders .....			
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....			
37. Aggregate write-ins for gains and losses in surplus .....			
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....		(9,855,690)	(32,928,132)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....		457,823,214	467,678,903
<b>DETAILS OF WRITE-INS</b>			
0501. 2009 Private Passenger Auto Escrow - North Carolina .....		(313,350)	(637,170)
0502. .....			
0503. .....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		(313,350)	(637,170)
1401. Miscellaneous Income .....		604,857	735,389
1402. .....			
1403. .....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		604,857	735,389
3701. Gains and Losses in Surplus .....			
3702. .....			
3703. .....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....			

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	383,321,087	431,502,768
2.	Net investment income .....	38,653,183	39,716,540
3.	Miscellaneous income .....	2,409,727	2,851,435
4.	Total (Lines 1 through 3) .....	424,383,997	474,070,743
5.	Benefit and loss related payments .....	322,597,160	319,461,214
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	154,006,877	173,528,854
8.	Dividends paid to policyholders .....	1,666,893	2,509,822
9.	Federal and foreign income taxes paid (recovered) net of \$.....1,469,763 tax on capital gains (losses) .....	(76,436)	(11,829,625)
10.	Total (Lines 5 through 9) .....	478,194,494	483,670,265
11.	Net cash from operations (Line 4 minus Line 10) .....	(53,810,497)	(9,599,522)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	104,328,950	64,139,017
12.2	Stocks .....	30,446,433	31,218,935
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 .....	1,383,535	893,392
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	136,158,918	96,251,344
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	60,375,757	39,400,407
13.2	Stocks .....	25,294,836	41,877,418
13.3	Mortgage loans .....		
13.4	Real estate .....	86,567	49,834
13.5	Other invested assets .....	1,095,250	
13.6	Miscellaneous applications .....	1,150,576	555,945
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	88,002,986	81,883,604
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	48,155,932	14,367,740
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(5,807,687)	(3,319,792)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(5,807,687)	(3,319,792)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(11,462,252)	1,448,426
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	16,790,471	15,342,045
19.2	End of year (Line 18 plus Line 19.1) .....	5,328,219	16,790,471

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

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# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	6,244,872	3,723,202	3,667,288	6,300,786
2. Allied lines .....	6,741,145	4,180,555	4,031,550	6,890,150
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	90,757,638	53,765,383	53,415,524	91,107,497
5. Commercial multiple peril .....	67,816,150	43,085,201	37,857,854	73,043,497
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....	7,499,509	4,285,312	4,137,888	7,646,933
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	965,541	528,124	570,513	923,152
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....	10,645,469	8,619,450	5,782,699	13,482,220
17.1 Other liability - occurrence .....	15,383,612	11,077,782	9,912,441	16,548,953
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....	10,202,158	6,786,281	5,761,198	11,227,241
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....	77,912,785	41,892,061	39,893,274	79,911,572
19.3 19.4 Commercial auto liability .....	18,695,331	12,798,236	10,244,820	21,248,747
21. Auto physical damage .....	63,023,554	34,112,048	32,121,326	65,014,276
22. Aircraft (all perils) .....				
23. Fidelity .....	25,779	7,681	16,415	17,045
24. Surety .....	1,263	766	514	1,515
26. Burglary and theft .....	9,593	2,406	5,113	6,886
27. Boiler and machinery .....	(315)	18	(199)	(98)
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	375,924,084	224,864,506	207,418,218	393,370,372
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....				

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire .....	3,667,288				3,667,288
2. Allied lines .....	4,031,550				4,031,550
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....	53,415,524				53,415,524
5. Commercial multiple peril .....	37,857,854				37,857,854
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	4,137,888				4,137,888
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	570,513				570,513
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....	5,782,699				5,782,699
17.1 Other liability - occurrence .....	9,912,441				9,912,441
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....	5,761,198				5,761,198
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....	39,893,274				39,893,274
19.3 19.4 Commercial auto liability .....	10,244,820				10,244,820
21. Auto physical damage .....	32,121,326				32,121,326
22. Aircraft (all perils) .....					
23. Fidelity .....	16,415				16,415
24. Surety .....	514				514
26. Burglary and theft .....	5,113				5,113
27. Boiler and machinery .....	(199)				(199)
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....					
35. TOTALS .....	207,418,218				207,418,218
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Line 35 through Line 37) .....					207,418,218
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....					

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	8,294,011	197,777	18,051	1,189,499	1,075,468	6,244,872
2. Allied lines .....	9,046,161	318,999	157,688	1,284,027	1,497,676	6,741,145
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	125,035,910		259,283	17,287,169	17,250,386	90,757,638
5. Commercial multiple peril .....	80,176,035	17,953,583		12,917,362	17,396,106	67,816,150
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	10,129,212	65,648		1,428,478	1,266,873	7,499,509
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	1,295,757	20,530		183,912	166,834	965,541
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....	9,710,897	2,929,534	713,933	2,027,709	681,186	10,645,469
17.1 Other liability - occurrence .....	24,030,181	19,105		2,930,213	5,735,461	15,383,612
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....	10,773,923	2,570,717		1,943,268	1,199,214	10,202,158
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....	94,386,868			14,840,531	1,633,552	77,912,785
19.3 19.4 Commercial auto liability .....	16,722,017	7,431,245	270,282	3,561,015	2,167,198	18,695,331
21. Auto physical damage .....	73,356,290	2,447,097	80,636	12,004,487	855,982	63,023,554
22. Aircraft (all perils) .....						
23. Fidelity .....	27,558	6,120		4,911	2,988	25,779
24. Surety .....	1,650			241	146	1,263
26. Burglary and theft .....	12,922	88		1,827	1,590	9,593
27. Boiler and machinery .....	499,659	(3)		(60)	500,031	(315)
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	XXX					
32. Reinsurance-Nonproportional Assumed Liability .....	XXX					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	XXX					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	463,499,051	33,960,440	1,499,873	71,604,589	51,430,691	375,924,084

**DETAILS OF WRITE-INS**

3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....						

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

If yes, (1) The amount of such installment premiums \$.....0.

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire .....	4,437,829	126,869	1,417,714	3,146,984	(452,110)	385,404	2,309,470	36.65
2. Allied lines .....	6,597,094	626,958	1,610,644	5,613,408	1,048,578	971,313	5,690,673	82.59
3. Farmowners multiple peril .....								
4. Homeowners multiple peril .....	137,077,821	685,704	30,084,532	107,678,993	22,274,303	20,888,226	109,065,070	119.71
5. Commercial multiple peril .....	76,810,312	17,096,297	26,337,347	67,569,262	85,648,352	88,001,188	65,216,426	89.28
6. Mortgage guaranty .....								
8. Ocean marine .....								
9. Inland marine .....	5,093,062	(2,135)	1,073,441	4,017,486	(2,396,412)	(360,051)	1,981,125	25.91
10. Financial guaranty .....								
11.1 Medical professional liability - occurrence .....								
11.2 Medical professional liability - claims-made .....								
12. Earthquake .....					1	1		
13. Group accident and health .....								
14. Credit accident and health (group and individual) .....								
15. Other accident and health .....								
16. Workers' compensation .....	12,560,604	7,285,333	4,240,383	15,605,554	70,815,121	80,288,760	6,131,915	45.48
17.1 Other liability - occurrence .....	3,840,247	15,117	762,444	3,092,920	20,924,256	25,164,526	(1,147,350)	(6.93)
17.2 Other liability - claims-made .....								
17.3 Excess Workers' Compensation .....								
18.1 Products liability - occurrence .....	6,590,672	844,534	1,190,799	6,244,407	40,450,189	53,494,626	(6,800,030)	(60.57)
18.2 Products liability - claims made .....								
19.1 19.2 Private passenger auto liability .....	64,748,546	201,918	10,847,498	54,102,966	57,611,550	60,022,340	51,692,176	64.69
19.3 19.4 Commercial auto liability .....	11,377,736	6,065,987	2,893,210	14,550,513	34,391,329	38,673,119	10,268,723	48.33
21. Auto physical damage .....	50,847,417	1,966,040	9,411,988	43,401,469	(886,622)	(1,377,205)	43,892,052	67.51
22. Aircraft (all perils) .....								
23. Fidelity .....								
24. Surety .....								
26. Burglary and theft .....								
27. Boiler and machinery .....	10,175		1	(1)	6	336	(337)	(4.89)
28. Credit .....			10,175			3	3	(3.06)
29. International .....								
30. Warranty .....								
31. Reinsurance-Nonproportional Assumed Property .....	X X X							
32. Reinsurance-Nonproportional Assumed Liability .....	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X							
34. Aggregate write-ins for other lines of business .....								
35. TOTALS .....	379,991,515	34,912,622	89,880,176	325,023,961	329,428,541	366,152,586	288,299,916	73.29
<b>DETAILS OF WRITE-INS</b>								
3401. ....								
3402. ....								
3403. ....								
3498. Summary of remaining write-ins for Line 34 from overflow page .....								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....								

# UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	288,965	5,822	77,635	217,152	85,162	(4,410)	750,014	(452,110)	181,856
2. Allied Lines .....	943,582	117,977	540,367	521,192	(66,585)	10,240	(583,731)	1,048,578	230,642
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....	14,369,369	76,574	3,099,273	11,346,670	13,697,320		2,769,687	22,274,303	5,692,475
5. Commercial multiple peril .....	41,435,839	15,199,389	19,559,170	37,076,058	48,433,363	14,686,554	14,547,623	85,648,352	43,566,323
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....	306,428		132,348	174,080	(3,059,298)		(488,806)	(2,396,412)	2,214,489
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....					2		1	1	
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....									
15. Other accident & health .....								(a)	
16. Workers' compensation .....	42,177,296	25,018,514	17,878,730	49,317,080	23,847,108	6,839,103	9,188,170	70,815,121	11,624,559
17.1 Other liability - occurrence .....	20,740,809	35,750	14,160,454	6,616,105	19,557,399	352,384	5,601,632	20,924,256	6,565,069
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....	9,028,937	4,568,525	2,186,745	11,410,717	31,376,114	8,111,009	10,447,651	40,450,189	31,201,979
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....	42,488,963	185,500	7,155,076	35,519,387	29,312,789	313,018	7,533,644	57,611,550	11,590,877
19.3 19.4 Commercial auto liability .....	18,510,391	6,443,577	4,965,678	19,988,290	17,314,683	4,001,085	6,912,729	34,391,329	8,788,451
21. Auto physical damage .....	2,702,156	165,291	723,282	2,144,165	(3,383,088)	(189,200)	(541,501)	(886,622)	748,109
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....	275,000		275,000		10	2	6	6	21,855
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	193,267,735	51,816,919	70,753,758	174,330,896	177,114,979	34,119,785	56,137,119	329,428,541	122,426,684
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	5,188,174			5,188,174
1.2 Reinsurance assumed .....	2,883,061			2,883,061
1.3 Reinsurance ceded .....	4,057			4,057
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	8,067,178			8,067,178
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		74,026,873		74,026,873
2.2 Reinsurance assumed, excluding contingent .....		5,073,031		5,073,031
2.3 Reinsurance ceded, excluding contingent .....		15,736,880		15,736,880
2.4 Contingent - direct .....		3,280,516		3,280,516
2.5 Contingent - reinsurance assumed .....		207,829		207,829
2.6 Contingent - reinsurance ceded .....		957,459		957,459
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		65,893,910		65,893,910
3. Allowances to manager and agents .....		622,508		622,508
4. Advertising .....		32,924		32,924
5. Boards, bureaus and associations .....	614,821	2,418,315		3,033,136
6. Surveys and underwriting reports .....		3,785,378		3,785,378
7. Audit of assureds' records .....		321,245		321,245
8. Salary and related items:				
8.1 Salaries .....	8,266,284	18,589,081	703,603	27,558,968
8.2 Payroll taxes .....	613,495	1,336,841	54,143	2,004,479
9. Employee relations and welfare .....	2,463,285	5,833,388	211,428	8,508,101
10. Insurance .....	59,661	138,449	5,163	203,273
11. Directors' fees .....	32,124	74,548	2,780	109,452
12. Travel and travel items .....	449,542	1,484,134	8,028	1,941,704
13. Rent and rent items .....	903,875	2,072,963	153,569	3,130,407
14. Equipment .....	1,058,310	3,239,254	124,226	4,421,790
15. Cost or depreciation of EDP equipment and software .....	295,548	682,785	25,468	1,003,801
16. Printing and stationery .....	107,565	317,945	17,135	442,645
17. Postage, telephone and telegraph, exchange and express .....	502,610	1,816,218	95,777	2,414,605
18. Legal and auditing .....	74,694	287,726	6,482	368,902
19. TOTALS (Lines 3 to 18) .....	15,441,814	43,053,702	1,407,802	59,903,318
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....95,257 .....		10,766,888		10,766,888
20.2 Insurance department licenses and fees .....		475,180		475,180
20.3 Gross guaranty association assessments .....		(127,356)		(127,356)
20.4 All other (excluding federal and foreign income and real estate) .....		5,405		5,405
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		11,120,117		11,120,117
21. Real estate expenses .....			981,086	981,086
22. Real estate taxes .....			311,829	311,829
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	135,785	199,775	11,853	347,413
25. TOTAL expenses incurred .....	23,644,777	120,267,505	2,712,569	(a) 146,624,851
26. Less unpaid expenses - current year .....	122,426,685	22,649,739	310,020	145,386,444
27. Add unpaid expenses - prior year .....	136,231,285	19,182,594	309,690	155,723,569
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	37,449,377	116,800,360	2,712,239	156,961,976

**DETAILS OF WRITE-INS**

2401. Miscellaneous Expenses .....	84,106	81,600	7,810	173,516
2402. Donations .....	51,679	118,176	4,043	173,897
2403. .....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	135,785	199,775	11,853	347,413

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

## EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) .....	729,361	623,575
1.1 Bonds exempt from U.S. tax .....	(a) .....	26,031,330	21,782,987
1.2 Other bonds (unaffiliated) .....	(a) .....	6,717,498	6,656,199
1.3 Bonds of affiliates .....	(a) .....		
2.1 Preferred stocks (unaffiliated) .....	(b) .....	1,965,517	1,903,865
2.11 Preferred stocks of affiliates .....	(b) .....		
2.2 Common stocks (unaffiliated) .....	.....	3,187,658	3,186,800
2.21 Common stocks of affiliates .....			
3. Mortgage loans .....	(c) .....		
4. Real estate .....	(d) .....	2,674,870	2,674,870
5. Contract loans .....			
6. Cash, cash equivalents and short-term investments .....	(e) .....	40,355	40,154
7. Derivative instruments .....	(f) .....		
8. Other invested assets .....			767
9. Aggregate write-ins for investment income .....		18,834	630,021
10. Total gross investment income .....		41,365,423	37,499,238
11. Investment expenses .....	(g) .....	2,400,740	
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) .....	311,829	
13. Interest expense .....	(h) .....		
14. Depreciation on real estate and other invested assets .....	(i) .....	1,640,644	
15. Aggregate write-ins for deductions from investment income .....			
16. Total deductions (Lines 11 through 15) .....			4,353,213
17. Net Investment income (Line 10 minus Line 16) .....			33,146,025
<b>DETAILS OF WRITE-INS</b>			
0901. MISC INTEREST RECD .....		18,834	18,834
0902. INTEREST EARNED FROM STOP LOSS .....			611,187
0903. .....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. <b>TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)</b> .....		18,834	630,021
1501. .....			
1502. .....			
1503. .....			
1598. Summary of remaining write-ins for Line 15 from overflow page .....			
1599. <b>TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)</b> .....			

(a) Includes \$.....83,480 accrual of discount less \$.....3,873,526 amortization of premium and less \$.....163,692 paid for accrued interest on purchases.  
 (b) Includes \$.....26,226 accrual of discount less \$.....102,923 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 \$.....2,674,870 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 \$.....1,640,644 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	5,934		5,934		
1.1 Bonds exempt from U.S. tax .....	478,276		478,276		
1.2 Other bonds (unaffiliated) .....	524,643		524,643		
1.3 Bonds of affiliates .....					
2.1 Preferred stocks (unaffiliated) .....	569,444		569,444	(121,008)	
2.11 Preferred stocks of affiliates .....					
2.2 Common stocks (unaffiliated) .....	2,370,382		2,370,382	(6,797,038)	
2.21 Common stocks of affiliates .....				1,673,535	
3. Mortgage loans .....					
4. Real estate .....					
5. Contract loans .....					
6. Cash, cash equivalents and short-term investments .....					
7. Derivative instruments .....	250,644		250,644	(30,522)	
8. Other invested assets .....				(418,676)	
9. Aggregate write-ins for capital gains (losses) .....					
10. Total capital gains (losses) .....	4,199,324		4,199,324	(5,693,709)	

## DETAILS OF WRITE-INS

0901. .....					
0902. .....					
0903. .....					
0998. Summary of remaining write-ins for Line 9 from overflow page .....					
0999. <b>TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)</b> .....					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	.....	.....	.....
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.....	.....	.....
2.2 Common stocks .....	.....	2,775,405	56,650
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.....	.....	.....
3.2 Other than first liens .....	.....	.....	.....
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.....	.....	.....
4.2 Properties held for the production of income .....	.....	.....	.....
4.3 Properties held for sale .....	.....	.....	.....
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	.....	.....	.....
6. Contract loans .....	.....	.....	.....
7. Derivatives (Schedule DB) .....	.....	.....	.....
8. Other invested assets (Schedule BA) .....	.....	.....	.....
9. Receivables for securities .....	.....	.....	.....
10. Securities lending reinvested collateral assets (Schedule DL) .....	.....	.....	.....
11. Aggregate write-ins for invested assets .....	.....	.....	.....
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	2,718,755	2,775,405	56,650
13. Title plants (for Title insurers only) .....	.....	.....	.....
14. Invested income due and accrued .....	.....	.....	.....
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	417,050	665,090	248,040
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	.....	75,600	75,600
15.3 Accrued retrospective premiums .....	.....	.....	.....
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.....	.....	.....
16.2 Funds held by or deposited with reinsured companies .....	.....	.....	.....
16.3 Other amounts receivable under reinsurance contracts .....	.....	.....	.....
17. Amounts receivable relating to uninsured plans .....	.....	.....	.....
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.....	.....	.....
18.2 Net deferred tax asset .....	39,624,894	6,075,696	(33,549,198)
19. Guaranty funds receivable or on deposit .....	.....	.....	.....
20. Electronic data processing equipment and software .....	5,535,735	.....	(5,535,735)
21. Furniture and equipment, including health care delivery assets .....	1,734,034	7,221,229	5,487,195
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.....	.....	.....
23. Receivables from parent, subsidiaries and affiliates .....	.....	.....	.....
24. Health care and other amounts receivable .....	.....	.....	.....
25. Aggregate write-ins for other than invested assets .....	32,717,620	25,851,030	(6,866,590)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	82,748,087	42,664,050	(40,084,037)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.....	.....	.....
28. Total (Lines 26 and 27) .....	82,748,087	42,664,050	(40,084,037)
<b>DETAILS OF WRITE-INS</b>			
1101. .....	.....	.....	.....
1102. .....	.....	.....	.....
1103. .....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.....	.....	.....
1199. <b>TOTALS</b> (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.....	.....	.....
2501. EMPLOYEE BENEFITS TRUST FUND .....	11,528,073	10,885,596	(642,477)
2502. PREPAID PENSION BENEFIT COSTS .....	20,930,855	14,965,184	(5,965,671)
2503. PERMANENT TRAVEL ADVANCES .....	250	250	.....
2598. Summary of remaining write-ins for Line 25 from overflow page .....	258,442	.....	(258,442)
2599. <b>TOTALS</b> (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	32,717,620	25,851,030	(6,866,590)

# **Notes to Financial Statements**

## **1. Summary of Significant Accounting Policies**

### **A. Accounting Practices**

The financial statements of Central Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department 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 determining solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (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. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

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

### **C. Accounting Policy**

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.

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.

In addition, Central Mutual Insurance Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which Central Mutual Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at market value except qualified sinking fund preferreds which are stated at amortized cost.
- (5) Central Mutual Insurance Company has no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective Adjustment method is used to value these securities.
- (7) Central Mutual Insurance Company owns 100% of the common stock of All America Insurance Company, a property and casualty insurance company. Central Mutual Insurance Company owns 100% of Security Central, a holding company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) Central Mutual Insurance Company has minor ownership interest in a limited liability company. The company carries this interest based upon the underlying audited GAAP equity of the investee.
- (9) Central Mutual Insurance Company owns no derivatives.
- (10) Central Mutual Insurance 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.
- (12) There was no change in the capitalization policy or the resultant predefined thresholds from the prior period.
- (13) Central Mutual Insurance Company has no pharmaceutical rebate receivables.

## **2. Accounting Changes and Correction of Errors**

Changes in accounting principle and/or correction of errors – NONE

## **3. Business Combinations and Goodwill**

Central Mutual Insurance Company has not purchased or merged with another entity during the prior two years. No goodwill is recorded in the company's assets.

## **4. Discontinued Operations**

No operations were discontinued that required reporting.

## **5. Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans - NONE
- B. Debt Restructuring - NONE
- C. Reverse Mortgages - NONE
- D. Loan-Backed Securities - NONE
- E. Repurchase Agreements and/or Securities Lending Transactions - NONE
- F. Real Estate – NO TRANSACTIONS TO REPORT
- G. Investments in low-income housing tax credits (LIHTC) - NONE

# Notes to Financial Statements

## 6. Joint Ventures, Partnerships and Limited Liability Companies

Central Mutual Insurance Company has no investments in Joint Ventures, Partnerships or Limited Liability companies that exceed 10% of admitted assets.

## 7. Investment Income

A. Due and accrued income was excluded from surplus on the following bases:

All income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. No amount was excluded.

## 8. Derivative Instruments

Central Mutual Insurance Company owns no derivative instruments.

## 9. Income Taxes

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

	<u>2011</u>	<u>2010</u>
	<u>CHANGE</u>	<u>CHANGE</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 36,647,625	\$ 3,462,782
Total of all deferred tax liabilities	\$ (2,267,915)	\$ 3,251,588
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 33,549,198	\$ 1,220,263
Increase (decrease) in deferred tax assets nonadmitted	\$ 32,328,935	\$ 10,222,271
(2) Central Mutual has not elected to admit DTAs pursuant to paragraph 10.e. SSAP No. 10R, Income Taxes-A Temporary Replacement of SSAP No. 10. This is consistent with the Company's election in 2010.		
(3) N/A		
(4) N/A		
(5) N/A		
(6) N/A		

B. Deferred tax liabilities not recognized: NONE

C. Current income taxes incurred consist of the following major components:

	<u>2011</u>	<u>2010</u>
	<u>CHANGE</u>	<u>CHANGE</u>
(1) Current tax expense or benefit:	\$ (488,806)	\$ 20,180,464
(2) Change in DTA's or DTL's	\$ 39,924,609	\$ 139,819
(3) Investment tax credit	\$	\$
(4) Benefits of operating loss carry forwards	\$	\$
(5) Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity	\$	\$
0199. Current income taxes incurred	\$ 177,890	\$ 17,238,555

The main components of the 2011 deferred tax amounts are as follows:

<u>DTA's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Reserves	\$ 659,273,445	\$ 571,391,727	\$ 87,881,718	\$ 30,758,601
Accrued deferred compensation	\$ 6,131,213	\$ 0	\$ 6,131,213	\$ 2,145,925
0299. Total DTA's	\$ 695,436,979	\$ 456,115,398	\$ 239,321,581	\$ 83,762,553
0399. DTA's nonadmitted	\$ 0	\$ 0	\$ 113,213,982	\$ 39,624,894

<u>DTL's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Bonds	\$ 223,536	\$ 0	\$ 223,536	\$ 78,238
0499. Total DTL's	\$ 179,915,098	\$ 137,564,330	\$ 42,350,769	\$ 14,822,769

The changes in main components of DTA's and DTL's are as follows:

	<u>2011</u>	<u>2010</u>
	<u>CHANGE</u>	<u>CHANGE</u>
DTA's resulting from book/tax differences in:		
Reserves	\$ (2,854,093)	\$ 78,298
Accrued deferred compensation	\$ (9,893)	\$ 20,756
0599. Total DTA's	\$ 36,647,625	\$ 3,462,782
0699. DTA's nonadmitted	\$ 33,549,198	\$ 1,220,263

	<u>2011</u>	<u>2010</u>
	<u>CHANGE</u>	<u>CHANGE</u>
DTL's resulting from book/tax differences in:		
Bonds	\$ (9,399)	\$ (13,231)
0799. Total DTL's	\$ (2,267,915)	\$ 3,251,588

## Notes to Financial Statements

D. Among the more significant book to tax adjustments were the following:

	<u>Amount</u>	<u>Tax Effect</u>
Income before taxes	\$ (2,972,497)	\$ (1,040,374)
Book over tax reserves	\$ (4,400,602)	\$ (1,540,211)
Depreciation	\$ (319,548)	\$ (111,842)
Accrued market discount	\$ 83,480	\$ 29,218
Tax exempt interest	\$ 21,760,935	\$ 7,616,327
Dividend received deduction	\$ 3,371,814	\$ 1,180,135
Accrued dividends	\$ 0	\$ 0
Accrued deferred compensation	\$ 1,522,060	\$ 532,721
0399. Total adjustments	\$ (34,938,900)	\$ (12,228,615)
0499. Taxable income	\$ (37,911,397)	\$ (13,268,989)

E. (1) At December 31, 2011, Central Mutual Insurance Company had \$104,012,090 in operating loss carry forwards.  
 (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2011	\$ -0-
2010	\$ -0-
2009	\$ -0-
2008	\$ -0-

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code - NONE

F. (1) Central Mutual Insurance Company's Federal Income Tax return is consolidated with the following entities:

All America Insurance Company  
 Cafco, Inc.  
 Central Insurex Agency  
 CMI Lloyds  
 Security Central Corp

(2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. It is agreed among the companies that the tax liability of the subsidiaries shall be determined as if each was filing an individual tax return and the amount of tax so determined, if any, shall be paid to Central Mutual Insurance Company, which, in turn, shall be responsible for payment of the total tax liability calculated in the consolidated return. It is further agreed between the companies that any available tax exemption credits will be allocated first to CMI Lloyds, and any remaining balance to Central Mutual. In the event the subsidiary produces a tax loss, which is utilized by Central Mutual in the consolidated return to reduce its tax liability, Central Mutual shall pay to the subsidiary the tax cash benefit so utilized in the consolidated tax return.

### **10. Information Concerning Parent, Subsidiaries and Affiliates**

A., B, & C. In October, 2011, Central Mutual Insurance Company made an \$8,000,000 capital "cash" contribution to its wholly owned subsidiary, All America Insurance Company. Pursuant to Section 3925.08(D)(2) of the Ohio Revised Code, this particular transaction was approved by the Ohio Department of Insurance on November 3, 2011. There were no other transactions with affiliated companies other than reinsurance transactions and cost allocation transactions that are based on generally accepted accounting principles.

D. At December 31, 2011, Central Mutual Insurance Company reported \$225,022 as amounts receivable from its subsidiary All America Insurance Company and \$864 payable to its affiliate CMI Lloyds. The terms of the settlement require that these amounts be settled within 30 days.

E. No guarantees or undertakings have been taken for the benefit of an affiliate or related party that result in a material contingent exposure for Central Mutual Insurance Company.

F. Central Mutual Insurance Company has a service agreement to provide employees and facilities to its subsidiary All America Insurance Company. Underwriting and claims expenses are shared in accordance with the pooling arrangement discussed below. Investment expenses are allocated based on number of securities held in each company. Central Mutual Insurance company has a service agreement to provide employees and facilities to its affiliate CMI Lloyds. The contract provides for remuneration based upon 10% of premiums written for underwriting and investment services and 5% of premiums earned for claims services.

G. Central Mutual Insurance Company owns 100% of the shares of All America Insurance Company which is domiciled in the State of Ohio. All America Insurance Company controls CMI Lloyds which is domiciled in Texas through a trust agreement with twelve underwriters.

H. Central Mutual Insurance Company owns no shares of an upstream company.

I. Central Mutual Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.

J. Central Mutual Insurance Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.

K. Central Mutual Insurance Company has no investment in foreign insurance subsidiaries.

L. Central Mutual Insurance Company does not utilize the look-through approach for the valuation of downstream non-insurance entities. Such entities are non-admitted assets.

### **11. Debt**

Central Mutual Insurance Company has no debt obligations.

# Notes to Financial Statements

## 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

### A. Defined Benefit Plan

Qualified Pension Plan - Central Mutual Insurance Company sponsors a non-contributory defined benefit pension plan covering substantially all of its employees. A pension cost of \$4,134,329 was recognized in 2011.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2011 and 2010 and were estimated by measuring employee data as of October 1.

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ 93,980,265	\$ 83,554,873	\$ 27,751,574	\$ 25,255,120
b. Service cost	3,430,401	2,932,298	1,297,351	1,351,890
c. Interest cost	5,077,968	4,922,520	1,488,578	1,475,005
d. Contribution by plan participants	0	0		
e. Actuarial gain (loss)	(6,528,902)	(5,617,483)	3,005,890	(549,095)
f. Foreign currency exchange rate changes	0	0		
g. Benefits paid	3,261,624	3,046,909	1,006,808	879,536
h. Plan amendments	0	0	(353,578)	
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0		
j. Benefit obligation at end of year	\$ 105,755,912	\$ 93,980,265	\$ 26,171,227	\$ 27,751,574
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$ 72,711,012	\$ 60,841,739	0	0
b. Actual return on plan assets	2,844,155	7,916,182	0	0
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contributions	3,900,000	7,000,000	0	0
e. Plan participants' contributions	0	0	0	0
f. Benefits paid	3,261,624	3,046,909	0	0
g. Business combinations, divestitures and settlements	0	0	0	0
h. Fair value of plan assets at end of year	\$ 76,193,543	\$ 72,711,012	0	-30
(3) Funded status				
a. Unamortized prior service cost	88,536	118,048	642,738	337,354
b. Unrecognized net gain or (loss)	40,304,688	32,216,389	(1,096,195)	(4,196,866)
c. Remaining net obligation or asset at initial date of application	0	0	0	0
Fourth quarter contribution	10,100,000	3,900,000	0	0
d. Prepaid assets or accrued liabilities	20,930,855	14,965,184	(25,717,770)	(23,892,062)
e. Intangible asset	0	0	0	0
(4) Accumulated Benefit Obligation – fully and partially vested employees	86,207,969	76,528,653	0	0
(5) a. Projected Benefit Obligation for non-vested employees	\$ 587,537	\$ 373,388	\$ 24,931,222	\$ 20,828,916
b. Accumulated Benefit Obligation for non-vested employees	295,704	185,122		0
(6) Components of net periodic benefit cost				
a. Service cost	3,430,401	2,932,298	\$ 1,297,351	\$ 1,351,890
b. Interest cost	5,077,968	4,922,520	1,488,578	1,475,005
c. Expected return on plan assets	6,305,082	5,513,996	0	0
d. Amortization of unrecognized transition obligation or transition asset	0	0	0	0
e. Amount of recognized gains and (losses)	(1,901,530)	(1,876,873)	(94,781)	(80,161)
f. Amount of prior service cost recognized	29,512	29,512	(48,194)	(48,194)
g. Amount of gain or loss recognized due to settlement or curtailment	0	0	0	0
h. Total net periodic benefit cost	4,134,329	4,247,207	\$ 2,832,516	\$ 2,858,862

## Notes to Financial Statements

(7) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The company made a \$10,100,000 cash contribution to the pension plan in December, 2011. As a result, the plan's assets exceeded its accumulated benefit obligation at 12/31/2011. Thus, no additional minimum pension liability adjustment was required.

(8) Weighted-average assumptions as of December 31,

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
(a) Discount rate	5.00%	5.50%	4.50%	5.50%
(b) Rate of compensation increase	5.50%	5.50%	N/A	N/A
(c) Expected long-term rate of return on plan assets	8.50%	8.50%	N/A	N/A

(9) The measurement date used to determine other postretirement benefit measurements for postretirement benefit plans that make up at least the majority of the plan assets and benefit obligations was September 30, 2011.

(10) For measurement purposes, an 8.5 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2011. The rate was assumed to decrease gradually to 6 percent for 2014 and remain at that level thereafter.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
(a) Effect on total of service and interest rate components	\$ 595,059	\$ (483,473)
(b) Effect on postretirement benefit obligation	\$ 3,190,227	\$ (2,687,814)

(12) The Investment policy of the Plan indicates that the asset structure needs to reflect a proper balance of the Plan's needs for liquidity, stability of value, and diversification along with risk tolerance of Central Mutual Ins Co. The asset mix that identifies the company's long-term investment objectives for the Plan lies in five major investment categories each with a permissible range. Those categories are Large Cap Equities (25-50%), Small/Mid Cap Equities (5-15%), International Equities (0-15%), Intermediate-Term Fixed Income (15-40%), and Long-Term Fixed Income (10-30%). The 12/31/2011 actual asset value mix was 38.32% in Large Cap Equities, 10.21% in Small/Mid Cap Equities, 7.57% in International Equities, 26.53% in Intermediate-Term Fixed Income, and 17.37% in Long-Term Fixed Income.

The company analyzes 20 years of return data for 20 asset categories on an annual basis in order to set its basis for expected long-term rate-of-return on its assets.

The company also runs a monthly asset allocation model taking into consideration the desired asset mix, risk of asset categories, and the maturity needs of the plan's liabilities. This model is used to determine what asset allocation changes need to be made in order to meet the asset mix requirements in the investment policy.

(13) The benefits expected to be paid in each of the next five fiscal years is as follows:

10/1/2011 – 9/30/2012	\$3,516,155
10/1/2012 – 9/30/2013	\$3,850,806
10/1/2013 – 9/30/2014	\$4,106,730
10/1/2014 – 9/30/2015	\$4,339,023
10/1/2015 – 9/30/2016	\$4,647,969

The aggregate for five fiscal years thereafter are estimated to be: \$29,033,969.

(14) The company's best estimate of contributions expected to be paid during the next fiscal year would be \$0.

(15) There are no securities of the employer or related parties included in plan assets. There are no future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties. There were no significant transactions between the employer or related parties and the plan during the period.

(16) There were no alternative methods used to amortize prior service amounts or unrecognized net gains and losses.

(17) There were no substantive commitments used as the basis for accounting for the benefit obligation.

(18) There were no costs of providing special or contractual termination benefits during the period.

(19) There were no significant changes in the benefit obligation or plan assets that are not otherwise apparent in the previous disclosures.

Non-Qualified Pension Plan - Central Mutual Insurance Company also has a non-qualified pension plan to pay benefits to certain employees whose pension benefits under the qualified plan are limited by Sections 415 and 401(a)(17) of the Internal Revenue Code. The non-qualified plan is unfunded and will pay the difference of (1) the benefit determined by the qualified plan formula with no IRC limits applied less (2) the benefit determined by the qualified plan formula after the IRC limits are applied. Central Mutual's share of this liability as of December 31, 2011 is \$4,577,483.

## Notes to Financial Statements

### B. Defined Contribution Plan

(1) Qualified Defined-Contribution Plan - Central Mutual Insurance Company has a qualified Savings and Profit Sharing Plan (SPP) for which substantially all employees are eligible. Up to 5% of each employee's savings is matched at 20% by contributions by the company each year. Additionally, 5% of the combined insurance companies' net income before federal income taxes is contributed to the plan each year. Central Mutual Insurance Company's contribution for the plan was \$0.286 million for 2011 and \$0.27 million for 2010, respectively. At December 31, 2011, the fair value of plan assets was \$ 84.8 million.

(2) Non-Qualified Defined-Contribution Plan - Central Mutual Insurance Company also has a non-qualified Savings and Profit Participation Equalization Plan (Plan), which coordinates with the benefits available under the Central Employees' Savings and Profit Participation Plan (SPP), to provide a supplemental savings program for key executive employees who are limited by Sections 401(a)(17), 415, and 402(g) of the Internal Revenue Code. The non-qualified Plan is unfunded and a participant is eligible to defer compensation under the non-qualified Plan only if he has made the maximum elective contributions which are permitted under the qualified SPP Plan. Central Mutual's share of this liability as of December 31, 2011 is \$1,553,730.

### C. Multiemployer Plans - NONE

### D. Consolidated / Holding Company Plans - NONE

### E. Post-employment Benefits and Compensated Absences – The company has determined that any post-employment benefits and/or compensated absences that it offers are not material and the company has not accrued for these types of obligations.

### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Central Mutual Insurance Company recognized the impact of Medicare Part D in 2006. It is expected that all retirees will elect to continue coverage with Central Mutual. In 2011, the expected subsidy to Central Mutual for Medicare Part D reduced the statutory reserve by \$5,162,949. Additionally, the company would like to disclose the following:

	Including Subsidy	Excluding Subsidy	Total Change	Change due to Retirees
Service Cost	2,249,162	2,670,291	421,129	-
Interest Cost	1,152,482	1,391,244	238,762	148,430
<i>Amortization of:</i>				
Transition	-	-	-	-
Prior Service Cost	(71,766)	(71,766)	-	-
Gain/(Loss)	-	216,953	214,596	134,872
Net Cost	3,329,878	4,206,722	874,487	283,302
Expected Cash Cost	1,121,011	1,299,689	178,678	
APBO	26,171,227	31,477,029	5,305,802	

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) Central Mutual Insurance Company is a mutual company with no capital stock outstanding.
- (2) Central Mutual Insurance Company has no preferred stock outstanding.
- (3) Central Mutual Insurance Company has no restrictions on dividends paid to policyholders.
- (4) No ordinary or extraordinary dividends were paid.
- (5) None of the Company's profits will be paid as ordinary dividends. There are no stockholders.
- (6) There are no restrictions placed on Central Mutual Insurance Company's surplus.
- (7) There are no advances on surplus.
- (8) There is no stock of affiliated companies held for special purposes.
- (9) There are no balances held in special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

(a) Unrealized gains and losses:	\$ 123,577,682
(b) Nonadmitted asset values	\$ 82,748,086
(c) Provision for reinsurance	\$ 94,539

(11) No surplus debentures or similar obligations exist.

(12) & (13) No quasi-reorganization has taken place.

## Notes to Financial Statements

### 14. Contingencies

- A. Contingent Commitments/Guarantees - Central Mutual Insurance Company has guaranteed six (6) loans made by Citizens National Bank of Bluffton to independent insurance agents representing the company until 12/2016, in the aggregate amount not to exceed (undiscounted) total of \$2,204,000 in the event of a loan default by the independent agents. These loans arose out of merger/acquisition and/or perpetuation activities by the agents. Central Mutual is supporting the agents by guaranteeing the loans. Central Mutual will execute a commercial guaranty in favor of Citizens National Bank of Bluffton for repayment of any unpaid portion of the agent's note if the agent should fail to make repayment. In consideration of Central Mutual's guarantee, the agent grants a lien to Central Mutual against all assets, all present and future accounts receivable, and all policy expiration records of the agent evidenced by a security agreement with the Company. Should Central Mutual make payment to the bank pursuant to the commercial guaranty, the agent will immediately indemnify and hold harmless Central Mutual for any payments and expenses incurred. The ultimate financial statement impact if action under the guarantee is required would be \$2,204,000 and would be recorded as underwriting expense. The agents are current in all payments of principal and interest to the bank. Central Mutual has not recorded liability related to this commercial guarantee since inception and for the year ended December 31, 2011. The loans outstanding total \$2,204,000 as of December 31, 2011.
- B. Assessments - It is expected that various insolvencies will result in guaranty fund assessments against the company of (\$127,356) and have been charged to operations in 2011. A net reduction in premium tax credit of \$58,008 was incurred in 2011 to offset premium taxes in multiple states over the next ten years. Various other smaller insolvency assessments are accrued for by the company.
- C. Gain Contingencies - NONE
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$0.00

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

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

Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [  ] (g) Per Claimant [  ]

- E. Product Warranties – THE COMPANY DOES NOT OFFER ANY PRODUCT WARRANTIES
- F. All Other Contingencies - NONE

### 15. Leases

- A. Lessee Operating Lease

- (1) a. Central Mutual Insurance Company leases office space under various noncancelable operating lease agreements that expire through December, 2012. Rental expense for 2011, and 2010 was approximately \$ 793,531, and \$ 781,481, respectively.
- b. Central Mutual Insurance Company leases computer hardware and software under various noncancelable operating lease agreements that expire through December, 2012. Rental expense for 2011, and 2010 was approximately \$581,280 and \$354,480, respectively.
- c. Central Mutual Insurance Company leases automobiles under various noncancelable operating lease agreements that expire through December, 2012. Rental expense for 2011 and 2010 was approximately \$388,301 and \$464,053, respectively.

- (2) a. At January 1, 2012, the minimum aggregate rental commitments are as follows:

(Dollars in thousands)	
Year ending December 31	Operating Leases
1. 2012	\$ 582
2. 2013	\$ 579
3. 2014	\$ 591
4. 2015	\$ 595

b. None of the property included above is subleased.

- (3) Central Mutual Insurance Company is not involved in any material sales - leaseback transactions.

- B. (1) Lessor Leases - NONE
- (2) Leveraged Leases - NONE

### 16. Information About Financial Instruments with Concentration of Credit Risk

NONE

# Notes to Financial Statements

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales - NONE
- B. Transfer of Servicing of Financial Assets - NONE
- C. Wash Sales - NONE

## 18. Gain or Loss from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans

The gain from operations from uninsured accident and health plans and the uninsured portion of partially insured plans was as follows during 2011:

### UNINSURED PORTION OF PARTIALLY INSURED PLAN

Net reimbursement for administrative expenses over (under) actual expenses	\$ 0
Other income	<u><math>(\\$3,383,306)</math></u>
Net gain (loss) from operations:	<u><math>(\\$3,383,306)</math></u>

## 19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

Central Mutual Insurance Company does not write business through managing general agents or third party administrators.

## 20. Fair Value Measurements

- A. (1) Assets Measured at Fair Value on a Recurring Basis

	<u>DESCRIPTION</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
a. Assets at fair value					
Preferred Stock	16,010,250	12,174,384		-	28,184,634
Common Stock	120,205,126		-	110,217,221	230,422,347
Derivative assets	-	-	-	-	-
Separate account assets	-	-	-	-	-
Total assets at fair value	136,215,376	12,174,384	110,217,221	258,606,981	
b. Liabilities at fair value					
Derivative liabilities	305,693		-	-	305,693
Total liabilities at fair value	305,693		-	-	305,693

- (2) Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

	<u>Balance at 01/01/2011</u>	<u>Realized gains or (losses)</u>	<u>Unrealized gains or (losses)</u>	<u>Purchases, issuances and settlements</u>	<u>Transfers in (out) of Level 3</u>	<u>Balance at 12/31/2011</u>	<u>Total gains and (losses) included in income attributable to instruments held at the reporting date</u>
Equity Securities	100,707,369	-	1,509,852	8,000,000	-	110,217,221	
Separate Account Assets	-	-	-	-	-	-	
Derivative Assets	-	-	-	-	-	-	
Derivative Liabilities	-	-	-	-	-	-	
Total	100,707,369	-	1,509,852	-	-	110,217,221	

- B. (1) Assets Measured at Fair Value on a Nonrecurring Basis - NONE

## 21. Other Items

- A. Extraordinary Items - NONE
- B. Troubled Debt Restructuring: NONE
- C. Other Disclosures

1. Assets in the amount of \$5,474,616 and \$5,394,420 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law. No assets were maintained as compensating balances or pledged as collateral for bank loans or other financing agreements.

D. At December 31, 2011 and 2010, the company had admitted assets of \$123,140,812 and \$132,846,446, respectively, in accounts receivable amounts due from agents and insureds. Central Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on Central Mutual's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to Central Mutual's financial condition.

E. Business Interruption Insurance Recoveries – NONE

F. State Transferable Tax Credits – NONE

# **Notes to Financial Statements**

## G. Subprime Mortgage Related Risk Exposure

### 1. Exposures to subprime mortgage related risk in practice

- a. Direct investments in subprime mortgage loans: NONE
- b. Direct investments in securities with underlying subprime exposure, such as residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations, structured securities (including principal protected notes), hedge funds, credit default swaps, and special investment vehicles: NONE
- c. Equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure: NONE
- d. Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage: NONE

## 22. Events Subsequent

No subsequent events took place that are of a nature to require disclosure.

## 23. Reinsurance

### A. Unsecured Reinsurance Recoverables

Central Mutual Insurance Company has the following unsecured reinsurance recoverables in excess of 3% of Policyholders' Surplus.

	<u>NAIC #</u>	<u>Fed ID #</u>	<u>Amount</u>
All America Insurance Co.	20222	34-0935740	\$ 102,256,000
Partner Re	38636	13-3031176	\$ 13,835,000

### B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on losses from any company in dispute do not exceed 5% of Central Mutual's Policyholders' Surplus.

### C. Reinsurance Assumed and Ceded

- (1) Maximum amount of return commission which would have been due reinsurers if they or Central Mutual had cancelled all of the company's reinsurance or if Central Mutual or a receiver had cancelled all of the company's insurance assumed as of the end of the period covered by this Annual Statement with the return of the unearned premium reserve.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
a. Affiliates	\$ 16,749,508	2,666,793	\$ 39,508,224	\$ 6,925,205	\$ (22,758,716)	\$ (4,258,412)
b. All Other	1,115,368	138,082	5,684,844	1,771,339	(4,569,476)	(1,633,256)
c. Total	\$ 17,864,876	\$ 2,804,876	\$ 45,193,068	\$ 8,696,544	\$ (27,328,192)	\$ (5,891,668)
d. Direct Unearned Premium Reserve:			\$234,746,421			

- (2) 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:

	<u>REINSURANCE</u>					
	<u>Direct</u>		<u>Assumed</u>		<u>Ceded</u>	
	Premium	Commission	Premium	Commission	Premium	Commission
a. Contingent Commissions	\$ 3,280,516	\$ 207,829	\$ (4,325,300)	\$ 7,813,645		
b. Sliding Scale Adjustments	0	0	0	0		
c. Other Profit Commission Arrangements	0	0	0	0		
d. TOTAL	\$ 3,280,516	\$ 207,829	\$ (4,325,300)	\$ 7,813,645		

### D. Uncollectible Reinsurance - NONE

- E. Commutation of Ceded Reinsurance - Central Mutual Insurance Company has not commuted any ceded reinsurance during the year.
- F. Retroactive Reinsurance - No retroactive reinsurance contracts exist.
- G. Reinsurance Accounted for as a Deposit - NONE
- H. Transfer of Property and Casualty Run-off Agreements - NONE

## 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Central Mutual Insurance Company does not issue policies that are retrospectively rated or subject to redetermination.

## **Notes to Financial Statements**

### **25. Change to Incurred Losses and Loss Adjustment Expenses**

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$66.0 million from \$502.4 million in 2010 to \$436.4 million (\$306.7 million in total net losses and expenses unpaid and \$129.7 in total net losses and expenses paid) in 2011. To provide further detail, losses & defense and medical cost containment expenses decreased by \$47.1 million from \$461.4 million in 2010 to \$414.3 million (\$294.5 million in total net losses and defense & medical cost containment expenses unpaid and \$119.8 million in total net losses & defense and medical cost containment expenses paid) in 2011. Adjusting and other expenses decreased by \$18.8 million from \$40.8 million in 2010 to \$22.0 million (\$12.1 million in total net adjusting and other expenses unpaid and \$9.9 million in total net adjusting and other expenses paid) in 2011. Included in this change, Central Mutual Insurance Company experienced \$0.0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. Thus, there was no impact to surplus as a result.

### **26. Intercompany Pooling Arrangements**

An intercompany pooling agreement exists between the following companies to share in premiums, losses, expenses and accounts receivable balances according to the percentages shown:

Lead Company:	Central Mutual Insurance Company	20230	84%
Affiliate:	All America Insurance Company	20222	16%

All lines of business are pooled. Each company can make facultative cessions to non-affiliated reinsurers prior to pooling. All treaty cessions are processed through the lead company after cessions are made from the affiliate. Both companies though, have contract rights under all non-affiliated treaty reinsurance contracts.

### **27. Structured Settlements**

Central Mutual Insurance Company has purchased several annuities on which claimants are payees in settlement of claims under the company's policies. The company has obtained releases from the respective claimants acknowledging that receipt of the structured settlement under each annuity is full payment of the claim. Central Mutual has no contingent liability for these annuities since ownership has been transferred to another insurance company.

### **28. Health Care Receivables - NONE**

### **29. Participating Policies - NONE**

### **30. Premium Deficiency Reserves -**

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes

### **31. High Deductibles**

Central Mutual Insurance Company does not issue policies subject to high deductibles on claims.

### **32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Central Mutual Insurance Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

### **33. Asbestos / Environmental Reserves**

A. & D. Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to asbestos losses?

Yes(X) No( )

Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to environmental losses?

Yes(X) No( )

Central Mutual's exposure arises primarily from the sale of general liability insurance, including the general liability portion of commercial package policies. However, exposure also exists for these lines of insurance: workers' compensation, homeowners, and commercial property.

Central Mutual tries to estimate the full impact of the environmental and asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported loss reserves and allocated loss adjustment reserves based on previous experience.

The previous experience is combined with the other Company experience and analyzed in a combined manner as part of the regular loss reserve analysis.

Central Mutual's systems do not separate environmental and asbestos-related claims. Therefore, only combined environmental and asbestos-related loss data is available for presentation. Environmental claims represent the majority of the exposure included in the following numbers.

## **Notes to Financial Statements**

Central Mutual's environmental and asbestos-related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

(1) Gross of Reinsurance Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves:	\$ 17,796,867	\$ 18,410,312	\$ 19,455,755	\$ 14,687,231	\$ 12,474,520
b. Incurred losses and loss adjustment expense:	2,294,242	2,554,342	-3,390,931	-658,237	1,932,901
c. Calendar year payments for losses and loss adjustment expenses:	1,680,797	1,508,899	1,377,611	1,554,456	348,069
d. Ending reserves:	\$ 18,410,312	19,455,755	14,687,213	12,474,520	14,059,352

(2) Net of Reinsurance Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves:	\$ 16,659,594	\$ 17,376,896	\$ 18,874,912	\$ 14,055,543	\$ 11,721,723
b. Incurred losses and loss adjustment expense:	2,494,022	2,910,084	-3,443,908	-905,717	1,741,277
c. Calendar year payments for losses and loss adjustment expenses:	1,776,720	1,412,068	1,375,551	1,428,013	374,737
d. Ending reserves:	\$ 17,376,896	\$ 18,874,912	\$ 14,055,453	\$ 11,721,723	\$ 13,088,263

B. & E. The amount of ending reserves for Bulk + IBNR included in A & D (Loss & LAE) is:

1. Gross of Reinsurance Basis:	\$ 5,471,381
2. Net of Reinsurance Basis	\$ 4,850,703

C. & F. The amount of ending reserves for loss adjustment expenses included in A & D ( Case, Bulk + IBNR):

1. Gross of Reinsurance Basis:	\$ 2,839,282
2. Net of Reinsurance Basis	\$ 2,489,186

**34. Subscriber Savings Accounts - NONE**

**35. Multiple Peril Crop Insurance – NONE**

**36. Financial Guaranty Insurance – Central Mutual does not write Financial Guaranty insurance.**

## 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. 12/31/2008

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. 12/31/2008

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). 12/18/2009

3.4 By what department or departments? Ohio Department of Insurance

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

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

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: Yes[ ] No[X]

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

4.22 renewals? Yes[ ] No[X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes, 0.000%

7.21 State the percentage of foreign control .....

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

1 Nationality	2 Type of Entity
.....	.....

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

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. Yes[ ] No[X]

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 location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator. .....

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? .....

PLANTE & MORAN, PLLC      2601 CAMBRIDGE COURT, SUITE 500      AUBURN HILLS, MI 48326-2572

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

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

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

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

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: .....

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? .....

JEFFREY L. HANSON, FCAS, MAAA, CHIEF FINANCIAL OFFICER      Central Mutual Insurance Company      Van Wert, OH 45891

**GENERAL INTERROGATORIES (Continued)**

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

12.11 Name of real estate holding company  
WASHINGTON REIT, FIRST AMERICAN REAL ESTATE A

12.12 Number of parcels involved  
12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation  
REITS ARE HELD AS INCOME PRODUCING BOND INVESTMENTS OR IN MUTUAL FUNDS FOR APPRECIATION & DIVERSIFICATION

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  Yes[X]  No[ ]

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.

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).  Yes[ ]  No[X]

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).  Yes[ ]  No[X]

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.  Yes[ ]  No[X]

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....

**BOARD OF DIRECTORS**

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

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

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

**FINANCIAL**

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

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

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

20.2 Total amount of loans outstanding at 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)

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: \$ ..... 0

**INVESTMENT**

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

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

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

24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

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?

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

\$ ..... 0

\$ ..... 0

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

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

**GENERAL INTERROGATORIES (Continued)**

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 [ ] No [X]

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	\$.....	0
25.29 Other	\$.....	0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

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

Yes [X] No [ ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

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

If no, attach a description with this statement.

The Company's hedging program involves selling covered call options on common stocks. All call options written are on underlying common stocks owned by the company, both at inception, and throughout the term of the call option. No call options are written in excess of the number of shares owned of the underlying stock.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [ ] No [X]

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

\$..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F.

Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
MERRILL LYNCH .....	555 METRO PLACE NORTH STE 550DUBLIN, OH 43017 .....
EDWARD JONES & CO .....	201 PROGRESS PKWY, MARYLAND HGTS, MO 63043-3042 .....
WELLS FARGO ADVISORS .....	4660 S HAGADORN RD STE 300, EAST LANSING, MI 48823 .....
JP MORGAN CHASE BANK .....	100 E BROAD ST, COLUMBUS, OH 43271 .....

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....

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 [X] No [ ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 119804102 .....	BUFFALO SMALL CAP .....	3,247,631
.... 128119401 .....	CALAMOS CONVERTIBLE A .....	1,982,504
.... 256206103 .....	DODGE & COX INTL STOCK .....	3,158,443
.... 256219106 .....	DODGE & COX STOCK .....	2,653,312
.... 360802102 .....	FUNDAMENTAL INVESTORS - A .....	4,905,478
.... 411511306 .....	HARBOR INTERNATIONAL INSTL .....	3,879,955
.... 670678705 .....	NUVEEN REAL ESTATE SEC A .....	4,142,020

## GENERAL INTERROGATORIES (Continued)

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
683974109	OPPENHEIMER DEVELOPING MKTS A	1,309,266
693390445	PIMCO TOTAL RETURN A	3,808,931
74160Q103	PRIMECAP ODYSSEY GROWTH	1,059,574
921936209	VANGUARD PRIMECAP ADM	8,900,246
921937843	VANGUARD INTER TERM BOND INDEX SIG	4,005,246
922040100	VANGUARD INSTL INDEX	30,615,880
922908835	VANGUARD MID-CAP INDEX INSTL	8,841,257
29.2999 Total		82,509,743

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
BUFFALO SMALL CAP	LIFE TIME FITNESS	118,279	09/30/2011
CALAMOS CONVERTIBLE A	EMC CORP	79,300	12/31/2011
DODGE & COX INTL STOCK	ROCHE HOLDINGS AG	120,021	12/31/2011
DODGE & COX STOCK	HEWLETT-PACKARD	108,786	12/31/2011
FUNDAMENTAL INVESTORS - A	MERCK	152,070	12/31/2011
HARBOR INTERNATIONAL INSTL	BRITISH AMERICAN TOBACCO	124,159	12/31/2011
NUVEEN REAL ESTATE SEC A	SIMON PROPERTY GROUP	472,190	12/31/2011
OPPENHEIMER DEVELOPING MKTS A	INFOSYS TECHNOLOGIES LTD	52,371	12/31/2011
PIMCO TOTAL RETURN A	FNMA 4.50% 10/2011	343,870	09/30/2011
PRIMECAP ODYSSEY GROWTH	AMGEN	95,680	12/31/2011
VANGUARD PRIMECAP ADM	AMGEN	471,713	12/31/2011
VANGUARD INTER TERM BOND INDEX SIG	US TREASURY NOTE 3.625% 02/2020	142,186	12/31/2011
VANGUARD INSTL INDEX	EXXONMOBIL	1,071,556	12/31/2011
VANGUARD MID-CAP INDEX INSTL	HUMANA	61,889	12/31/2011

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	670,586,900	719,095,992	48,509,092
30.2 Preferred stocks	26,183,107	28,184,634	2,001,527
30.3 Totals	696,770,007	747,280,626	50,510,619

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

ALL BONDS ARE PRICED INDEPENDENTLY THROUGH INTERACTIVE DATA CORP

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 [ ] N/A [X]

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:

EITHER NAIC OR INTERACTIVE DATA CORP PRICES WERE USED

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

Yes [X] No [ ]

32.2 If no, list exceptions:

### OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ ..... 1,742,020

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE (ISO)	1,473,025

34.1 Amount of payments for legal expenses, if any?

\$ ..... 110,466

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

1 Name	2 Amount Paid

**GENERAL INTERROGATORIES (Continued)**

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 86,454  
35.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA .....	71,936

# GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[ ] No[X]
1.2 If yes, indicate premium earned on U.S. business only.	\$..... 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$..... 0
1.31 Reason for excluding:	
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$..... 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$..... 0
1.6 Individual policies	
Most current three years:	
1.61 Total premium earned	\$..... 0
1.62 Total incurred claims	\$..... 0
1.63 Number of covered lives	..... 0
All years prior to most current three years:	
1.64 Total premium earned	\$..... 0
1.65 Total incurred claims	\$..... 0
1.66 Number of covered lives	..... 0
1.7 Group policies	
Most current three years:	
1.71 Total premium earned	\$..... 0
1.72 Total incurred claims	\$..... 0
1.73 Number of covered lives	..... 0
All years prior to most current three years:	
1.74 Total premium earned	\$..... 0
1.75 Total incurred claims	\$..... 0
1.76 Number of covered lives	..... 0

### 2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	.....
2.2 Premium Denominator .....	393,370,372	433,228,565
2.3 Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4 Reserve Numerator .....	.....	.....
2.5 Reserve Denominator .....	659,273,443	728,004,381
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	.....

3.1 Does the reporting entity issue both participating and non-participating policies?	Yes[ ] No[X]
3.2 If yes, state the amount of calendar year premiums written on:	
3.21 Participating policies	\$..... 0
3.22 Non-participating policies	\$..... 0
4. For Mutual Reporting Entities and Reciprocal Exchange only:	
4.1 Does the reporting entity issue assessable policies?	Yes[ ] No[X] N/A[ ]
4.2 Does the reporting entity issue non-assessable policies?	Yes[X] No[ ] N/A[ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	0%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$..... 0
5. For Reciprocal Exchanges Only:	
5.1 Does the exchange appoint local agents?	Yes[ ] No[ ] N/A[X]
5.2 If yes, is the commission paid:	
5.21 Out of Attorney's-in-fact compensation	Yes[ ] No[ ] N/A[X]
5.22 As a direct expense of the exchange	Yes[ ] No[ ] N/A[X]
5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?	
5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?	Yes[ ] No[ ] N/A[X]
5.5 If yes, give full information:	
6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:	
THE COMPANY HAS A CASUALTY EXCESS REINSURANCE PROGRAM	
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 CATALYST CATASTROPHE RISK ANALYSIS AND IRAS HURRICANE MODELS ARE RUN ANNUALLY	
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 HAS PURCHASED CATASTROPHE REINSURANCE COVERAGE	
6.4 Does the reporting entity carry catastrophic 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 arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss	
7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes[ ] No[X] 0
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[ ] N/A[X]
8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes[ ] No[X]
8.2 If yes, give full information.	
9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:	
(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;	

## GENERAL INTERROGATORIES (Continued)

(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.

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

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 principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principals ("SAP") and as a deposit under generally accepted accounting principals ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

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.

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force?

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses \$ ..... 0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 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?

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

12.41 From 0.000%

12.42 To 0.000%

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?

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

12.61 Letters of Credit \$ ..... 0

12.62 Collateral and other funds \$ ..... 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 5,250,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

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. ..... 10

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants

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

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

14.5 If the answer to 14.4 is no, please explain

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

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes[ ] No[X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

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

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

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ ..... 0

17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0

**GENERAL INTERROGATORIES (Continued)**

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$.....	0
17.14 Case reserves portion of Interrogatory 17.11	\$.....	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$.....	0
17.16 Unearned premium portion of Interrogatory 17.11	\$.....	0
17.17 Contingent commission portion of Interrogatory 17.11	\$.....	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$.....	0
17.19 Unfunded portion of Interrogatory 17.18	\$.....	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$.....	0
17.21 Case reserves portion of Interrogatory 17.18	\$.....	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$.....	0
17.23 Unearned premium portion of Interrogatory 17.18	\$.....	0
17.24 Contingent commission portion of Interrogatory 17.18	\$.....	0

18.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$..... 0
18.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	\$..... 0

## FIVE - YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Gross Premiums Written (Page 8, Part 1B, Columns 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) .....	169,558,702	196,944,548	227,049,900	238,259,338	251,374,061
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	105,440,867	111,980,352	118,198,452	115,270,631	112,392,989
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	223,924,467	246,536,746	250,463,696	239,578,288	230,451,524
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	35,328	22,775	24,307	27,632	46,561
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	498,959,364	555,484,420	595,736,355	593,135,889	594,265,135
<b>Net Premiums Written (Page 8, Part 1B, Column 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) .....	132,839,355	153,453,393	178,359,950	189,183,308	199,382,821
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	84,484,214	89,032,905	95,634,971	93,556,747	92,138,714
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	158,573,473	170,540,120	182,607,067	177,463,292	177,751,043
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	27,042	17,774	19,347	22,481	38,037
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....	375,924,084	413,044,193	456,621,335	460,225,828	469,310,615
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	(38,528,476)	(73,387,987)	(35,153,704)	(53,269,631)	38,633,197
14. Net investment gain or (loss) (Line 11) .....	35,875,586	38,979,379	27,979,764	14,797,953	51,415,779
15. TOTAL other income (Line 15) .....	2,409,726	2,851,435	(8,800,534)	2,210,792	1,532,487
16. Dividends to policyholders (Line 17) .....	1,748,281	2,031,743	3,608,067	3,810,330	3,548,424
17. Federal and foreign income taxes incurred (Line 19) .....	925,276	388,096	(14,318,645)	(18,872,462)	24,505,317
18. Net income (Line 20) .....	(2,916,720)	(33,977,012)	(5,263,896)	(21,198,754)	63,527,722
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3) .....	1,163,050,334	1,240,416,746	1,275,163,039	1,244,621,285	1,239,470,734
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	28,566,347	29,604,890	31,212,691	27,255,859	43,571,605
20.2 Deferred and not yet due (Line 15.2) .....	94,574,465	103,241,556	119,632,656	125,165,923	114,289,752
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	705,226,892	772,737,824	774,555,993	761,534,328	705,877,530
22. Losses (Page 3, Line 1) .....	329,428,541	366,152,586	342,728,735	340,322,216	297,737,828
23. Loss adjustment expenses (Page 3, Line 3) .....	122,426,684	136,231,289	133,464,412	125,286,786	101,611,699
24. Unearned premiums (Page 3, Line 9) .....	207,418,218	225,620,506	246,460,074	243,799,164	241,434,937
25. Capital paid up (Page 3, Lines 30 & 31) .....					
26. Surplus as regards policyholders (Page 3, Line 37) .....	457,823,424	467,678,931	500,607,047	483,086,957	533,593,190
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	(53,810,497)	(9,599,522)	21,858,042	42,233,832	66,364,512
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	457,823,424	467,678,931	500,607,047	483,086,957	533,593,190
29. Authorized control level risk-based capital .....	59,541,864	55,684,607	61,397,045	56,077,154	50,297,657
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
(Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1) .....	68.4	68.5	70.6	71.1	68.8
31. Stocks (Lines 2.1 & 2.2) .....	25.9	24.9	22.8	20.5	24.5
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....	5.2	5.0	5.1	5.5	5.5
34. Cash, cash equivalents and short-term investments (Line 5) .....	0.5	1.6	1.5	2.9	1.2
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....			XXX	XXX	XXX
37. Other invested assets (Line 8) .....	0.1				
38. Receivables 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, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....	109,982,405	100,467,312	105,980,769	103,875,417	101,623,299
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....					
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....					
48. TOTAL of above Lines 42 to 47 .....	109,982,405	100,467,312	105,980,769	103,875,417	101,623,299
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....	24.0	21.5	21.2	21.5	19.0

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains or (Losses) (Line 24) .....	(3,156,319)	(210,250)	19,445,410	(30,032,912)	2,469,724
51. Dividends to stockholders (Line 35) .....	.....	.....	.....	.....	.....
52. Change in surplus as regards policyholders for the year (Line 38) .....	(9,855,690)	(32,928,132)	17,520,037	(50,506,239)	65,389,022
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 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) .....	113,530,694	138,803,605	128,911,573	119,623,658	105,983,890
54. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	69,693,134	67,673,638	74,864,224	75,542,226	50,358,722
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	231,680,309	206,362,334	177,932,369	178,444,419	95,839,420
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	.....	(127)	.....	7,500	51,776
57. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	.....	.....	.....	.....	.....
58. TOTAL (Line 35) .....	414,904,137	412,839,450	381,708,166	373,617,803	252,233,808
<b>Net Losses Paid (Page 9, Part 2, Column 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) .....	93,596,360	106,244,907	104,929,972	95,827,961	87,252,822
60. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	56,179,346	54,887,659	53,979,393	51,958,973	42,130,737
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	175,248,255	150,615,067	128,595,537	107,652,314	77,806,768
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	.....	(107)	.....	6,300	43,492
63. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	.....	.....	.....	.....	.....
64. TOTAL (Line 35) .....	325,023,961	311,747,526	287,504,902	255,445,548	207,233,819
<b>Operating Percentages (Page 4)</b>					
(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) .....	73.3	77.4	64.0	65.2	47.4
67. Loss expenses incurred (Line 3) .....	6.0	9.2	10.7	14.2	11.3
68. Other underwriting expenses incurred (Line 4) .....	30.6	30.6	32.8	32.2	33.0
69. Net underwriting gain (loss) (Line 8) .....	(9.8)	(16.9)	(7.8)	(11.7)	8.3
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	31.3	31.2	34.6	31.5	32.3
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	79.3	86.5	74.8	79.4	58.6
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	82.1	88.3	91.2	95.3	88.0
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(46,981)	5,743	(12,138)	12,727	(18,139)
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, Column 1 x 100.0) .....	(10.0)	1.1	(2.5)	2.4	(3.9)
<b>Two Year Loss Development (000 omitted)</b>					
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, Column 12) .....	(33,549)	(16,255)	2,074	(7,289)	(36,067)
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, Column 2 x 100.0) .....	(6.7)	(3.4)	0.4	(1.6)	(9.4)

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[ ] N/A[X]

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	1,801	714	(2)	(45)	317		173	1,447	XXX	
2. 2002	305,110	22,103	283,007	178,112	12,769	13,889	700	15,183		7,262	193,715	XXX	
3. 2003	373,196	29,388	343,808	195,796	5,161	13,642	219	17,321		8,933	221,379	XXX	
4. 2004	427,593	21,357	406,236	177,960	1,712	12,606		19,698		8,921	208,551	XXX	
5. 2005	457,381	22,571	434,810	226,255	29,250	13,072	13	22,040		11,547	232,104	XXX	
6. 2006	480,739	25,976	454,763	215,616	6,114	13,830	178	24,163		9,426	247,315	XXX	
7. 2007	492,164	28,563	463,601	236,620	23,397	12,330	117	24,100		10,439	249,537	XXX	
8. 2008	492,794	35,906	456,888	348,395	89,269	10,479	154	24,526		10,989	293,977	XXX	
9. 2009	493,692	40,999	452,693	269,338	7,587	5,302	3	22,051		11,465	289,101	XXX	
10. 2010	483,487	50,237	433,249	279,102	23,016	2,480	0	19,892		10,400	278,458	XXX	
11. 2011	439,211	45,840	393,370	234,166	16,131	362	0	14,410		5,350	232,806	XXX	
12. Totals	XXX	XXX	XXX	2,363,161	215,120	97,991	1,340	203,700		94,905	2,448,391	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed				
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR										
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded							
1. Prior	14,128	4,549	12,156	1,536			4,328	374	152				24,307	XXX			
2. 2002	5,129	2,363	1,627	359			733	62	28				4,732	XXX			
3. 2003	7,673	3,280	3,838	534			1,615	175	53				9,190	XXX			
4. 2004	4,087	756	3,870	577			1,824	181	55				8,321	XXX			
5. 2005	6,505		4,881	1,002			2,519	330	122				12,696	XXX			
6. 2006	10,741		9,382	1,903			4,483	517	214				22,401	XXX			
7. 2007	20,445	5,480	12,623	3,520			8,041	937	474				31,645	XXX			
8. 2008	27,530	3,613	23,250	6,472			13,293	2,104	1,019				52,903	XXX			
9. 2009	27,825	1,345	14,723	3,243			15,297	958	3,117				995	XXX			
10. 2010	45,121	3,310	20,772	3,243			19,754	957	6,901				1,991	XXX			
11. 2011	79,255	10,885	36,861	5,024			17,709	1,195	28,485				19,092	145,205			
12. Totals	248,438	35,579	143,982	27,413			89,595	7,788	40,620				22,078	451,855			

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount		
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid	
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX				XXX	20,200	
2. 2002	214,701	16,253	198,447	70.4	73.5	70.1				84.0	4,033	
3. 2003	239,937	9,369	230,569	64.3	31.9	67.1				84.0	7,696	
4. 2004	220,099	3,226	216,873	51.5	15.1	53.4				84.0	6,623	
5. 2005	275,395	30,594	244,800	60.2	135.5	56.3				84.0	10,385	
6. 2006	278,429	8,712	269,717	57.9	33.5	59.3				84.0	18,221	
7. 2007	314,633	33,451	281,182	63.9	117.1	60.7				84.0	24,067	
8. 2008	448,492	101,612	346,880	91.0	283.0	75.9				84.0	40,695	
9. 2009	357,654	13,135	344,518	72.4	32.0	76.1				84.0	37,961	
10. 2010	394,021	30,526	363,495	81.5	60.8	83.9				84.0	59,340	
11. 2011	411,247	33,235	378,012	93.6	72.5	96.1				84.0	100,207	
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX				XXX	329,428	
											122,427	

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.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE **CENTRAL MUTUAL INSURANCE COMPANY**  
**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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year	
1. Prior	124,996	120,561	136,952	137,293	135,387	133,289	137,688	132,272	129,743	129,894	151	(2,378)	
2. 2002	174,382	179,526	186,541	191,984	185,713	181,800	184,133	183,851	184,598	183,236	(1,362)	(615)	
3. 2003	XXX	204,527	215,140	214,770	219,202	212,584	214,707	212,258	214,040	213,194	(846)	936	
4. 2004	XXX	XXX	219,543	217,533	208,552	212,672	202,981	199,372	198,157	197,120	(1,037)	(2,252)	
5. 2005	XXX	XXX	XXX	244,328	233,697	229,488	240,860	230,028	226,871	222,639	(4,232)	(7,389)	
6. 2006	XXX	XXX	XXX	XXX	XXX	248,976	243,558	243,870	261,666	252,896	245,340	(7,557)	(16,326)
7. 2007	XXX	XXX	XXX	XXX	XXX	XXX	265,120	266,997	261,135	273,023	256,608	(16,415)	(4,527)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	319,065	317,580	314,717	321,335	6,618	3,755
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	324,103	333,962	319,350	(14,612)	(4,753)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	344,391	336,702	(7,689)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	335,117	XXX	XXX
12. TOTALS											(46,981)	(33,549)	

**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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011		
1. Prior	000	33,059	64,742	79,626	89,059	94,776	98,509	101,381	104,610	105,739	XXX	XXX
2. 2002	100,007	135,325	147,981	159,976	168,348	170,403	175,272	176,874	178,289	178,532	XXX	XXX
3. 2003	XXX	117,927	152,740	169,130	182,047	190,947	196,872	201,348	203,057	204,058	XXX	XXX
4. 2004	XXX	XXX	106,029	144,727	161,228	173,652	182,272	185,353	188,185	188,854	XXX	XXX
5. 2005	XXX	XXX	XXX	118,963	159,896	179,149	192,878	203,251	207,381	210,064	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	127,902	170,956	193,543	210,616	219,184	223,153	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	131,002	177,536	200,958	216,915	225,437	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	165,966	224,060	251,824	269,451	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	182,099	244,334	267,050	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	197,330	258,566	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	218,397	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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	54,392	33,551	31,916	28,792	21,797	18,270	20,242	14,434	15,441	14,575
2. 2002	33,766	18,283	8,716	11,932	6,468	3,840	2,908	2,618	3,351	1,939
3. 2003	XXX	39,240	22,709	10,697	15,368	8,419	7,240	4,177	5,185	4,744
4. 2004	XXX	XXX	49,464	29,662	16,394	19,296	11,477	7,345	5,023	4,936
5. 2005	XXX	XXX	XXX	60,229	34,226	23,631	27,202	15,931	10,629	6,069
6. 2006	XXX	XXX	XXX	XXX	58,496	36,394	22,050	32,683	19,999	11,446
7. 2007	XXX	XXX	XXX	XXX	XXX	71,373	47,186	26,211	32,115	16,206
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	85,655	50,486	30,114	27,967
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	74,769	50,593	25,820
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	77,110	36,325
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	48,350

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	Active Status	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama (AL) .....	N .....									
2. Alaska (AK) .....	N .....									
3. Arizona (AZ) .....	L .....	17,822,123	18,950,676		18,896,684	12,153,614	12,016,406	149,740		
4. Arkansas (AR) .....	N .....									
5. California (CA) .....	L .....				16,666	184,785	5,587,517			
6. Colorado (CO) .....	L .....	5,682,164	5,356,813		2,452,294	2,505,570	2,490,790	26,577		
7. Connecticut (CT) .....	L .....	22,100,038	22,592,556	120,916	19,543,559	19,286,856	18,039,148	178,110		
8. Delaware (DE) .....	L .....									
9. District of Columbia (DC) .....	N .....									
10. Florida (FL) .....	N .....				(4,099)	(323,808)	427,121			
11. Georgia (GA) .....	L .....	49,823,028	50,659,070	98,937	32,575,619	23,526,305	20,993,230	293,420		
12. Hawaii (HI) .....	N .....									
13. Idaho (ID) .....	N .....									
14. Illinois (IL) .....	L .....	11,480,929	12,099,111		11,437,569	10,897,954	49,294,642	82,951		
15. Indiana (IN) .....	L .....	22,345,556	22,634,366		19,382,964	18,692,202	16,120,278	178,247		
16. Iowa (IA) .....	L .....									
17. Kansas (KS) .....	N .....									
18. Kentucky (KY) .....	L .....	21,526	19,434		5,000	81,602 (21,614)	105,222	206		
19. Louisiana (LA) .....	N .....									
20. Maine (ME) .....	N .....									
21. Maryland (MD) .....	N .....									
22. Massachusetts (MA) .....	L .....	8,091,119	9,289,475	95,911	4,565,607	2,005,524	18,405,802	48,959		
23. Michigan (MI) .....	L .....	6,157,447	5,102,397		3,366,412	4,740,102	3,168,697	46,514		
24. Minnesota (MN) .....	N .....									
25. Mississippi (MS) .....	N .....									
26. Missouri (MO) .....	N .....									
27. Montana (MT) .....	N .....									
28. Nebraska (NE) .....	N .....									
29. Nevada (NV) .....	L .....	81,496	79,873		6,767	19,141	14,351	200		
30. New Hampshire (NH) .....	L .....	7,065,276	7,159,250	93,717	3,305,832	3,268,038	6,338,727	36,585		
31. New Jersey (NJ) .....	L .....	(197,102)	(91,325)	82,010	2,943,866	2,657,076	22,293,079	294		
32. New Mexico (NM) .....	L .....	10,499,749	11,488,411		7,708,612	4,207,578	15,157,252	69,326		
33. New York (NY) .....	L .....	15,835,189	16,241,676		7,864,205	8,698,556	20,550,601	132,103		
34. North Carolina (NC) .....	L .....	59,927,298	60,226,309	153,698	52,079,858	59,952,070	36,110,016	364,981		
35. North Dakota (ND) .....	N .....									
36. Ohio (OH) .....	L .....	66,911,373	68,501,586		55,423,639	51,482,734	46,689,767	506,535		
37. Oklahoma (OK) .....	L .....	13,663,923	16,147,551		18,444,338	5,586,961	9,629,666	74,295		
38. Oregon (OR) .....	N .....							94		
39. Pennsylvania (PA) .....	L .....	22,705	22,859							
40. Rhode Island (RI) .....	N .....									
41. South Carolina (SC) .....	L .....	10,765,059	12,014,583	93,083	12,665,411	13,030,837	12,302,843	56,596		
42. South Dakota (SD) .....	N .....									
43. Tennessee (TN) .....	L .....	17,500,261	17,786,134	46,928	25,167,988	27,407,680	9,956,723	131,255		
44. Texas (TX) .....	L .....	98,104,799	102,059,316		70,733,069	65,459,725	34,208,374	642,104		
45. Utah (UT) .....	N .....									
46. Vermont (VT) .....	N .....									
47. Virginia (VA) .....	L .....	19,795,095	21,217,301	76,425	11,409,654	7,309,149	10,482,458	159,809		
48. Washington (WA) .....	N .....									
49. West Virginia (WV) .....	N .....									
50. Wisconsin (WI) .....	L .....									
51. Wyoming (WY) .....	N .....									
52. American Samoa (AS) .....	N .....									
53. Guam (GU) .....	N .....									
54. Puerto Rico (PR) .....	N .....									
55. U.S. Virgin Islands (VI) .....	N .....									
56. Northern Mariana Islands (MP) .....	N .....									
57. Canada (CN) .....	N .....									
58. Aggregate other alien (OT) .....	XXX .....									
59. TOTALS .....	(a) .....	26	463,499,051	479,557,422	861,625	379,991,514	342,808,637	370,382,710	3,178,901	

**DETAILS OF WRITE-INS**

5801. ....	XXX .....									
5802. ....	XXX .....									
5803. ....	XXX .....									
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX .....									
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX .....									

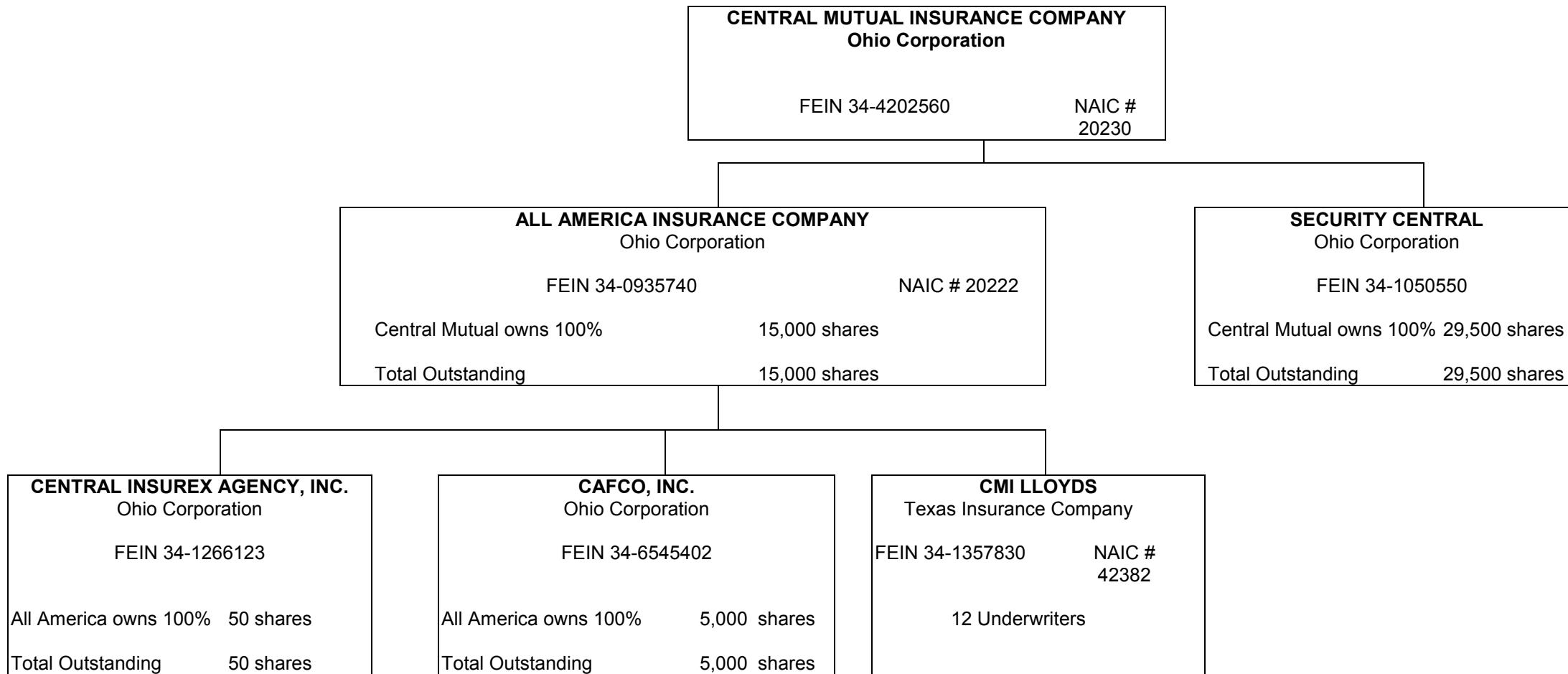
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

Explanation of basis of allocation of premiums by states, etc.: PREMIUMS ARE ALLOCATED ACCORDING TO THE FOLLOWING: WORKERS' COMPENSATION-THE LOCATIONS OF THE INSURED'S OPERATIONS; AUTOMOBILE LIABILITY AND AUTOMOBILE PHYSICAL DAMAGE-THE LOCATION OF THE PRINCIPAL GARAGE; GROUP ACCIDENT AND HEALTH AND OTHER ACCIDENT AND HEALTH-THE ADDRESS OF THE INSURED'S RESIDENCE; FIDELITY-THE LOCATION OF THE EMPLOYER OR INSURED; SURETY-THE PRINCIPAL, THE COURT, THE OBLIGEE, OR WORK. ALL OTHER PREMIUMS-THE LOCATIONS OF THE RISK.

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

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