



ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

Mid-Continent Casualty Company

NAIC Group Code.....84, 84
(Current Period) (Prior Period)

NAIC Company Code..... 23418

Employer's ID Number..... 73-0556513

Organized under the Laws of Ohio

State of Domicile or Port of Entry Ohio

Country of Domicile US

Incorporated/Organized..... February 26, 1947

Commenced Business..... February 26, 1948

Statutory Home Office

301 E. 4th Street..... Cincinnati OH 45202
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office

1437 South Boulder Dr..... Tulsa OK 74119
(Street and Number) (City or Town, State and Zip Code)

918-587-7221
(Area Code) (Telephone Number)

Mail Address

P.O. Box 1409..... Tulsa OK 74101
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records

1437 South Boulder Dr..... Tulsa OK 74119
(Street and Number) (City or Town, State and Zip Code)

918-587-7221
(Area Code) (Telephone Number)

Internet Web Site Address

www.mcg-ins.com

Statutory Statement Contact

Gregory Patrick Jones
(Name)
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(Area Code) (Telephone Number) (Extension)
918-588-1253
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OFFICERS

Name	Title	Name	Title
1. Hubert Michael Coon	President	2. Loretta Fay Jessee	Secretary
3. Gregory Patrick Jones	Treasurer	4.	

OTHER

Todd Anthony Bazata	Vice-President	Richard Leon Simpson	Vice-President
Stephen Kirby Pancoast	Vice-President	Gregory Patrick Jones	Vice-President
Jeral Clinton Hunter	Vice-President	Nora Anne Webb	Vice-President
John Allen Gant	Vice-President	James Steven Davis	Vice-President
David Bernard Dyke	Vice-President	Melanie Kay Pancoast	Vice-President
Robert Bruce Batson	Vice-President		

DIRECTORS OR TRUSTEES

Eve Cutler Rosen	Karen Holley Horrell	Donald Dumford Larson	Gary John Gruber
Keith Alan Jensen	David John Witzgall	Hubert Michael Coon	Ronald James Brichler

State of.....
County of.....

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

(Signature)
Hubert Michael Coon

1. (Printed Name)
President

(Title)

(Signature)
Loretta Fay Jessee

2. (Printed Name)
Secretary

(Title)

(Signature)
Gregory Patrick Jones

3. (Printed Name)
Treasurer

(Title)

Subscribed and sworn to before me

a. Is this an original filing? Yes [X] No []

This 24th day of February 2012

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	406,566,828		406,566,828	490,015,466
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	14,529,610		14,529,610	16,313,663
2.2 Common stocks.....	55,797,428	50,000	55,747,428	52,156,664
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....3,476,089, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....14,712,500, Sch. DA).....	18,188,589		18,188,589	12,177,237
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	17,542
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	495,082,455	50,000	495,032,455	570,680,572
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	4,550,662		4,550,662	5,390,591
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	20,325,494	3,196,736	17,128,758	16,211,753
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	3,058,201		3,058,201	3,157,690
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,400,000		3,400,000	1,000,000
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	2,602,357		2,602,357	252,126
18.2 Net deferred tax asset.....	25,971,742	7,380,070	18,591,672	19,550,609
19. Guaranty funds receivable or on deposit.....	432,844		432,844	261,263
20. Electronic data processing equipment and software.....	2,647,308		2,647,308	2,558,396
21. Furniture and equipment, including health care delivery assets (\$.....0).....	127,540	127,540	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	100,515		100,515	172,687
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	4,431,852	4,394,760	37,092	91,115
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	562,730,970	15,149,106	547,581,864	619,326,802
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	562,730,970	15,149,106	547,581,864	619,326,802

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Automobiles.....	67,479	67,479	0	
2502. Notes Receivable.....	37,092		37,092	91,115
2503. Software in Development.....	4,327,281	4,327,281	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	4,431,852	4,394,760	37,092	91,115

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	212,323,292	223,355,407
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).....	94,152,141	111,496,554
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	5,947,406	6,420,239
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,295,036	2,938,655
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 \$.....8,601,169 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).....	53,474,276	55,771,836
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	2,477,789	1,535,731
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.....	153,581	179,746
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	680,000	200,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	10,719	3,025
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	370,514,240	401,901,193
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	370,514,240	401,901,193
29. Aggregate write-ins for special surplus funds.....	6,454,983	7,213,593
30. Common capital stock.....	3,506,250	3,506,250
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	100,551,226	100,467,987
35. Unassigned funds (surplus).....	66,555,165	106,237,779
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	177,067,624	217,425,609
38. TOTALS (Page 2, Line 28, Col. 3).....	547,581,864	619,326,802

DETAILS OF WRITE-INS

2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0
2901. Additional admitted deferred taxes assets - SSAP 10R.....	6,454,984	7,213,593
2902. Rounding.....	(1)	
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	6,454,983	7,213,593
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

UNDERWRITING INCOME			1	2
			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....		121,988,239	140,402,860
DEDUCTIONS				
2.	Losses incurred (Part 2, Line 35, Column 7).....		30,347,997	5,289,064
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		21,577,923	50,468,119
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		42,468,373	48,152,205
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		94,394,293	103,909,388
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		27,593,946	36,493,472
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		23,123,789	27,386,395
10.	Net realized capital gains (losses) less capital gains tax of \$.....992,123 (Exhibit of Capital Gains (Losses)).....		194,127	3,887,207
11.	Net investment gain (loss) (Lines 9 + 10).....		23,317,916	31,273,602
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....19,098 amount charged off \$.....366,774).....		(347,676)	(243,073)
13.	Finance and service charges not included in premiums.....			
14.	Aggregate write-ins for miscellaneous income.....		(11,423)	72,222
15.	Total other income (Lines 12 through 14).....		(359,099)	(170,851)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		50,552,763	67,596,223
17.	Dividends to policyholders.....		79,776	83,489
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).....		50,472,987	67,512,734
19.	Federal and foreign income taxes incurred.....		11,943,608	17,088,751
20.	Net income (Line 18 minus Line 19) (to Line 22).....		38,529,379	50,423,983
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		217,425,609	232,041,631
22.	Net income (from Line 20).....		38,529,379	50,423,983
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(79,450).....		3,593,520	4,617,035
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		(2,313,443)	(7,300,380)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....		987,932	(1,934,005)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		(480,000)	
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.....		83,239	224,693
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....		(80,000,000)	(60,000,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....			
37.	Aggregate write-ins for gains and losses in surplus.....		(758,611)	(647,348)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....		(40,357,984)	(14,616,022)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		177,067,625	217,425,609

DETAILS OF WRITE-INS		
0501.	.....	.....
0502.	.....	.....
0503.	.....	.....
0598.	Summary of remaining write-ins for Line 5 from overflow page.....	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0
1401.	Miscellaneous Income (Expense).....	(11,424)72,221
1402.	Rounding.....	1
1403.	.....	.....
1498.	Summary of remaining write-ins for Line 14 from overflow page.....	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(11,423)72,222
3701.	Miscellaneous Sources.....	(2)3
3702.	Change in non-admitted assets - additional admitted deferred taxes assets -SSAP No. 10R.....	(758,609)(647,351)
3703.	.....	.....
3798.	Summary of remaining write-ins for Line 37 from overflow page.....	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(758,611)(647,348)

Mid-Continent Casualty Company
CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	120,305,011	134,081,712
2. Net investment income.....	24,893,631	27,943,439
3. Miscellaneous income.....	(359,099)	(170,851)
4. Total (Lines 1 through 3).....	144,839,543	161,854,300
5. Benefit and loss related payments.....	43,780,112	44,926,139
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	83,690,777	90,731,824
8. Dividends paid to policyholders.....	79,776	83,489
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	15,285,962	5,054,795
10. Total (Lines 5 through 9).....	142,836,627	140,796,247
11. Net cash from operations (Line 4 minus Line 10).....	2,002,916	21,058,053
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	135,741,109	113,059,142
12.2 Stocks.....	5,105,067	475,963
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.....	17,542	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	140,863,718	113,535,105
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	52,329,703	81,331,822
13.2 Stocks.....	3,142,107	1,866,763
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		17,542
13.7 Total investments acquired (Lines 13.1 to 13.6).....	55,471,810	83,216,127
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	85,391,908	30,318,978
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....	83,239	224,693
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	80,000,000	60,000,000
16.6 Other cash provided (applied).....	(1,466,711)	(2,544,185)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(81,383,472)	(62,319,492)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	6,011,352	(10,942,461)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	12,177,236	23,119,697
19.2 End of year (Line 18 plus Line 19.1).....	18,188,588	12,177,236
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Exchange of Debt Securities.....	2,498,668	
20.0002 Exchange of Debt to Equity Securities.....	372,107	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	7,050	20,626	8,559	19,117
2.	Allied lines.....	13,401	25,505	11,830	27,076
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....				0
5.	Commercial multiple peril.....	619,213	818,594	217,477	1,220,330
6.	Mortgage guaranty.....				0
8.	Ocean marine.....				0
9.	Inland marine.....	8,789,857	3,277,664	3,532,367	8,535,154
10.	Financial guaranty.....				0
11.1	Medical professional liability - occurrence.....				0
11.2	Medical professional liability - claims-made.....				0
12.	Earthquake.....				0
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....				0
16.	Workers' compensation.....				0
17.1	Other liability - occurrence.....	61,478,855	29,484,485	27,043,026	63,920,314
17.2	Other liability - claims-made.....	5,643,745	2,781,999	2,820,462	5,605,282
17.3	Excess workers' compensation.....				0
18.1	Products liability - occurrence.....	20,866,850	10,223,669	9,499,787	21,590,732
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....	(4,599)	511,043	919	505,525
19.3, 19.4	Commercial auto liability.....	11,282,610	5,431,858	5,470,308	11,244,160
21.	Auto physical damage.....	4,645,795	2,487,467	2,165,792	4,967,470
22.	Aircraft (all perils).....				0
23.	Fidelity.....				0
24.	Surety.....	6,347,906	708,926	2,703,751	4,353,081
26.	Burglary and theft.....				0
27.	Boiler and machinery.....				0
28.	Credit.....				0
29.	International.....				0
30.	Warranty.....				0
31.	Reinsurance - nonproportional assumed property.....				0
32.	Reinsurance - nonproportional assumed liability.....				0
33.	Reinsurance - nonproportional assumed financial lines.....				0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	119,690,683	55,771,836	53,474,278	121,988,241

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Uneamed (Running One Year or Less from Date of Policy) (a)	Amount Uneamed (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Uneamed Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	8,559				8,559
2.	Allied lines.....	11,830				11,830
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....	217,477				217,477
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	3,474,148	58,219			3,532,367
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....	26,440,252	602,774			27,043,026
17.2	Other liability - claims-made.....	2,819,644	818			2,820,462
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....	9,483,655	16,132			9,499,787
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....	919				919
19.3, 19.4	Commercial auto liability.....	5,469,349	959			5,470,308
21.	Auto physical damage.....	2,165,502	290			2,165,792
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....	2,254,075	449,676			2,703,751
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	52,345,410	1,128,868	0	0	53,474,278
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					53,474,278

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case:

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire.....	3,285	7,113		450	2,898	7,050
2.	Allied lines.....	9,724	6,900		855	2,368	13,401
3.	Farmowners multiple peril.....						0
4.	Homeowners multiple peril.....						0
5.	Commercial multiple peril.....	612,664	58,008		39,524	11,935	619,213
6.	Mortgage guaranty.....						0
8.	Ocean marine.....						0
9.	Inland marine.....	9,832,905	142,143		561,055	624,136	8,789,857
10.	Financial guaranty.....						0
11.1	Medical professional liability - occurrence.....						0
11.2	Medical professional liability - claims-made.....						0
12.	Earthquake.....						0
13.	Group accident and health.....						0
14.	Credit accident and health (group and individual).....						0
15.	Other accident and health.....						0
16.	Workers' compensation.....						0
17.1	Other liability - occurrence.....	67,556,877	7,346,420		4,351,887	9,072,555	61,478,855
17.2	Other liability - claims-made.....	6,234,708			373,579	217,384	5,643,745
17.3	Excess workers' compensation.....						0
18.1	Products liability - occurrence.....	20,088,050	2,330,279		1,331,927	219,552	20,866,850
18.2	Products liability - claims-made.....						0
19.1, 19.2	Private passenger auto liability.....	(5,513)	511		(294)	(109)	(4,599)
19.3, 19.4	Commercial auto liability.....	10,616,885	1,497,017	7,013	719,719	118,587	11,282,609
21.	Auto physical damage.....	4,350,108	631,004		296,540	38,777	4,645,795
22.	Aircraft (all perils).....						0
23.	Fidelity.....						0
24.	Surety.....	6,028,163	1,649,217		405,186	924,288	6,347,906
26.	Burglary and theft.....						0
27.	Boiler and machinery.....						0
28.	Credit.....						0
29.	International.....						0
30.	Warranty.....						0
31.	Reinsurance - nonproportional assumed property.....	XXX					0
32.	Reinsurance - nonproportional assumed liability.....	XXX					0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35.	TOTALS.....	125,327,856	13,668,612	7,013	8,080,428	11,232,371	119,690,682

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....				0			0	
2.	Allied lines.....				0			0	
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....				0			0	
5.	Commercial multiple peril.....	564,258	42,420	278,486	328,192	1,271,113	1,017,893	581,412	47.6
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....				0			0	
9.	Inland marine.....	3,889,640	1,237	233,452	3,657,425	1,427,100	1,728,829	3,355,696	39.3
10.	Financial guaranty.....				0			0	
11.1	Medical professional liability - occurrence.....				0			0	
11.2	Medical professional liability - claims-made.....				0			0	
12.	Earthquake.....				0			0	
13.	Group accident and health.....				0			0	
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....	719,203		773,379	(54,176)	29,942	(120,083)	95,849	
17.1	Other liability - occurrence.....	19,064,519	2,030,269	7,339,966	13,754,822	111,253,388	122,041,502	2,966,708	4.6
17.2	Other liability - claims-made.....	1,559,566	15,638	94,512	1,480,692	9,360,280	10,779,090	61,882	1.1
17.3	Excess workers' compensation.....				0			0	
18.1	Products liability - occurrence.....	8,618,015	2,668,954	730,268	10,556,701	71,516,848	66,048,394	16,025,155	74.2
18.2	Products liability - claims-made.....				0			0	
19.1, 19.2	Private passenger auto liability.....	1,020,986	450,616	88,296	1,383,306	1,550,483	2,988,135	(54,346)	(10.8)
19.3, 19.4	Commercial auto liability.....	5,990,843	1,278,107	435,933	6,833,017	13,956,891	16,744,262	4,045,646	36.0
21.	Auto physical damage.....	2,658,634	401,236	183,592	2,876,278	822,168	967,305	2,731,141	55.0
22.	Aircraft (all perils).....				0			0	
23.	Fidelity.....				0			0	
24.	Surety.....	276,268	323,575	35,990	563,853	1,135,079	1,160,080	538,852	12.4
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....				0			0	
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35.	TOTALS.....	44,361,932	7,212,052	10,193,874	41,380,110	212,323,292	223,355,407	30,347,995	24.9
DETAILS OF WRITE-INS									
3401.	.....				0			0	
3402.	.....				0			0	
3403.	.....				0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
10	1. Fire.....				.....0				.....0	
	2. Allied lines.....				.....0				.....0	
	3. Farmowners multiple peril.....				.....0				.....0	
	4. Homeowners multiple peril.....				.....0				.....0	
	5. Commercial multiple peril.....	.....299,997	.....52,250	.....21,134	.....331,113	.....1,000,000		.....60,000	.....1,271,113	.....677,108
	6. Mortgage guaranty.....				.....0				.....0	
	8. Ocean marine.....				.....0				.....0	
	9. Inland marine.....	.....1,003,192	.....15,000	.....61,092	.....957,100	.....500,000		.....30,000	.....1,427,100	.....231,023
	10. Financial guaranty.....				.....0				.....0	
	11.1 Medical professional liability - occurrence.....				.....0				.....0	
	11.2 Medical professional liability - claims-made.....				.....0				.....0	
	12. Earthquake.....				.....0				.....0	
	13. Group accident and health.....				.....0				(a).....0	
	14. Credit accident and health (group and individual).....				.....0				.....0	
	15. Other accident and health.....				.....0				(a).....0	
	16. Workers' compensation.....	.....2,721,665		.....2,691,723	.....29,942				.....29,942	.....189,606
	17.1 Other liability - occurrence.....	.....28,677,903	.....2,876,447	.....1,941,682	.....29,612,668	.....86,851,830	.....8,000,000	.....13,211,110	.....111,253,388	.....33,152,184
	17.2 Other liability - claims-made.....	.....3,623,744	.....47,915	.....220,300	.....3,451,359	.....6,286,087		.....377,166	.....9,360,280	.....2,417,667
	17.3 Excess workers' compensation.....				.....0				.....0	
	18.1 Products liability - occurrence.....	.....29,156,591	.....1,768,860	.....3,024,603	.....27,900,848	.....50,400,000	.....1,000,000	.....7,784,000	.....71,516,848	.....53,592,225
	18.2 Products liability - claims-made.....				.....0				.....0	
	19.1, 19.2 Private passenger auto liability.....	.....1,302,951	.....346,498	.....98,966	.....1,550,483				.....1,550,483	.....393,914
	19.3, 19.4 Commercial auto liability.....	.....6,292,389	.....2,525,942	.....528,324	.....8,290,007	.....5,025,000	.....1,003,383	.....361,499	.....13,956,891	.....2,610,497
	21. Auto physical damage.....	.....558,794	.....65,852	.....37,478	.....587,168	.....250,000		.....15,000	.....822,168	.....138,632
	22. Aircraft (all perils).....				.....0				.....0	
	23. Fidelity.....				.....0				.....0	
	24. Surety.....	.....1,361,471	.....7,362	.....703,754	.....665,079	.....500,000		.....30,000	.....1,135,079	.....749,285
	26. Burglary and theft.....				.....0				.....0	
	27. Boiler and machinery.....				.....0				.....0	
	28. Credit.....				.....0				.....0	
	29. International.....				.....0				.....0	
	30. Warranty.....				.....0				.....0	
	31. Reinsurance - nonproportional assumed property.....	.....XXX			.....0	.....XXX			.....0	
	32. Reinsurance - nonproportional assumed liability.....	.....XXX			.....0	.....XXX			.....0	
	33. Reinsurance - nonproportional assumed financial lines.....	.....XXX			.....0	.....XXX			.....0	
	34. Aggregate write-ins for other lines of business.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
	35. TOTALS.....	.....74,998,697	.....7,706,126	.....9,329,056	.....73,375,767	.....150,812,917	.....10,003,383	.....21,868,775	.....212,323,292	.....94,152,141
DETAILS OF WRITE-INS										
3401.	.....				.....0				.....0	
3402.	.....				.....0				.....0	
3403.	.....				.....0				.....0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	11,395,710			11,395,710
1.2 Reinsurance assumed.....	816,473			816,473
1.3 Reinsurance ceded.....	4,010,744			4,010,744
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	8,201,439	0	0	8,201,439
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		25,226,475		25,226,475
2.2 Reinsurance assumed, excluding contingent.....		2,846,713		2,846,713
2.3 Reinsurance ceded, excluding contingent.....		4,426,561		4,426,561
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	23,646,627	0	23,646,627
3. Allowances to manager and agents.....	16,196	49,849		66,045
4. Advertising.....		73,575		73,575
5. Boards, bureaus and associations.....		418,863		418,863
6. Surveys and underwriting reports.....		77,602		77,602
7. Audit of assureds' records.....		360,248		360,248
8. Salary and related items:				
8.1 Salaries.....	6,644,391	8,294,459	23,496	14,962,346
8.2 Payroll taxes.....	501,288	622,690	1,582	1,125,560
9. Employee relations and welfare.....	1,030,736	1,241,966	3,356	2,276,058
10. Insurance.....	20,250	26,608	235	47,093
11. Directors' fees.....				0
12. Travel and travel items.....	255,867	350,287	714	606,868
13. Rent and rent items.....	682,723	763,856	2,489	1,449,068
14. Equipment.....	805,312	1,359,476	8,863	2,173,651
15. Cost or depreciation of EDP equipment and software.....	783,282	1,017,664	2,622	1,803,568
16. Printing and stationery.....	144,068	196,554	561	341,183
17. Postage, telephone and telegraph, exchange and express.....	315,685	381,642	956	698,283
18. Legal and auditing.....	504,557	232,882		737,439
19. Totals (Lines 3 to 18).....	11,704,355	15,468,221	44,874	27,217,450
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....45,419.....		1,714,013		1,714,013
20.2 Insurance department licenses and fees.....		203,388		203,388
20.3 Gross guaranty association assessments.....		(1,676,884)		(1,676,884)
20.4 All other (excluding federal and foreign income and real estate).....		416,128		416,128
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	656,645	0	656,645
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	1,672,129	2,696,880	286,519	4,655,528
25. Total expenses incurred.....	21,577,923	42,468,373	331,393	(a) 64,377,689
26. Less unpaid expenses - current year.....	94,152,141	7,180,407	62,035	101,394,583
27. Add unpaid expenses - prior year.....	111,496,554	9,308,894	50,000	120,855,448
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	38,922,336	44,596,860	319,358	83,838,554

DETAILS OF WRITE-INS

2401. Miscellaneous Expense.....	1,672,129	2,696,880		4,369,009
2402. Investment Fees.....			286,519	286,519
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,672,129	2,696,880	286,519	4,655,528

(a) Includes management fees of \$.....264,624 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).....240,316	.....172,356
1.1 Bonds exempt from U.S. tax.....	(a).....6,710,052	.....6,951,969
1.2 Other bonds (unaffiliated).....	(a).....16,353,781	.....15,315,599
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....925,138	.....948,635
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....49,493	.....50,293
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....15,366	.....15,366
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....964	.....964
10. Total gross investment income.....	.....24,295,110	.....23,455,182
11. Investment expenses.....	.....	(g).....331,393
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....331,393
17. Net investment income (Line 10 minus Line 16).....	.....	.....23,123,789

DETAILS OF WRITE-INS

0901. Miscellaneous Investment Income.....	.....964	.....964
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....964	.....964
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0
(a) Includes \$.....1,117,531 accrual of discount less \$.....2,035,409 amortization of premium and less \$.....307,571 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 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.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....423,024	.....	.....423,024	.....	.....
1.2 Other bonds (unaffiliated).....	.....2,585,850	.....(1,631,319)	.....954,531	.....559,343	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....364,625	.....	.....364,625	.....(824,861)	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....(555,931)	.....(555,931)	.....121,538	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....3,658,050	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....3,373,499	.....(2,187,250)	.....1,186,249	.....3,514,070	.....0

DETAILS OF WRITE-INS

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

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).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....	.....50,000		.....(50,000)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Derivatives (Schedule DB).....			.....0
8. Other invested assets (Schedule BA).....			.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....50,000	.....0	.....(50,000)
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.....3,196,736	.....3,686,526	.....489,790
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums.....			.....0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.....0
16.2 Funds held by or deposited with reinsured companies.....			.....0
16.3 Other amounts receivable under reinsurance contracts.....			.....0
17. Amounts receivable relating to uninsured plans.....			.....0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
18.2 Net deferred tax asset.....	.....7,380,070	.....8,655,126	.....1,275,056
19. Guaranty funds receivable or on deposit.....			.....0
20. Electronic data processing equipment and software.....			.....0
21. Furniture and equipment, including health care delivery assets.....	.....127,540	.....31,871	.....(95,669)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
23. Receivables from parent, subsidiaries and affiliates.....			.....0
24. Health care and other amounts receivable.....			.....0
25. Aggregate write-ins for other than invested assets.....	.....4,394,761	.....3,004,909	.....(1,389,852)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....15,149,107	.....15,378,432	.....229,325
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....15,149,107	.....15,378,432	.....229,325

DETAILS OF WRITE-INS

1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. Automobiles.....	.....67,479	.....70,997	.....3,518
2502. Software in Development.....	.....4,327,281	.....2,933,910	.....(1,393,371)
2503. Rounding.....	.....1	.....2	.....1
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.....4,394,761	.....3,004,909	.....(1,389,852)

NOTES TO FINANCIAL STATEMENTS

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Mid-Continent Casualty Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Company has no prescribed or permitted practices that would result in differences between NAIC SAP and the state of Ohio basis, as shown below:

	2011	2010
(1) Net Income Ohio basis	\$ 38,529,379	\$ 50,423,983
(2) State Prescribed Practices	0	0
(3) State Permitted Practices	0	0
(4) Net Income, NAIC SAP	\$ 38,529,379	\$ 50,423,983
(5) Statutory Surplus Ohio basis	\$177,067,625	\$217,425,609
(6) State Prescribed Practices	0	0
(7) State Permitted Practices	0	0
(8) Statutory Surplus, NAIC SAP	\$177,067,625	\$217,425,609

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 Policies

Investments – Invested asset values are generally stated as follows:

Bonds with a NAIC rating 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or fair value. For residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and loan-backed and structured securities (LBASS), the NAIC has retained third-party investment management firms to assist in the determination of the appropriate NAIC designations and Book Adjusted Carrying Values based not only on the probability of loss, but also the severity of loss. Those RMBS, CMBS and LBASS securities that are not modeled but receive a current year Acceptable Rating Organizations (ARO) rating are subject to the Modified FE process which determines the appropriate NAIC designations and Book Adjusted Carrying Values.

Redeemable preferred stocks rated RP1 and RP2 are stated at amortized cost; perpetual preferred stocks rated P1 and P2 are stated at fair value; all others are stated at the lower of cost, amortized cost, or fair value.

Common stocks are stated at fair value except investment in subsidiaries. Investments in insurance subsidiaries are stated at the statutory equity in net assets plus any applicable remaining goodwill. Goodwill is amortized on a straight-line basis over ten years. Investments in non-insurance subsidiaries are stated at NAIC specified values.

Short-term investments are stated at cost.

Unpaid Losses and Loss Adjustment Expenses – The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses (including possible development on known claims) based on past experience; (d) estimates based on experience of expenses for investigating and adjusting claims; and (e) the current state of the law and coverage litigation. Establishing reserves for asbestos, environmental, and other mass tort claims involves considerably more judgment than other types of claims due to, among other things, inconsistent court decisions, an increase in bankruptcy filings as a result of asbestos-related liabilities, novel theories of coverage, and judicial interpretations that often expand theories of recovery and broaden the scope of coverage.

Loss reserve liabilities are subject to the impact of changes in claim amounts and frequency and other factors. Changes in estimates of the liabilities for losses and loss adjustment expenses are reflected in the Statement of Income in the period in which determined. Despite the variability inherent in such estimates, management believes the liabilities for unpaid losses and loss adjustment expenses are adequate.

Premium Deficiency Reserve – The Company does not use anticipated investment income as a factor in premium deficiency calculations.

Premium Recognition – Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Generally, for direct business, such reserves are computed by pro rata methods. For certain collateral protection products, earned premium and unearned premium reserves are computed consistent with the proportion of the total exposure provided throughout the term of the contract. For assumed business, unearned premium reserves are based on reports received from ceding companies for reinsurance.

NOTES TO FINANCIAL STATEMENTS

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

2.) ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company did not have any material changes in accounting principles and/or corrections of errors.

3.) BUSINESS COMBINATIONS AND GOODWILL

- A. Statutory Purchase Method - Not Applicable.
- B. Statutory Merger - Not Applicable.
- C. Impairment Loss - Not Applicable.

4.) DISCONTINUED OPERATIONS

The Company did not have any discontinued operations during 2011.

5.) INVESTMENTS

- A. Mortgage Loans- The Company does not have any investment in mortgage loans.
- B. Debt Restructuring – No debt has been restructured during 2011.
- C. Reverse Mortgages – The Company does not invest in reverse mortgages.
- D. Loan-Backed Securities
 - 1. The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
 - 2. The Company had no loan-backed securities with a recognized other-than temporary impairment due to either the intent to sell or lack of intent to hold to recovery during 2011.
 - 3. The following table shows each security with a credit-related OTTI charge recognized during the period:

<u>CUSIP</u>	<u>Amortized Cost Before OTTI</u>	<u>Present Value of Projected Cash Flows</u>	<u>OTTI Recognized</u>	<u>Amortized Cost After OTTI</u>	<u>Fair Value</u>	<u>Date Reported</u>
12641QAG7	98,856	64,746	34,110	64,746	34,500	03/31/11
12641QAH5	44,627	30,000	14,627	30,000	30,000	03/31/11
12641QCS9	98,028	92,775	5,253	92,775	51,079	03/31/11
12641QCZ3	178,742	142,976	35,766	142,976	120,753	03/31/11
12641QDH2	1,234,185	1,157,429	76,756	1,157,429	824,336	03/31/11
61751DAE4	2,171,932	2,087,491	84,441	2,087,491	1,988,980	03/31/11
73316PJD3	1,066,786	1,041,983	24,803	1,041,983	1,016,488	03/31/11
761118UQ9	784,717	767,010	17,707	767,010	680,370	03/31/11
12641QAF9	300,000	261,491	38,509	261,491	74,250	06/30/11
12641QCS9	92,555	77,394	15,161	77,394	52,356	06/30/11
12641QCY6	167,713	133,818	33,895	133,818	75,471	06/30/11
12641QCZ3	142,386	93,919	48,467	93,919	117,399	06/30/11
12641QDH2	1,152,411	1,017,753	134,658	1,017,753	794,630	06/30/11
126694HN1	1,661,453	1,606,145	22,360	1,639,093	1,639,093	06/30/11
17307GVN5	2,444,065	2,349,450	94,615	2,349,450	2,148,715	06/30/11
41161PTN3	1,470,913	1,402,844	68,069	1,402,844	1,292,642	06/30/11
47232DBB7	372,334	262,358	109,976	262,358	327,162	06/30/11
61751DAE4	2,033,316	1,883,433	149,883	1,883,433	1,764,826	06/30/11
73316PJD3	1,014,922	1,000,467	14,455	1,000,467	932,432	06/30/11
761118UQ9	746,689	691,466	55,223	691,466	595,817	06/30/11
12641QAF9	260,243	243,270	16,973	243,270	75,000	09/30/11
12641QAG7	64,283	60,000	4,283	60,000	31,500	09/30/11
12641QAH5	29,515	22,500	7,015	22,500	28,500	09/30/11
12641QAJ1	61,838	48,000	13,838	48,000	90,750	09/30/11
12641QCS9	76,756	67,449	9,307	67,449	58,422	09/30/11
12641QCY6	133,759	91,910	41,849	91,910	84,695	09/30/11
47232DBS0	294,043	267,779	26,264	267,779	221,685	09/30/11
47232DBT8	488,337	356,926	131,411	356,926	498,137	09/30/11
47232DBU5	34,384	18,180	16,204	18,180	134,439	09/30/11
47232VGF3	160,040	140,399	19,641	140,399	126,730	09/30/11
47232VGG1	43,680	7,950	35,730	7,950	67,773	09/30/11
12641QAG7	60,000	54,394	5,606	54,394	29,438	12/31/11
12641QCY6	91,910	77,027	14,883	77,027	84,066	12/31/11
47232DBB7	251,987	228,509	23,478	228,509	283,067	12/31/11
47232DBR2	338,595	282,163	56,432	282,163	283,620	12/31/11
47232DBS0	272,441	142,770	129,671	142,770	206,991	12/31/11

NOTES TO FINANCIAL STATEMENTS

4. The following table shows all loan-backed securities with an unrealized loss:

Less than 12 months		12 months or more	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
\$8,436,072	\$(371,158)	\$20,555,583	\$(3,606,389)

5. Based on cash flow projections received from independent sources (which reflect loan to collateral values, subordination, vintage and geographic concentration), implied cash flows inherent in security ratings and analysis of historical payment data, management believes that the Company will recover its cost basis in all securities with unrealized losses at December 31, 2011. The Company has the intent to hold such securities until they recover in value or mature.

E. Repurchase Agreements and Securities Lending – The Company did not hold any investments in repurchase agreements or engage in securities lending.

F. Real Estate – The Company did not recognize any impairment losses on real estate during 2011 and does not engage in retail land sales.

G. Low Income Housing Tax Credits – The Company does not have any investments in low income housing securities.

6.) JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7.) INVESTMENT INCOME

No investment income was excluded from surplus.

8.) DERIVATIVE INSTRUMENTS

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

9.) INCOME TAXES

A. Deferred Tax Assets and Deferred Tax Liabilities

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

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$23,103,165	3,571,400	\$26,674,565	\$25,360,567	\$3,131,800	\$28,492,367	\$(2,257,402)	\$439,600	\$(1,817,802)
Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	\$23,103,165	3,571,400	26,674,565	25,360,567	3,131,800	28,492,367	(2,257,402)	439,600	(1,817,802)
Deferred tax liabilities	562,823	140,000	702,823	189,332	97,300	286,032	373,491	42,700	416,191
Subtotal	22,540,342	3,431,400	25,971,742	25,171,235	3,034,500	28,205,735	(2,630,893)	396,900	(2,233,993)
Deferred tax assets nonadmitted	(7,380,070)	-	(7,380,070)	(8,655,126)	-	(8,655,126)	1,275,056	-	1,275,056
Net admitted deferred tax assets	\$15,160,272	\$3,431,400	\$18,591,672	\$16,516,109	3,034,500	19,550,609	(1,355,837)	396,900	(958,937)

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

3. The increased amount of admitted deferred tax assets as a result of the application of SSAP 10R - Paragraph 10.e. is as follows:

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Additional admitted deferred tax assets	\$6,454,984	\$-	\$6,454,984	\$7,213,593	\$-	\$7,213,593	\$(758,609)	\$-	\$(758,609)

4. The result of the admissibility calculations is as follows:

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components – SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Paragraph 10.a.	\$8,565,288	\$3,571,400	\$12,136,688	\$9,205,216	\$3,131,800	\$12,337,016	\$(639,928)	\$439,600	\$(200,328)
(b) Paragraph 10.b. (the lesser of paragraph 10.b.i and 10.b.ii below)	-	-	-	-	-	-	-	-	-
(c) Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

(d) Paragraph 10.b.ii.	XXX	XXX	15,582,865	XXX	XXX	19,448,190	XXX	XXX	(3,865,325)
(e) Paragraph 10.c.	702,823	-	702,823	286,632		286,632	416,191	-	416,191
(f) Total	\$ 9,268,111	\$ 3,571,400	\$12,136,688	\$9 ,491,848	\$ 3,131,800	\$12,623,648	\$ (223,737)	\$ 439,600	\$ 215,863
Admission Calculation Components – SSAP 10R, paragraph 10.e.:									
(g) Paragraph 10.e.i.	\$ 8,565,288	\$ 3,571,400	\$12,136,688	\$ 9,205,216	3,131,800	\$12,337,016	\$ (639,928)	\$ 439,600	\$ (200,328)
(h) Paragraph 10.e.ii . (the lesser of paragraph 10.e.ii.a and 10.e.ii.b below)	6,454,984	-	6,454,984	7,213,593	-	7,213,593	(758,609)	-	(758,609)
(i) Paragraph 10.e.ii.a.	6,454,984	-	6,454,984	7,213,593	-	7,213,593	(758,609)	-	(758,609)
(j) Paragraph 10.e.ii.b.	XXX	XXX	23,374,297	XXX	XXX	29,172,284	XXX	XXX	(5,797,987)
(k) Paragraph 10.e.iii	702,823	-	702,823	286,632	-	286,632	416,191	-	416,191
(l) Total	\$15,723,095	\$ 3,571,400	\$19,294,495	\$16,705,441	\$ 3,131,800	\$19,837,241	\$ (982,346)	\$ 439,600	\$ (542,746)
Used in SSAP 10R, paragraph 10.d.:									
(m) Total adjusted capital	XXX	XXX	\$170,612,641	XXX	XXX	\$210,212,016	XXX	XXX	\$(39,599,375)
(n) Authorized control level	XXX	XXX	\$ 45,973,485	XXX	XXX	\$ 47,783,961	XXX	XXX	\$ (1,810,476)

5. Impact of Tax Planning Strategies

	2011			2010			Change		
	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
Adjusted gross DTAs (% of Total adjusted gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net admitted adjusted gross DTAs (% of Total net admitted adjusted gross DTAs)	.7%	5.0%	5.7%	.5%	7.7%	8.2%	.2%	-2.7%	-2.5%

6. The impact to the Company's financial statements as a result of the election of SSAP 10R, paragraph 10.e is as follows:

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Admitted deferred tax assets	\$ 8,705,288	\$3,431,400	\$12,136,688	\$9 ,302,516	\$3,034,500	\$12,337,016	\$ (597,228)	\$ 396,900	\$ (200,328)
(b) Admitted assets	XXX	XXX	541,115,505	XXX	XXX	613,154,109	XXX	XXX	(72,038,604)
(c) Adjusted statutory surplus	XXX	XXX	170,612,641	XXX	XXX	210,212,016	XXX	XXX	(39,599,375)
(d) Total adjusted capital from DTAs	XXX	XXX	170,612,641	XXX	XXX	210,212,016	XXX	XXX	(39,599,375)
Increases due to SSAP 10R, paragraph 10.e.:									
(e) Admitted deferred tax assets	\$ 6,454,984	\$ -	\$ 6,454,984	\$ 7,213,593	\$ -	\$ 7,213,593	\$ (758,609)	\$ -	\$ (758,609)
(f) Admitted assets	\$ 6,454,984	\$ -	\$ 6,454,984	\$ 7,213,593	\$ -	\$ 7,213,593	\$ (758,609)	\$ -	\$ (758,609)
(g) Statutory surplus	\$ 6,454,984	\$ -	\$ 6,454,984	\$ 7,213,593	\$ -	\$ 7,213,593	\$ (758,609)	\$ -	\$ (758,609)

B. The Company has recognized all deferred tax liabilities.

C. The changes in main components of deferred tax assets and deferred tax liabilities are as follows:

1. Current income tax:

	2011	2010	Change
(a) Federal income tax	\$11,943,608	\$17,088,751	\$ (5,145,143)
(b) Foreign income tax	-	-	-
(c) Subtotal	\$11,943,608	\$17,088,751	\$ (5,145,143)
(d) Federal income tax on net capital gains/(losses)	992,123	(3,720,256)	4,712,379
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$12,935,731	\$13,368,495	\$ (432,764)

2. Deferred Tax Assets

	2011	2010	Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$13,950,984	\$15,865,298	\$ (1,914,314)
(2) Unearned premium reserve	3,743,199	3,904,028	(160,829)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-

NOTES TO FINANCIAL STATEMENTS

(5) Deferred acquisition costs	-	-	
(6) Policyholder dividends accrual	-	-	
(7) Fixed assets	-	-	
(8) Compensation and benefits accrual	2,213,286	2,389,637	(176,351)
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	2,957,163	2,423,156	534,007
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	2,127	-	2,127
(14) Accruals	236,406	778,448	(542,042)
(99) Subtotal	\$23,103,165	\$25,360,567	\$ (2,257,402)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Deferred tax assets nonadmitted	\$ 7,380,070	\$ 8,655,126	\$(1,275,056)
(d) Admitted ordinary deferred tax assets	\$15,723,095	\$16,705,441	\$ (982,346)
(e) Capital			
(1) Investments	\$ 3,571,400	\$ 3,131,800	\$ 439,600
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 3,571,400	\$ 3,131,800	\$ 439,600
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Deferred tax assets nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets	\$ 3,571,400	\$ 3,131,800	\$ 439,600
(i) Admitted deferred tax assets	\$19,294,495	\$19,837,241	\$ (542,746)

3. Deferred Tax Liabilities

	<u>2011</u>	<u>2010</u>	<u>Change</u>
(a) Ordinary			
(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	497,510	130,153	367,357
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax assets)	47,756	39,252	8,504
(6) Salvage and Subrogation	17,557	19,927	(2,370)
(99) Subtotal	\$ 562,823	\$ 189,332	\$ 373,491
(b) Capital			
(1) Investments	\$ 140,000	\$ 97,300	\$ 42,700
(2) Real estate			
(3) Other (including items <5% of total capital tax assets)			
(99) Subtotal	\$ 140,000	\$ 97,300	\$ 42,700
(c) Deferred tax liabilities	\$ 702,823	\$ 286,632	\$ 416,191
4. Net admitted deferred tax assets	\$18,591,672	\$19,550,609	\$ (958,937)

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

The Company's income tax expense (benefit) and change in deferred income taxes differs from the amount obtained by applying the federal statutory rate of 35% to net income after dividends to policyholders for the following reasons:

	<u>2011</u>	<u>2010</u>
Income taxes at the statutory rate	\$18,095,939	\$22,327,367
Non-admitted assets	(534,007)	(805,385)
Prior Period Tax Adjustment	15,327	258,455
Tax exempt interest deduction	(2,480,539)	(1,578,205)
Dividend received deduction	(219,234)	(240,763)
Other items	371,738	712,017
Total	\$15,249,174	\$20,673,486
Federal and foreign income taxes incurred	\$12,935,731	\$13,368,495
Change in net deferred income taxes excluding unrealized	2,313,443	7,304,991
Total statutory income taxes	\$15,249,174	\$20,673,486

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment:

NOTES TO FINANCIAL STATEMENTS

At December 31, 2011, the Company had no net operating loss carryforwards.

The amount of federal income taxes incurred and available for recoupment in the event of future net losses was as follows: current year \$12,935,731; first preceeding year \$13,004,203; second preceeding year \$0.

Deposits under IRS Code Section 6603 - The Company has no protective tax deposits made with the Internal Revenue Service.

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

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

AAG Holding Company, Inc.	Great American Plan Administrators, Inc.
AAG Insurance Agency, Inc.	Great American Protection Insurance Company
ADL Financial Services, Inc.	Great American Re Inc.
American Empire Insurance Company	Great American Security Insurance Company
American Empire Surplus Lines Insurance Company	Great American Spirit Insurance Company
American Empire Underwriters, Inc.	Great Southwest Corporation
American Financial Enterprises, Inc.	Hangar Acquisition Corp.
American Financial Group, Inc.	Indianapolis Union Railway Company (The)
American Money Management Corporation	Key Largo Group, Inc.
American Premier Underwriters, Inc.	Lehigh Valley Railroad Company
American Retirement Life Insurance Company	Lifestyle Financial Investments, Inc.
American Signature Underwriters, Inc.	Loyal American Holding Corporation
Annuity Investors Life Insurance Company	Loyal American Life Insurance Company
APU Holding Company	Magnolia Alabama Holdings, Inc.
Associates of the Jersey Company (The)	Manhattan National Holding Corporation
Brothers Pennsylvanian Corporation	Manhattan National Life Insurance Company
Brothers Property Corporation	Mid-Continent Assurance Company
Brothers Property Management Corporation	Mid-Continent Casualty Company
Cal Coal, Inc.	Mid-Continent Excess and Surplus Insurance Company
Ceres Group, Inc.	Mid-Continent Specialty Insurance Services, Inc.
Consolidated Financial Corporation	Oklahoma Surety Company
Continental General Corporation	One East Fourth, Inc.
Continental Print & Photo Co.	Owasco River Railway, Inc. (The)
Crop Managers Insurance Agency, Inc.	PCC Chicago Realty Corp.
Dempsey & Siders Agency, Inc.	PCC Gun Hill Realty Corp.
Dixie Terminal Corporation	PCC Maryland Realty Corp.
Eden Park Insurance Brokers, Inc.	PCC Michigan Realty, Inc.
Farmers Crop Insurance Alliance, Inc.	PCC Real Estate, Inc.
FCIA Management Company, Inc.	PCC Scarsdale Realty Corp.
FlexTech Holding Co., Inc.	PCC Technical Industries, Inc.
GAI Warranty Company	Penn Camarillo Realty Corp.
GAI Warranty Company of Florida	Penn Central Energy Management Company
GALAC Holding Company	Penn Towers, Inc.
GALIC Brothers, Inc.	Pioneer Carpet Mills, Inc.
Global Premier Finance Company	Pittsburgh and Cross Creek Railroad Company
Great American Advisors, Inc.	PLLS, Ltd.
Great American Agency of Texas, Inc.	Premier International Insurance Company
Great American Alliance Insurance Company	Premier Lease & Loan Services Insurance Agency, Inc.
Great American Assurance Company	Premier Lease & Loan Services of Canada, Inc.
Great American Casualty Insurance Company	Professional Risk Brokers, Inc.
Great American Claims Services, Inc.	Purity Financial Corporation
Great American Contemporary Insurance Company	QOAgency of Texas, Inc.
Great American E & S Insurance Company	Republic Indemnity Company of America
Great American Fidelity Insurance Company	Republic Indemnity Company of California
Great American Financial Resources, Inc.	Risiko Management Corporation
Great American Holding, Inc.	Skipjack Marina Corp.
Great American Insurance Agency, Inc.	Superior NWWN of Ohio, Inc.
Great American Insurance Company	TEJ Holdings, Inc.
Great American Insurance Company of New York	Terminal Realty Penn Co.
Great American Life Assurance Company	Three East Fourth, Inc.
Great American Life Insurance Company	United Agency Brokerage GP, Inc.
Great American Life Insurance Company of New York	United Teacher Associates Insurance Company
Great American Lloyd's, Inc.	United Teacher Associates, Ltd.
Great American Lloyd's Insurance Company	Waynesburg Southern Railroad Company
Great American Management Services, Inc.	World Houston, Inc.

2. Pursuant to the tax allocation agreement, the Company's tax expense will be determined based upon its inclusion in the consolidated tax return of American Financial Group, Inc. and its includable subsidiaries. Estimated payments are to be made quarterly during the year. Following year-end, additional settlements will be made on the original due date of the return and, when extended, at the time the return is filed. The method of allocation among the companies under the agreement is based upon separate return calculations with current credit for net losses to the extent the losses provide a benefit in the consolidated tax return.

10.) INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Company is an indirect 100% owned subsidiary of American Financial Group, Inc.; 100% of the outstanding common stock of the Company is directly owned by Great American Holding, Inc. See Schedule Y, Part 1, Organizational Chart.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets

NOTES TO FINANCIAL STATEMENTS

The Company paid the following cash dividends to Great American Holding, Inc.:

<u>Date</u>	<u>Amount</u>	<u>Type</u>
3/31/2011	\$ 20,000,000	Extraordinary
06/24/2011	\$ 20,000,000	Extraordinary
09/20/2011	\$ 20,000,000	Extraordinary
12/23/2011	\$ 20,000,000	Extraordinary

- C. Change in terms of Intercompany Arrangements – None
- D. Amounts Due to or from Related Parties - The Company has a receivable due from its subsidiaries totaling \$100,515 as a result of its pooling agreement and a payable to subsidiaries totaling \$10,719. The terms of the pooling agreement require that amounts related to the pooling agreement be settled within thirty days.
- E. Guarantees or Contingencies for Related Parties - The Company has no guarantees or contingencies for related parties.
- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliated insurer:

1. The Company and affiliated insurance companies have contracts with American Money Management Corporation (an affiliate) which, subject to the direction of the Finance Committees of the companies, provide for management and accounting services related to the investment portfolios.

2. Certain administrative, consultative, printing, office duplicating, telecommunications, purchasing, personnel, data processing and other services are provided under General Services Agreements between the Company and insurance and non-insurance affiliates for which actual costs are allocated on the basis of usage.
- G. The Company is an indirect 100% owned subsidiary of American Financial Group, Inc.; 100% of the outstanding common stock of the Company is directly owned by Great American Holding, Inc. See Schedule Y, Part 1, Organizational Chart.
- H. The Company owns no shares, either directly or indirectly, of an upstream affiliate or ultimate parent.
- I. Investments in Affiliates Greater than 10% of Admitted Assets - The Company does not own shares in any Subsidiary, Controlled or Affiliated Companies whose carrying value exceeds 10% of the admitted assets of the Company.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. Investment in Foreign Insurance Subsidiary - Not applicable.
- L. Investment in Downstream Non-insurance Holding Company - Not applicable.

11.) DEBT

- A. The Company does not have any outstanding liability for borrowed money.
- B. The Company does not have any agreements with the Federal Home Loan Bank.

12.) RETIREMENT PLAN, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plans

The Company does not have any defined benefit plans.

B. Defined Contribution Plans

The Company does not have any defined contribution plans.

C. Multiemployer Plans

The Company does not have any multiemployer plans.

D. Consolidated/Holding Company Plans

Employee Retirement Plan

American Financial Group, Inc. has established the American Financial Group, Inc. 401(k) Retirement and Savings Plan for the benefit of employees of American Financial Group, Inc. and its participating subsidiaries. Substantially all employees meeting minimum requirements regarding service are eligible to participate in this Plan. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has three types of contributions, including (1) Retirement Contributions made by the Company, (2) 401(k) Contributions made by participating employees, and (3) Matching Contributions made by the Company. The benefits for Retirement Contributions are based on eligible compensation as defined by the Plan for each year of participation. Funding is determined annually. Each Company contributes an amount for Retirement Contributions based upon the relationship of its total eligible compensation to total eligible compensation under the Plan for all participating subsidiaries. In addition, participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the

NOTES TO FINANCIAL STATEMENTS

participating employees. Plan costs are funded as they accrue and vested benefits are fully funded. Both Retirement Contributions and Matching Contributions to the Plan are subject to the discretion of the Company. The Company has no liability for future contributions to the Plan. At December 31, 2011, the fair market value of the Plan's Retirement Contributions assets was \$328,185,698 and the fair market value of the Plan's Matching Contributions Account assets was \$108,159,359. The Company's share of the expense for the Plan during 2011 was \$834,709.

Postretirement Benefit Plan

The Company provides postretirement health care and life insurance benefits to employees meeting age and service requirements through plans sponsored by American Financial Group, Inc. The retiree medical care plan is a contributory plan covering all eligible employees hired prior to 1993; employees hired after 1992 pay the full cost of retiree medical coverage. The Company has established a cap on the total amount of health care costs that are subsidized for the majority of current retirees. All eligible future retirees receive a flat dollar amount contributed to a Retiree Health Reimbursement Arrangement Account. The Company currently pays the full cost of life insurance coverage for past retirees, but no coverage is provided for new retirees after 2005. The medical plan is funded by monthly payments to a trust. Life insurance benefits are provided by insurance contracts. American Financial Group, Inc. has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.

The Company accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2011, the Company's accumulated postretirement benefit obligation was \$894,578 using a discount rate of 3.75% of which \$1,104,229 is currently accrued. Net postretirement benefits costs for the year ended December 31, 2011 were \$11,558 which includes service cost, interest cost and amortization of the transition obligation.

The weighted average annual assumed rate of increase in the health care cost trend rate is 8% for 2012 and is assumed to decrease gradually to 5% over 7 years and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation at December 31, 2011 by \$(378).

E. Postemployment Benefits and Compensated Absences

The Company has accrued for postemployment benefits in accordance with SSAP No. 11.

F. Impact of Medicare Modernization Act on Postretirement Benefits - There is no impact to the Company under this Act.

13.) CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- A. The Company has 375,000 shares of common stock authorized, issued and outstanding with a par value of \$3,506,250, or \$9.35 per share.
- B. The Company has no preferred stock outstanding.
- C. The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the State of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance is the greater of net income or 10% of policyholders surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. Since the Company is presently commercially domiciled in Texas, it must also comply with Texas law which provides that the maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the state of Texas without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Commissioner is the greater of 10% of such insurer's policyholders surplus as of the 31st day of December next preceding or net income for the 12 month period ending the 31st day of December next preceding. The maximum amount of ordinary dividends or distributions which may be paid in 2012 based on net income is \$38,529,379.
- D. The Company paid the following cash dividends to Great American Holding, Inc.:

Date	Amount	Type
3/30/2011	\$ 20,000,000	Extraordinary
06/24/2011	\$ 20,000,000	Extraordinary
09/20/2011	\$ 20,000,000	Extraordinary
12/23/2011	\$ 20,000,000	Extraordinary

- E. Within the limitations of (C) above, there are no specific restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. There were no restrictions placed on the Company's unassigned funds.
- G. Mutual Surplus Advances - Not applicable.
- H. No stock of the Company or its affiliates is held by it for special purposes.
- I. There are no changes in balances of special surplus funds from the prior year.
- J. As of December 31, 2011, the portion of unassigned funds represented or (reduced) by cumulative unrealized gains/(losses) is \$45,416,091 less applicable deferred taxes of \$15,895,632, for a net balance of \$29,520,459.
- K. The Company does not have any surplus debentures or similar obligations.
- L. And M. Quasi Reorganizations - Not applicable.

14.) CONTINGENCIES

- A. Contingent Commitments

NOTES TO FINANCIAL STATEMENTS

The Company does not have any contingent commitments.

B. Assessments

The Company has received notifications of insolvency of a number of insurance companies. It is expected that these insolvencies will result in guaranty fund assessments against the Company at some future date. The Company has accrued for these assessments.

C. Gain Contingencies

The Company does not have any gain contingencies.

D. Claims Related to Extra Contractual Obligations and Bad Faith Losses Stemming From Lawsuits

The Company paid \$0 on a direct basis in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

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

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

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

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

E. Product Warranties

The Company does not have any product warranty liabilities.

F. All Other Contingencies

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

15.) LEASES

A. Lessee Operating Lease

1. The Company leases office facilities under various noncancelable operating lease agreements that expire through July, 2018. Rental expense for 2011 and 2010 was approximately \$1,332,000 and \$1,323,000, respectively.
2. Basic rental commitments as of December 31, 2011 for office facilities are as follows (in 1000's):

year Ending December 31,	Operating Leases
2012	1,269
2013	1,227
2014	1,173
2015	1,023
2016	1,023
2017+	<u>1,651</u>
Total	<u>\$ 7,366</u>

B. Lessor Leases

The Company does not have any leases where it is the lessor.

C. Leveraged Leases

The Company does not invest in leveraged leases.

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

The Company does not have any financial instruments with off-balance sheet risk.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

20.) FAIR VALUE MEASUREMENTS

1. Fair Value Measurements at Reporting Date

The Company has categorized its assets and liabilities measured at fair value into the three-level fair value hierarchy as reflected in the following table. See item 4 below for a discussion of each of these three levels.

Description	Level 1	Level 2	Level 3	Total
Assets:				
Bonds:				
U.S. Government and government agencies	-	-	-	-
States, municipalities and political subdivisions				
Foreign government				
Residential MBS		\$ 885,054		\$ 885,054
Commercial MBS		\$ 1,169,958		\$ 1,169,958
All other Bonds		945,000		\$ 945,000
Total Bonds		\$ 3,000,012		\$ 3,000,012
Non-affiliated common stock	\$ 2,215,829			\$ 2,215,829
Non-affiliated preferred stock	\$10,333,360			\$10,333,360
Other investments	-	-	-	-
Total assets accounted for at fair value	\$12,549,189	\$ 3,000,012		\$15,549,201

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

The Company does not have any Level 3 securities carried at fair value.

3. Fair Value Recognition of Transfers Between Levels

The Company recognizes and records the transfer of securities into and out of Level 3 due to changes in availability of market observable inputs. All transfers are reflected in the table above at fair value as of the end of the reporting period.

4. Inputs and Techniques Used in Estimating Fair Value

Level 1 - Quoted prices for identical assets or liabilities in active markets (markets in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis). The Company's Level 1 financial instruments consist primarily of publicly traded equity securities and highly liquid government bonds for which quoted market prices in active markets are available.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (markets in which there are few transactions, the prices are not current, price quotations vary substantially over time or among market makers, or in which little information is released publicly); and valuations based on other significant inputs that are observable in active markets. The Company's Level 2 financial instruments include corporate and municipal fixed maturity securities and MBS priced using observable inputs. Level 2 inputs include benchmark yields, reported trades, corroborated broker/dealer quotes, issuer spreads and benchmark securities. When non-binding broker quotes can be corroborated by comparison to similar securities priced using observable inputs, they are classified as Level 2.

Level 3 - Valuations derived from market valuation techniques generally consistent with those used to estimate the fair value of Level 2 financial instruments in which one or more significant inputs are unobservable. The unobservable inputs may include management's own assumptions about the assumptions market participants would use based on the best information available in the circumstances. The Company's Level 3 is comprised of financial instruments whose fair value is estimated based on non-binding broker quotes or internally developed using significant inputs not based on, or corroborated by, observable market information.

The Company's investment manager, American Money Management Corporation (an affiliate) is responsible for the valuation process and uses data from outside sources (including nationally recognized pricing services and broker/dealers) in establishing fair value. Valuation techniques utilized by pricing services and prices obtained from external sources are reviewed by AMMC's internal investment professionals who are familiar with the securities being priced and the markets in which they trade to ensure the fair value determination is representative of an exit price. To validate the appropriateness of the prices obtained, these investment managers consider widely published indices (as benchmarks), recent trades, changes in interest rates, general economic conditions and the credit quality of the specific issuers.

21.) OTHER ITEMS

- A. Extraordinary Items – Not applicable.
- B. Troubled Debt Restructuring for Debtors – Not applicable.
- C. Other Disclosures
Assets in the amount of \$3,511,153 and \$3,506,322 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.
- D. Uncollectible Premiums Receivable - At December 31, 2011 and 2010 the Company had admitted assets of \$20,182,268 and \$18,865,510, respectively, in amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
- E. Business Interruption Insurance Recoveries - Not Applicable
- F. State Transferable and Non-Transferable Tax Credits - The Company does not have any State Transferable or Non-Transferable Tax Credits.

NOTES TO FINANCIAL STATEMENTS

G. Sub-Prime Mortgage Related Exposure

1. Included in determining the Company's exposure to sub-prime mortgage loans are the debt and equity securities of companies whose principal business includes the origination, securitization, providing of mortgage insurance on, investment in or management of sub-prime mortgage loans. Also included in such determination are those residential mortgage backed securities and collateral debt obligations in which the ultimate collateral supporting anticipated cash flows are sub-prime mortgage loans. In general, we limit the Company's purchases of sub-prime residential mortgage backed securities to those securities with AAA ratings and whose underlying collateral is fixed-rate (as opposed to adjustable rate).
2. The Company does not have any investments with direct exposure in sub-prime mortgage loans.
3. Indirect exposure to subprime mortgage risk through investments in the following securities:

	<u># of Securities</u>	<u>Actual Cost</u>	<u>Book Adjusted Carrying Value</u>	<u>Fair Value</u>	<u>Any Other Than Temporary Impairment Recognized to Date</u>	<u>% NAIC 1 & 2</u>
Residential Mortgage Backed Securities	21	\$24,367,542	\$18,209,157	\$17,917,529	\$6,877,113	100%
Commercial Mortgage Backed Securities		0	0	0	0	
Collateralized Debt Obligations		0	0	0	0	
Structured Securities (including principal protected notes)		0	0	0	0	
Equity Investments in SCA Entities		0	0	0	0	
Other Assets		0	0	0	0	
Totals		\$24,367,542	\$18,209,157	\$17,917,529	\$6,877,113	

4. The Company has no net underwriting exposure to subprime mortgage risk through Mortgage Guaranty coverage, Financial Guaranty coverage, Directors and Officers liability coverage, or Errors and Omissions liability coverage.

22.) EVENTS SUBSEQUENT

There have not been any events subsequent to December 31, 2011, which may have a material effect on the financial condition of the Company.

23.) REINSURANCE

A. Unsecured Reinsurance Recoverable

The Company's unsecured reinsurance recoverables from those companies that individually exceed 3% of policyholders' surplus are:

<u>Company</u>	<u>NAIC Code</u>	<u>Federal Identification Number</u>	<u>Amount</u>
Employer's Reinsurance Corporation	39845	48-0921045	\$ 6,693,000
General Reinsurance Corporation	22039	13-2673100	\$ 10,487,000

B. Reinsurance Recoverable in Dispute

The Company does not have any reinsurance recoverables on losses in dispute that individually exceed 5% or in the aggregate exceed 10% of its policyholders' surplus.

C. Reinsurance Assumed and Ceded

The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2011, of all reinsurance agreements would be:

	<u>ASSUMED REINSURANCE</u>		<u>CEDED REINSURANCE</u>		<u>NET</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates - Pooling	\$ 4,076,250	\$841,890	\$ 3,413,064	\$ 672,374	\$ 663,186	\$ 169,516
Affiliates - Non-Pooling	1,928,468	406,907	141,518	0	1,786,950	406,907
All Other	2,945	168	5,046,587	1,276,787	(5,043,642)	(1,276,619)
TOTAL	\$ 6,007,663	\$ 1,248,965	\$ 8,601,169	\$ 1,949,161	\$(2,593,506)	\$ (700,196)

Direct Unearned Premium Reserve \$ 56,067,782

The Company has no obligation for additional or return commission, predicated on loss experience or any other form of profit sharing arrangements, as a result of existing contractual arrangements.

NOTES TO FINANCIAL STATEMENTS

- D. Uncollectible Reinsurance
- The Company wrote off \$330,124 in reinsurance balances due from General Reinsurance Corporation which is reflected in the 2011 Statement of Income in losses incurred.
- E. Commutation of Reinsurance Ceded
- The Company did not book any gain or loss as result of commutations of ceded reinsurance during 2011.
- F. Retroactive Reinsurance
- The Company does not have any retroactive reinsurance agreements in force.
- G. Reinsurance Accounted For As A Deposit
- The Company was not involved in any reinsurance agreements requiring deposit accounting.
- H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements
- The Company has not entered into any property and casualty run-off agreements.

24.) RETROSPECTIVELY RATED CONTRACTS

The Company does not have any accrued retrospectively rated premiums reported as admitted assets.

25.) CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance recoverables for the past two years (in thousands):

	2011	2010
Balance at beginning of period	\$334,852	\$365,912
Loss and loss adjustment expense incurred:		
Current accident year	57,250	82,477
Prior accident years	(5,324)	(26,720)
	51,926	55,757
Loss and loss adjustment expense payments made for:		
Current accident year	(11,883)	(17,185)
Prior accident years	(68,419)	(69,632)
	(80,302)	(86,817)
Balance at end of period	\$306,476	\$334,852

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have decreased \$5,324,000 and \$26,720,000 during 2011 and 2010, respectively, as a result of reestimation of unpaid losses and loss adjustment expenses principally in the general liability, products liability and commercial auto liability lines of business. These decreases are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

26.) INTERCOMPANY POOLING ARRANGEMENTS

Mid-Continent Casualty Company maintains an intercompany reinsurance pooling agreement with its subsidiaries. The effect is to transfer all direct insurance liabilities of these companies to Mid-Continent Casualty Company and to cede specified percentages of the net underwriting results of Mid-Continent Casualty Company to the participating companies as follows:

Company	NAIC Company Code Number	Participation Percentage
Mid-Continent Casualty Company	23418	94.0%
Oklahoma Surety Company	23426	3.0%
Mid-Continent Assurance Company	15380	3.0%
Mid-Continent Excess and Surplus Insurance Company	13794	0.0%

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

As of December 31, 2011, the Company has amounts due from its affiliates, Oklahoma Surety Company and Mid-Continent Assurance Company of \$54,793 and \$45,722, respectively. The Company has amounts due to its affiliates, Mid-Continent Excess and Surplus Insurance Company and Mid-Continent Specialty Insurance Services, Inc. of \$7,694 and \$3,025, respectively.

27.) STRUCTURED SETTLEMENTS

- A. The Company has not purchased any annuities under which it is owner and payee to fund future payments that are fixed.
- B. Prior to 2009 the Company purchased annuities from First Colony Life Insurance Company, Lynchburg, Virginia, and SAFECO Life Insurance Company for which the Company is contingently liable. The present value of the amount of loss reserves eliminated by annuities does not exceed 1% of the Company's policyholders' surplus.

28.) HEALTH CARE RECEIVABLES

The Company does not have any health care receivables.

NOTES TO FINANCIAL STATEMENTS

- 29.) PARTICIPATING POLICIES
The Company had premiums under surety participating contracts of \$1,108,590 or 26% of total surety premiums earned. The Company accounts for its policyholder dividends based upon annual payments made to its insureds. The Company paid dividends in the amount of \$ 79,776 to policyholders and did not allocate any additional income to such policyholders.
- 30.) PREMIUM DEFICIENCY RESERVES
The Company evaluated the need for a premium deficiency reserve as of December 31, 2011 and determined that a reserve is not required. The Company does not use anticipated investment income when evaluating the need for a premium deficiency reserve.
- 31.) HIGH DEDUCTIBLES
The Company does not participate in any high deductible programs.
- 32.) DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES
The Company does not discount its liabilities for unpaid losses or unpaid loss adjustment expenses.
- 33.) ASBESTOS/ENVIRONMENTAL RESERVES
The Company does not have exposure to asbestos and environmental claims as contemplated by this disclosure requirement.
- 34.) SUBSCRIBER SAVINGS ACCOUNTS
The Company is not a reciprocal exchange and, accordingly, has nothing to report.
- 35.) MULTIPLE PERIL CROP INSURANCE
The Company does not write multiple peril crop insurance.
- 36.) FINANCIAL GUARANTY INSURANCE
The Company does not write financial guaranty insurance.

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:

12/31/2011

3.1

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

12/31/2011

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).

05/25/2010

3.4

By what department or departments?

Ohio

3.5

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

Yes []

No []

N/A [X]

3.6

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

Yes []

No []

N/A [X]

4.1

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

4.11

sales of new business?

Yes []

No [X]

4.12

renewals?

Yes []

No [X]

4.2

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

4.21

sales of new business?

Yes []

No [X]

4.22

renewals?

Yes []

No [X]

5.1

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

Yes []

No [X]

5.2

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

1	2	3
Name of Entity	NAIC Co. Code	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,

7.21

State the percentage of foreign control

.....%

7.22

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

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes []

No [X]

8.2

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

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes []

No [X]

8.4

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP, 1900 Scripps Center, 312 Walnut Street, Cincinnati, Ohio 45202

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes []

No [X]

10.2

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

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes []

No [X]

10.4

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

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes []

No [X]

N/A []

10.6

If the answer to 10.5 is no or n/a, please explain.
The Audit Committee of American Financial Group, Inc., the Company's SOX compliant ultimate parent is deemed to serve as the Company's Audit Committee for the purposes of compliance with Ohio insurance law.

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?
John L. Doellman, FCAS, MAAA, Vice President of Great American Insurance Company, an affiliate, 301 E. 4th Street, Cincinnati, Ohio 45202

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes []

No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

.....

12.13

Total book/adjusted carrying value

.....

12.2

If yes, provide explanation.

GENERAL INTERROGATORIES

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes ☐ No ☐

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

Yes ☐ No ☐

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

Yes ☐ No ☐ N/A ☐

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

Yes ☒ 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 ☒

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

Yes ☐ No ☒

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes ☐ No ☒

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

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

Yes ☒ 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 ☒ 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 ☒ No ☐

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes ☐ No ☒

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

20.11 To directors or other officers

20.12 To stockholders not officers

20.13 Trustees, supreme or grand (Fraternal only)

\$.....0

\$.....0

\$.....0

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

20.21 To directors or other officers

20.22 To stockholders not officers

20.23 Trustees, supreme or grand (Fraternal only)

\$.....0

\$.....0

\$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes ☐ No ☒

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 ☐

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

\$.....0

\$.....416,128

\$.....0

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

Yes ☒ No ☐

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

\$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.3)?

Yes ☒ 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).
The company does not engage in securitites lending.

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

Yes ☐ No ☐ N/A ☒

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.

.....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.7

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [☐]

No [☐]

N/A [☒]

24.8

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

Yes [☐]

No [☐]

N/A [☒]

24.9

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes [☐]

No [☐]

N/A [☒]

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3)

Yes [☒]

No [☐]

25.2

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

25.21

Subject to repurchase agreements

\$.....0

25.22

Subject to reverse repurchase agreements

\$.....0

25.23

Subject to dollar repurchase agreements

\$.....0

25.24

Subject to reverse dollar repurchase agreements

\$.....0

25.25

Pledged as collateral

\$.....0

25.26

Placed under option agreements

\$.....0

25.27

Letter stock or securities restricted as to sale

\$.....0

25.28

On deposit with state or other regulatory body

\$.....3,511,153

25.29

Other

\$.....0

25.3

For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1

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

Yes [☐]

No [☒]

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [☐]

No [☐]

N/A [☒]

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 [☒]

27.2

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

.....

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [☒]

No [☐]

28.01

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

1	2
Name of Custodian(s)	Custodian's Address
The Bank of New York Mellon	One Wall Street, New York, New York 10286

28.02

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

1	2	3
Name(s)	Location(s)	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 [☒]

28.04

If yes, give full and complete information relating thereto:

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

28.05

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

1	2	3
Central Registration Depository Number(s)	Name	Address
Not Applicable	American Money Management Corporation	301 East Fourth Street, Cincinnati, Ohio 45202

29.1

Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [☐]

No [☒]

29.2

If yes, complete the following schedule:

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

29.3

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

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

30.

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	421,279,328	437,045,588	15,766,260
30.2 Preferred stocks.....	14,529,610	15,532,758	1,003,148
30.3 Totals.....	435,808,938	452,578,346	16,769,408

30.4

Describe the sources or methods utilized in determining the fair values:
Fair values for bonds and preferred stocks are determined by internal investment professionals at American Money Management Corporation (the manager of the Company's investment portfolio) using data from nationally recognized pricing services, broker quotes and available trade information.
When data from these sources is not available (typically less than 1% of the portfolio), prices are developed internally by the investment professionals using widely published indices (as benchmarks), interest rates, issuer spreads, credit quality of the specific issuer and general economic conditions.

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 [☐]

31.2

If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [☐]

No [☒]

31.3

If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. For the securities that were priced using broker prices, American Money Management Corporation obtains data from brokers that are familiar with the securities being priced and the markets in which they trade.

32.1

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

Yes [☒]

No [☐]

32.2

If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?
- 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.
- \$.....418,863

1 Name	2 Amount Paid
Insurance Services Office	317,383

- 34.1 Amount of payments for legal expenses, if any?
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.
- \$.....141,180

1 Name	2 Amount Paid
Secrest Hill and Bultor	54,805

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.
- \$.....24,000

1 Name	2 Amount Paid
Longacres, Inc.	24,000

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐]

No [☒]

1.2

If yes, indicate premium earned on U.S. business only.

1.3

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

1.31

Reason for excluding:

1.4

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

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....121,988,239	\$.....140,402,860
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....359,949,711	\$.....390,623,797
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [☒]

No [☐]

3.2

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

3.21

Participating policies

\$.....1,108,590

3.22

Non-participating policies

\$.....124,219,264

4.

FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1

Does the reporting entity issue assessable policies?

Yes [☐]

No [☐]

4.2

Does the reporting entity issue non-assessable policies?

Yes [☐]

No [☐]

4.3

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

.....%

4.4

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

5.

FOR RECIPROCAL EXCHANGES ONLY:

5.1

Does the exchange appoint local agents?

Yes [☐]

No [☐]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [☐]

No [☐]

N/A [☐]

5.22

As a direct expense of the exchange

Yes [☐]

No [☐]

N/A [☐]

5.3

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

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [☐]

No [☐]

5.5

If yes, give full information:

6.1

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

The company does not write workers' compensation insurance.

6.2

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

The company uses a catastrophic loss analysis methodology to estimate its maximum loss.

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 a catastrophic reinsurance program.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes [☒]

No [☐]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured 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 [☒]

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 [☐]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 [☒]

8.2

If yes, give full information:

9.1

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

Yes [☐]

No [☒]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [☐]

No [☒]

9.3

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

9.4

Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [☐]

No [☒]

9.5

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

9.6

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

Yes [☐]

No [☒]

10.

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

Yes [☒]

No [☐]

N/A [☐]

11.1

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

Yes [☐]

No [☒]

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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....0

\$.....0

\$.....0

12.2

Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds:

\$.....0

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [☐]

No [☒]

N/A [☐]

12.4

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

.....%

.....%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [☐]

No [☒]

12.6

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

.....

.....

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$.....2,000,000

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?

Yes [☐]

No [☒]

13.3

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

.....1

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [X]

No []

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
Ceded losses allocated based upon pro rata share of the total subject losses ceded. Ceded premiums allocated based upon pre-determined amounts.

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes []

No [X]

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [X]

No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes []

No [X]

15.2

If yes, give full information:

16.1

Does the reporting entity write any warranty business?

Yes []

No [X]

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....					
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?
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:

Yes []

No [X]

17.11

Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.12

Unfunded portion of Interrogatory 17.11

17.13

Paid losses and loss adjustment expenses portion of Interrogatory 17.11

17.14

Case reserves portion of Interrogatory 17.11

17.15

Incurred but not reported portion of Interrogatory 17.11

17.16

Unearned premium portion of Interrogatory 17.11

17.17

Contingent commission portion of Interrogatory 17.11

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

17.18

Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.19

Unfunded portion of Interrogatory 17.18

17.20

Paid losses and loss adjustment expenses portion of Interrogatory 17.18

17.21

Case reserves portion of Interrogatory 17.18

17.22

Incurred but not reported portion of Interrogatory 17.18

17.23

Unearned premium portion of Interrogatory 17.18

17.24

Contingent commission portion of Interrogatory 17.18

18.1

Do you act as a custodian for health savings account?

Yes []

No [X]

18.2

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

18.3

Do you act as an administrator for health savings accounts?

Yes []

No [X]

18.4

If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	115,672,247	122,041,284	140,745,100	200,636,217	268,443,608
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	14,983,182	17,364,535	18,955,701	22,463,509	21,973,077
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	670,672	1,979,597	2,349,814	2,372,385	2,381,489
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	7,677,380	8,171,547	8,288,291	10,123,892	9,463,646
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	139,003,481	149,556,963	170,338,906	235,596,003	302,261,820
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	99,267,460	105,273,674	122,170,782	175,667,623	236,534,950
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	13,456,103	15,787,965	17,216,057	20,379,690	19,970,073
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	619,213	1,828,688	2,179,785	2,204,621	2,215,314
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	6,347,906	6,758,240	7,225,073	7,786,245	7,753,178
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	119,690,682	129,648,567	148,791,697	206,038,179	266,473,515
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	27,593,946	36,493,472	65,055,192	98,709,165	113,897,771
14. Net investment gain (loss) (Line 11).....	23,317,916	31,273,602	27,751,819	10,627,752	41,088,177
15. Total other income (Line 15).....	(359,099)	(170,851)	(605,347)	(106,757)	58,137
16. Dividends to policyholders (Line 17).....	79,776	83,489	128,689	123,760	78,231
17. Federal and foreign income taxes incurred (Line 19).....	11,943,608	17,088,751	25,942,583	47,709,241	49,516,261
18. Net income (Line 20).....	38,529,379	50,423,983	66,130,392	61,397,159	105,449,593
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	547,581,864	619,326,802	676,450,304	703,198,554	882,270,320
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	17,128,758	16,211,753	19,181,099	27,436,428	33,941,188
20.2 Deferred and not yet due (Line 15.2).....	3,058,201	3,157,690	3,434,303	5,260,983	6,871,143
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	370,514,240	401,901,193	444,408,673	493,556,249	550,688,837
22. Losses (Page 3, Line 1).....	212,323,292	223,355,407	262,992,482	286,646,739	315,088,159
23. Loss adjustment expenses (Page 3, Line 3).....	94,152,141	111,496,554	102,919,788	106,537,140	111,288,977
24. Unearned premiums (Page 3, Line 9).....	53,474,276	55,771,836	66,526,129	89,302,862	110,934,954
25. Capital paid up (Page 3, Lines 30 & 31).....	3,506,250	3,506,250	3,506,250	3,506,250	3,506,250
26. Surplus as regards policyholders (Page 3, Line 37).....	177,067,624	217,425,609	232,041,631	209,642,305	331,581,482
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	2,002,916	21,058,053	28,353,775	54,185,031	78,934,054
Risk-Based Capital Analysis					
28. Total adjusted capital.....	177,067,624	217,425,609	232,041,631	209,642,305	331,581,482
29. Authorized control level risk-based capital.....	45,977,858	47,788,508	47,958,995	49,493,013	53,074,485
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	82.1	85.9	86.0	86.2	85.0
31. Stocks (Lines 2.1 & 2.2).....	14.2	12.0	10.2	7.9	10.2
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	3.7	2.1	3.8	6.0	4.9
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....			XXX	XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....		0.0			
39. Securities lending reinvested collateral assets (Line 10).....			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	53,581,599	49,878,549	45,587,626	28,799,379	25,763,206
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	53,581,599	49,878,549	45,587,626	28,799,379	25,763,206
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	30.3	22.9	19.6	13.7	7.8

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2011	2010	2009	2008	2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	.....3,593,520	.....4,617,035	.....10,991,327	.....(2,603,180)	.....(2,530,322)
51. Dividends to stockholders (Line 35).....	.....(80,000,000)	.....(60,000,000)	.....(61,000,000)	.....(190,000,000)	.....(60,900,000)
52. Change in surplus as regards policyholders for the year (Line 38).....	.....(40,357,984)	.....(14,616,022)	.....22,399,326	.....(121,939,177)	.....38,756,667
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....43,416,716	.....38,267,448	.....43,334,177	.....50,951,527	.....58,259,545
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....6,950,747	.....9,825,457	.....9,131,032	.....10,355,801	.....8,444,001
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....606,678	.....573,430	.....837,999	.....306,009	.....452,533
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....599,843	.....118,759	.....129,053	.....445,977	.....132,618
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	.....51,573,984	.....48,785,094	.....53,432,261	.....62,059,314	.....67,288,697
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....33,954,362	.....35,039,553	.....32,270,258	.....45,771,129	.....46,492,659
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....6,533,703	.....9,235,929	.....8,583,170	.....9,256,586	.....7,937,361
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....328,192	.....539,024	.....787,719	.....287,649	.....425,383
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....563,853	.....111,633	.....503,501	.....558,317	.....124,662
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	.....41,380,110	.....44,926,139	.....42,144,648	.....55,873,681	.....54,980,065
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	.....100.0	.....100.0	.....100.0	.....100.0	.....100.0
66. Losses incurred (Line 2).....	.....24.9	.....3.8	.....10.8	.....12.0	.....17.2
67. Loss expenses incurred (Line 3).....	.....17.7	.....35.9	.....19.4	.....16.0	.....10.8
68. Other underwriting expenses incurred (Line 4).....	.....34.8	.....34.3	.....31.9	.....28.6	.....31.1
69. Net underwriting gain (loss) (Line 8).....	.....22.6	.....26.0	.....37.9	.....43.4	.....40.9
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	.....35.8	.....37.3	.....37.2	.....31.7	.....32.5
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....42.6	.....39.7	.....30.1	.....28.0	.....28.0
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	.....67.6	.....59.6	.....64.1	.....98.3	.....80.4
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....(2,247)	.....(26,387)	.....(36,920)	.....(39,100)	.....(62,649)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	.....(1.0)	.....(11.4)	.....(17.6)	.....(11.8)	.....(21.4)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	.....(28,442)	.....(65,592)	.....(72,136)	.....(89,667)	.....(73,212)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	.....(12.3)	.....(31.3)	.....(21.8)	.....(30.6)	.....(31.3)

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

Yes[] No[]

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 (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 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.....	.....1,313	.....1,953	.....1,137	.....146	.....309	.....	.....21	.....662	.....XXX.....
2. 2002.....	.....213,009	.....18,144	.....194,865	.....77,856	.....3,551	.....23,138	.....241	.....14,028	.....	.....2,632	.....111,230	.....XXX.....
3. 2003.....	.....252,913	.....25,331	.....227,581	.....94,922	.....32,019	.....24,948	.....1,326	.....15,053	.....	.....2,597	.....101,578	.....XXX.....
4. 2004.....	.....285,258	.....30,827	.....254,431	.....63,723	.....579	.....23,681	.....151	.....16,145	.....	.....1,784	.....102,818	.....XXX.....
5. 2005.....	.....302,709	.....19,335	.....283,375	.....69,019	.....8,106	.....26,639	.....923	.....14,985	.....	.....1,269	.....101,614	.....XXX.....
6. 2006.....	.....320,487	.....21,282	.....299,206	.....50,330	.....4,254	.....23,004	.....1,172	.....15,716	.....	.....1,209	.....83,624	.....XXX.....
7. 2007.....	.....297,433	.....18,661	.....278,772	.....37,740	.....1,919	.....16,596	.....8	.....15,769	.....	.....1,051	.....68,178	.....XXX.....
8. 2008.....	.....243,926	.....16,256	.....227,670	.....37,226	.....825	.....12,823	.....187	.....12,604	.....	.....955	.....61,641	.....XXX.....
9. 2009.....	.....183,939	.....12,371	.....171,569	.....21,944	.....	.....5,669	.....	.....10,594	.....	.....800	.....38,207	.....XXX.....
10. 2010.....	.....151,780	.....11,376	.....140,404	.....23,589	.....490	.....2,029	.....12	.....7,241	.....	.....1,034	.....32,357	.....XXX.....
11. 2011.....	.....132,520	.....10,532	.....121,989	.....8,680	.....	.....663	.....	.....2,541	.....	.....436	.....11,883	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....486,342	.....53,695	.....160,327	.....4,166	.....124,984	.....0	.....13,788	.....713,793	.....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		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....3,914	.....1,369	.....2,820	.....	.....1,589	.....1,697	.....	.....	.....4,315	.....	.....	.....9,572	.....XXX.....
2. 2002.....	.....5,567	.....2,587	.....2,820	.....	.....1,390	.....	.....	.....	.....660	.....	.....	.....7,849	.....XXX.....
3. 2003.....	.....2,423	.....(877)	.....4,700	.....	.....1,663	.....807	.....	.....	.....807	.....	.....	.....9,662	.....XXX.....
4. 2004.....	.....3,456	.....968	.....5,640	.....	.....1,591	.....	.....	.....	.....1,188	.....	.....	.....10,908	.....XXX.....
5. 2005.....	.....2,910	.....(390)	.....8,460	.....	.....2,695	.....359	.....	.....	.....1,755	.....	.....	.....15,851	.....XXX.....
6. 2006.....	.....5,553	.....	.....11,280	.....	.....4,802	.....	.....	.....	.....2,264	.....	.....28	.....23,899	.....XXX.....
7. 2007.....	.....8,167	.....	.....14,101	.....	.....8,379	.....	.....	.....	.....3,442	.....	.....38	.....34,089	.....XXX.....
8. 2008.....	.....11,843	.....68	.....19,035	.....2,820	.....11,680	.....15	.....	.....	.....5,346	.....	.....113	.....45,002	.....XXX.....
9. 2009.....	.....13,629	.....	.....22,796	.....2,820	.....14,219	.....	.....	.....	.....6,061	.....	.....122	.....53,886	.....XXX.....
10. 2010.....	.....10,516	.....13	.....30,692	.....2,820	.....6,870	.....	.....	.....	.....5,147	.....	.....216	.....50,392	.....XXX.....
11. 2011.....	.....9,766	.....629	.....28,823	.....3,760	.....5,063	.....	.....	.....	.....6,104	.....	.....235	.....45,366	.....XXX.....
12. Totals...	.....77,744	.....4,367	.....151,167	.....12,220	.....59,943	.....2,878	.....0	.....0	.....37,088	.....0	.....752	.....306,476	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....			.....XXX.....	.....5,365	.....4,207
2. 2002.	.....125,458	.....6,379	.....119,079	.....58.9	.....35.2	.....61.1			.....94.00	.....5,799	.....2,050
3. 2003.	.....144,516	.....33,276	.....111,240	.....57.1	.....131.4	.....48.9			.....94.00	.....8,000	.....1,662
4. 2004.	.....115,424	.....1,699	.....113,726	.....40.5	.....5.5	.....44.7			.....94.00	.....8,128	.....2,780
5. 2005.	.....126,463	.....8,998	.....117,465	.....41.8	.....46.5	.....41.5			.....94.00	.....11,760	.....4,091
6. 2006.	.....112,949	.....5,426	.....107,523	.....35.2	.....25.5	.....35.9			.....94.00	.....16,833	.....7,066
7. 2007.	.....104,193	.....1,926	.....102,267	.....35.0	.....10.3	.....36.7			.....94.00	.....22,268	.....11,821
8. 2008.	.....110,558	.....3,915	.....106,643	.....45.3	.....24.1	.....46.8			.....94.00	.....27,990	.....17,011
9. 2009.	.....94,913	.....2,820	.....92,093	.....51.6	.....22.8	.....53.7			.....94.00	.....33,605	.....20,281
10. 2010.	.....86,084	.....3,335	.....82,749	.....56.7	.....29.3	.....58.9			.....94.00	.....38,375	.....12,018
11. 2011.	.....61,639	.....4,389	.....57,250	.....46.5	.....41.7	.....46.9			.....94.00	.....34,200	.....11,166
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....212,323	.....94,152

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior.....	.....81,942	.....105,791	.....102,747	.....114,612	.....118,536	.....118,808	.....119,044	.....122,632	.....121,847	.....119,918	.....(1,928)	.....(2,714)
2. 2002.....	.....99,237	.....105,505	.....108,523	.....109,609	.....110,765	.....104,389	.....103,885	.....104,900	.....104,481	.....104,392	.....(89)	.....(509)
3. 2003.....	.....XXX	.....112,075	.....109,356	.....109,718	.....106,796	.....99,170	.....92,794	.....92,029	.....93,568	.....95,380	.....1,812	.....3,351
4. 2004.....	.....XXX	.....XXX	.....148,803	.....131,495	.....121,182	.....106,890	.....100,807	.....102,170	.....97,887	.....96,393	.....(1,494)	.....(5,776)
5. 2005.....	.....XXX	.....XXX	.....XXX	.....152,349	.....133,572	.....115,111	.....113,559	.....105,674	.....103,352	.....100,725	.....(2,627)	.....(4,949)
6. 2006.....	.....XXX	.....XXX	.....XXX	.....XXX	.....141,165	.....124,810	.....112,259	.....98,872	.....88,774	.....89,543	.....770	.....(9,329)
7. 2007.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....122,455	.....110,185	.....93,223	.....84,720	.....83,057	.....(1,664)	.....(10,166)
8. 2008.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....94,275	.....90,389	.....86,457	.....88,693	.....2,236	.....(1,697)
9. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....72,091	.....74,378	.....75,438	.....1,060	.....3,346
10. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....70,684	.....70,361	.....(323)	.....XXX
11. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....48,606	.....XXX	.....XXX
12. Totals.....											.....(2,247)	.....(28,442)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior.....	.....000	.....40,541	.....64,138	.....83,894	.....96,705	.....103,449	.....112,464	.....112,402	.....113,808	.....114,161	.....XXX	.....XXX
2. 2002.....	.....24,654	.....43,502	.....59,969	.....76,269	.....82,421	.....87,178	.....90,560	.....93,144	.....95,313	.....97,202	.....XXX	.....XXX
3. 2003.....	.....XXX	.....18,418	.....43,473	.....51,195	.....61,417	.....70,581	.....75,691	.....78,167	.....87,678	.....86,525	.....XXX	.....XXX
4. 2004.....	.....XXX	.....XXX	.....18,177	.....39,001	.....53,449	.....65,340	.....73,440	.....79,742	.....83,932	.....86,674	.....XXX	.....XXX
5. 2005.....	.....XXX	.....XXX	.....XXX	.....16,652	.....30,245	.....48,967	.....65,296	.....77,114	.....82,040	.....86,629	.....XXX	.....XXX
6. 2006.....	.....XXX	.....XXX	.....XXX	.....XXX	.....16,262	.....29,311	.....42,398	.....51,440	.....57,780	.....67,908	.....XXX	.....XXX
7. 2007.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....13,367	.....25,902	.....34,537	.....43,522	.....52,410	.....XXX	.....XXX
8. 2008.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....14,357	.....26,255	.....37,180	.....49,037	.....XXX	.....XXX
9. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....11,689	.....21,053	.....27,613	.....XXX	.....XXX
10. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....13,901	.....25,116	.....XXX	.....XXX
11. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....9,343	.....XXX	.....XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior.....	.....33,473	.....19,039	.....7,052	.....4,700	.....7,520	.....7,520	.....3,760	.....6,580	.....5,640	.....2,820
2. 2002.....	.....45,009	.....23,284	.....10,818	.....7,759	.....11,280	.....6,580	.....5,640	.....5,640	.....5,640	.....2,820
3. 2003.....	.....XXX	.....46,358	.....25,869	.....20,923	.....19,040	.....12,222	.....8,460	.....7,520	.....4,700	.....4,700
4. 2004.....	.....XXX	.....XXX	.....75,543	.....47,243	.....35,958	.....22,797	.....14,101	.....14,100	.....8,460	.....5,640
5. 2005.....	.....XXX	.....XXX	.....XXX	.....76,202	.....44,514	.....28,437	.....26,557	.....16,921	.....12,220	.....8,460
6. 2006.....	.....XXX	.....XXX	.....XXX	.....XXX	.....86,449	.....56,660	.....40,672	.....27,503	.....16,451	.....11,280
7. 2007.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....70,560	.....46,803	.....32,198	.....20,447	.....14,101
8. 2008.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....50,351	.....35,017	.....22,326	.....16,215
9. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....36,720	.....25,146	.....19,976
10. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....33,900	.....27,872
11. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....25,063

Mid-Continent Casualty Company
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama.....AL	..L....	.....442,622	.....386,607	.....	.....421,002	.....1,164,289	.....935,749	.....	.....
2. Alaska.....AK	..N....	.....	.....	.....	.....	.....	.....	.....	.....
3. Arizona.....AZ	..L....	.....224,328	.....264,282	.....	.....68,196	.....(244,754)	.....422,382	.....	.....
4. Arkansas.....AR	..L....	.....1,445,227	.....1,406,952	.....	.....662,743	.....192,545	.....1,319,003	.....	.....
5. California.....CA	..N....	.....	.....	.....	.....	.....	.....	.....	.....
6. Colorado.....CO	..L....	.....704,425	.....828,816	.....	.....79,536	.....(191,439)	.....1,581,290	.....	.....
7. Connecticut.....CT	..N....	.....	.....	.....	.....	.....	.....	.....	.....
8. Delaware.....DE	..N....	.....	.....	.....	.....	.....	.....	.....	.....
9. District of Columbia.....DC	..N....	.....	.....	.....	.....	.....	.....	.....	.....
10. Florida.....FL	..L....	.....17,407,297	.....19,045,650	.....	.....9,636,811	.....14,351,276	.....78,119,093	.....	.....
11. Georgia.....GA	..L....	.....574,152	.....611,853	.....	.....438,430	.....305,694	.....1,047,431	.....	.....
12. Hawaii.....HI	..N....	.....	.....	.....	.....	.....	.....	.....	.....
13. Idaho.....ID	..L....	.....327,674	.....318,517	.....	.....7,075	.....283,944	.....285,070	.....	.....
14. Illinois.....IL	..L....	.....500,769	.....568,434	.....	.....	.....(105,970)	.....114,393	.....	.....
15. Indiana.....IN	..L....	.....409,248	.....356,943	.....	.....29,336	.....(4,945)	.....11,799	.....	.....
16. Iowa.....IA	..L....	.....139,482	.....152,695	.....	.....	.....(25,619)	.....186,625	.....	.....
17. Kansas.....KS	..L....	.....6,390,644	.....6,210,715	.....	.....2,328,131	.....1,076,454	.....6,454,581	.....	.....
18. Kentucky.....KY	..L....	.....293,345	.....195,822	.....	.....	.....	.....	.....	.....
19. Louisiana.....LA	..L....	.....919,591	.....830,252	.....	.....(89,596)	.....(162,444)	.....658,941	.....	.....
20. Maine.....ME	..N....	.....	.....	.....	.....	.....	.....	.....	.....
21. Maryland.....MD	..L....	.....246,027	.....265,913	.....	.....3,852	.....100,856	.....255,991	.....	.....
22. Massachusetts.....MA	..N....	.....	.....	.....	.....	.....	.....	.....	.....
23. Michigan.....MI	..L....	.....858,706	.....888,762	.....	.....100,939	.....288,881	.....456,399	.....	.....
24. Minnesota.....MN	..L....	.....226,854	.....231,740	.....	.....61,455	.....147,545	.....168,991	.....	.....
25. Mississippi.....MS	..L....	.....210,139	.....195,474	.....	.....5,459	.....298,107	.....319,565	.....	.....
26. Missouri.....MO	..L....	.....1,060,997	.....945,071	.....	.....656,045	.....899,784	.....2,697,153	.....	.....
27. Montana.....MT	..L....	.....2,725,342	.....2,674,065	.....	.....618,695	.....3,305,578	.....5,572,937	.....	.....
28. Nebraska.....NE	..L....	.....242,589	.....244,402	.....	.....2,655	.....(77,095)	.....118,994	.....	.....
29. Nevada.....NV	..N....	.....	.....	.....	.....	.....	.....	.....	.....
30. New Hampshire.....NH	..N....	.....	.....	.....	.....	.....	.....	.....	.....
31. New Jersey.....NJ	..N....	.....	.....	.....	.....	.....	.....	.....	.....
32. New Mexico.....NM	..L....	.....811,180	.....791,726	.....	.....336	.....60,106	.....1,145,823	.....	.....
33. New York.....NY	..N....	.....	.....	.....	.....	.....	.....	.....	.....
34. North Carolina.....NC	..L....	.....363,150	.....541,941	.....	.....26,663	.....129,364	.....931,615	.....	.....
35. North Dakota.....ND	..L....	.....7,679,669	.....6,892,231	.....	.....1,069,700	.....2,073,684	.....1,700,238	.....	.....
36. Ohio.....OH	..L....	.....446,277	.....407,630	.....	.....6,406	.....12,458	.....33,149	.....	.....
37. Oklahoma.....OK	..L....	.....37,143,122	.....36,696,972	.....	.....16,668,592	.....4,973,083	.....40,580,071	.....	.....
38. Oregon.....OR	..L....	.....458,877	.....625,290	.....	.....438,355	.....(1,131,100)	.....2,914,779	.....	.....
39. Pennsylvania.....PA	..N....	.....	.....	.....	.....	.....	.....	.....	.....
40. Rhode Island.....RI	..N....	.....	.....	.....	.....	.....	.....	.....	.....
41. South Carolina.....SC	..L....	.....778,675	.....591,667	.....	.....2,803	.....22,322	.....156,389	.....	.....
42. South Dakota.....SD	..L....	.....122,194	.....129,282	.....	.....40,000	.....212,357	.....363,265	.....	.....
43. Tennessee.....TN	..L....	.....348,409	.....395,682	.....	.....21,498	.....584,681	.....653,096	.....	.....
44. Texas.....TX	..L....	.....37,499,747	.....38,744,551	.....79,776	.....10,383,553	.....(7,076,680)	.....62,736,380	.....	.....
45. Utah.....UT	..L....	.....1,734,408	.....1,872,922	.....	.....224,169	.....(80,841)	.....2,811,818	.....	.....
46. Vermont.....VT	..N....	.....	.....	.....	.....	.....	.....	.....	.....
47. Virginia.....VA	..L....	.....226,537	.....247,979	.....	.....48,589	.....210,787	.....241,063	.....	.....
48. Washington.....WA	..L....	.....30,368	.....30,368	.....	.....	.....9,452,143	.....9,697,164	.....	.....
49. West Virginia.....WV	..N....	.....	.....	.....	.....	.....	.....	.....	.....
50. Wisconsin.....WI	..N....	.....	.....	.....	.....	.....	.....	.....	.....
51. Wyoming.....WY	..L....	.....2,335,783	.....2,347,444	.....	.....400,504	.....202,906	.....1,120,377	.....	.....
52. American Samoa.....AS	..N....	.....	.....	.....	.....	.....	.....	.....	.....
53. Guam.....GU	..N....	.....	.....	.....	.....	.....	.....	.....	.....
54. Puerto Rico.....PR	..N....	.....	.....	.....	.....	.....	.....	.....	.....
55. US Virgin Islands.....VI	..N....	.....	.....	.....	.....	.....	.....	.....	.....
56. Northern Mariana Islands.....MP	..N....	.....	.....	.....	.....	.....	.....	.....	.....
57. Canada.....CN	..N....	.....	.....	.....	.....	.....	.....	.....	.....
58. Aggregate Other Alien.....OT	...XXX...	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59. Totals.....	(a)....34	.....125,327,854	.....126,938,650	.....79,776	.....44,361,932	.....31,247,957	...225,811,614	.....0	.....0

DETAILS OF WRITE-INS

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

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

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

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

Explanation of Basis of Allocation of Premiums by States, etc.

Fire, Allied lines, Farmowners multiple peril, and Commercial multiple peril - Location of property insured; Inland marine - Address of insured or state of principal exposure; Liability other than auto - Location of plant or premises of insured; Auto liability and Auto physical damage - Location of principal garage of insured; Fidelity: Check forgery bonds - Location of assured, United States Government employee bonds - Location of employee, All other - Location of employer; Surety: Judicial bonds - Location of court, License bonds - Location of obligee, All contracts - Location of work, Supply bonds - Location of contractor, and All other - Location of principal.

Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
American Financial Capital Trust II	DE	31-6549738	
American Financial Capital Trust III	DE	16-6543606	
American Financial Capital Trust IV	DE	16-6543609	
American Financial Enterprises, Inc.	CT	31-0996797	
American Money Management Corporation	OH	31-0828578	
American Real Estate Capital Company, LLC (80%)	OH	27-1577326	
MidMarket Capital Partners, LLC (51%)	DE	27-2829629	
APU Holding Company	OH	41-2112001	
American Premier Underwriters, Inc.	PA	23-6000765	
The Associates of the Jersey Company	NJ	23-6297584	
Cal Coal, Inc.	IL	37-1094159	
Great Southwest Corporation	DE	95-2802826	
The Indianapolis Union Railway Company	IN	35-6001691	
Lehigh Valley Railroad Company	PA	13-6400464	
Magnolia Alabama Holdings, Inc.	DE	20-1548213	
Magnolia Alabama Holdings LLC	AL	20-1574094	
The Owasco River Railway, Inc.	NY	13-6021353	
PCC Real Estate, Inc.	NY	31-1236926	
PCC Technical Industries, Inc.	DE	76-0080537	
PCC Maryland Realty Corp.	MD	31-1388401	
Penn Central Energy Management Company	DE	06-1209709	
Penn Towers, Inc.	PA	23-1537928	
Pennsylvania-Reading Seashore Lines (66.67%)	NJ	23-6000766	
Pittsburgh and Cross Creek Railroad Company (83%)	PA	23-6207599	
Terminal Realty Penn Co.	DC	23-1707450	
Waynesburg Southern Railroad Company	PA	23-1675796	
GAI Insurance Company, Ltd. *	BM		
Hangar Acquisition Corp.	OH	31-1446308	
PLLS, Ltd.	WA	91-1508643	
Premier Lease & Loan Services Insurance Agency, Inc.	WA	91-1242743	
Premier Lease & Loan Services of Canada, Inc.	WA	91-1508644	
Republic Indemnity Company of America *	CA	95-2801326	22179
Republic Indemnity Company of California *	CA	31-1054123	43753
Risiko Management Corporation	DE	31-1262960	
Atlas Building Company, LLC	OH	27-4521779	
Dixie Terminal Corporation	OH	31-0823725	
Flextech Holding Co., Inc.	OH	31-1733037	
GAI Holding Bermuda Ltd.	BM	98-0606803	
GAI Indemnity, Ltd. #	GB	98-0556144	
Marketform Group Limited (71.6%)	GB		
Marketform Holdings Limited	GB		
Caduceus Underwriting Limited	GB		
Lavenham Underwriting Limited #	GB	98-0412245	
Marketform Limited	GB		
Gabinete Marketform SL	ES		
Marketform Australia Pty Limited	AU		
Studio Marketform SRL	IT		
Marketform Management Services Limited	GB		
Marketform Managing Agency Limited	GB		
Sampford Underwriting Limited #	GB	98-0431601	
Marketform Trust Company Limited	GB		

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Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

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American Financial Group, Inc.	OH	31-1544320	
Great American Financial Resources, Inc. ^	DE	06-1356481	
AAG Holding Company, Inc.	OH	31-1475936	
Great American Financial Statutory Trust IV	CT	58-646032	
Great American Life Insurance Company *	OH	13-1935920	63312
Aerielle IP Holdings, LLC ^	OH	45-2969767	
Aerielle, LLC ^	DE	26-4391696	
Aerielle Technologies, Inc.	CA	26-0756104	
Annuity Investors Life Insurance Company *	OH	31-1021738	93661
Bay Bridge Marina Hemingway's Restaurant, LLC (85%)	MD	27-4078277	
Bay Bridge Marina Management, LLC (85%)	MD	27-0513333	
Brothers Management, LLC (99%)	FL	20-1246122	
Consolidated Financial Corporation	MI	36-3383108	
FT Liquidation, LLC	OH	45-3988240	
GALIC - Bay Bridge Marina, LLC	MD	20-4604276	
GALIC - Stoneleigh, LLC	FL	45-3829557	
GALIC Brothers, Inc. (80%)	OH	31-1391777	
GALIC Pointe, LLC ^	FL	45-1144095	
GALIC Port Orange, LLC (80%) ^	FL	27-1026964	
Manhattan National Holding Corporation	OH	26-3260520	
Manhattan National Life Insurance Company *	IL	45-0252531	67083
Skipjack Marina Corp.	MD	52-2179330	
Loyal American Holding Corporation	OH	20-3568924	
Loyal American Life Insurance Company *	OH	63-0343428	65722
American Retirement Life Insurance Company *	OH	59-2760189	88366
GALAC Holding Company	OH	45-4121852	
Great American Life Assurance Company *	OH	95-2496321	62200
United Teacher Associates, Ltd. ^	TX	74-2180806	
United Teacher Associates Insurance Company *	TX	58-0869673	63479
AAG Insurance Agency, Inc.	KY	31-1422717	
Ceres Group, Inc.	DE	34-1017531	
Central Reserve Life Insurance Company *	OH	34-0970995	61727
Provident American Life & Health Insurance Company *	OH	23-1335885	67903
United Benefit Life Insurance Company *	OH	75-2305400	65269
Ceres Administrators, L.L.C.	DE	34-1880408	
Ceres Sales, LLC	DE	34-1947043	
Ceres Sales of Ohio, LLC	OH	34-1970892	
HealthMark Sales, LLC	DE	34-1920479	
Continental General Corporation	NE	47-0717079	
Continental General Insurance Company *	OH	47-0463747	71404
Continental Print & Photo Co.	NE	47-0562685	
QQAgency of Texas, Inc.	TX	34-1947042	
Great American Advisors, Inc.	OH	31-1395344	
Great American Holding, Inc.	OH	42-1575938	
Agricultural Services, LLC	OH	27-3062314	
United States Commodities Producers, LLC (51.3%)	MT	45-4110027	
United States Livestock Producers, LLC (51.3%)	NV	27-2354685	
Livestock Market Enhancement Risk Retention Group *	NV	27-4395897	14084
American Empire Surplus Lines Insurance Company *	DE	31-0912199	35351
American Empire Insurance Company *	OH	31-0973761	37990
American Empire Underwriters, Inc.	TX	59-1671722	
Great American International Insurance Limited *	IE		
Mid-Continent Casualty Company *	OH	73-0556513	23418
Mid-Continent Assurance Company *	OH	73-1406844	15380
Mid-Continent Excess and Surplus Insurance Company *	DE	38-3803661	13794
Mid-Continent Specialty Insurance Services, Inc.	OK	30-0571535	
Oklahoma Surety Company *	OH	73-0773259	23426
Premier International Insurance Company *	TC	98-0627464	

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Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group
Part 1 - Organizational Chart

	Domiciliary Location	FEIN	NAIC Co. Code
American Financial Group, Inc.	OH	31-1544320	
Great American Insurance Company *	OH	31-0501234	16691
American Signature Underwriters, Inc.	OH	31-1463075	
Brothers Property Corporation (80%)	OH	59-2840291	
Brothers Le Pavillon, LLC	DE	20-5173494	
Brothers Le Pavillon (SPE), LLC	DE	20-5173589	
Brothers Pennsylvanian Corporation	PA	25-1754638	
Brothers Property Management Corporation	OH	59-2840294	
Crescent Centre Apartments ^	OH	20-4498054	
Crop Managers Insurance Agency, Inc.	KS	31-1277904	
Dempsey & Siders Agency, Inc.	OH	31-0589001	
Eden Park Insurance Brokers, Inc.	CA	31-1341668	
El Aguila, Compañía de Seguros, S.A. de C.V. *	MX		
Financiadora de Primas Condor, S.A. de C.V. (99%)	MX		
Farmers Crop Insurance Alliance, Inc.	KS	39-1404033	
FCIA Management Company, Inc.	NY	13-3628555	
Foreign Credit Insurance Association @	NY		
GAI Warranty Company	OH	31-1753938	
GAI Warranty Company of Florida	FL	31-1765544	
GAI Warranty Company of Canada Inc.	CN		
Global Premier Finance Company	OH	61-1329718	
Great American Agency of Texas, Inc.	TX	74-2693636	
Great American Alliance Insurance Company *	OH	95-1542353	26832
Great American Assurance Company *	OH	15-6020948	26344
Great American Casualty Insurance Company *	OH	61-0983091	39896
Great American Claims Services, Inc.	DE	31-1228726	
Great American Contemporary Insurance Company *	OH	36-4079497	10646
Great American E & S Insurance Company *	DE	31-0954439	37532
Great American Fidelity Insurance Company *	DE	31-1036473	41858
Great American Insurance Agency, Inc.	OH	31-1652643	
Great American Insurance Company of New York *	NY	13-5539046	22136
Great American Lloyd's Insurance Company * @	TX	31-0974853	38024
Great American Lloyd's, Inc.	TX	31-1073664	
Great American Management Services, Inc.	OH	31-0856644	
Great American Protection Insurance Company *	OH	31-1288778	38580
Great American Re Inc.	DE	31-0918893	
Great American Security Insurance Company *	OH	31-1209419	31135
Great American Spirit Insurance Company *	OH	31-1237970	33723
Key Largo Group, Inc.	FL	59-1263251	
National Interstate Corporation (52.4%)	OH	34-1607394	
American Highways Insurance Agency, Inc.	OH	34-1899058	
Explorer RV Insurance Agency, Inc.	OH	31-1548235	
Hudson Indemnity, Ltd.	KY	98-0191335	
Hudson Management Group, Ltd.	VI	66-0660039	
National Interstate Insurance Agency, Inc.	OH	34-1607396	
Commercial For Hire Transportation Purchasing Group @	SC	36-4670968	
National Interstate Insurance Company *	OH	34-1607395	32620
National Interstate Insurance Company of Hawaii, Inc. *	OH	99-0345306	11051
Triumphe Casualty Company *	OH	95-3623282	41106
Vanliner Group, Inc.	DE	43-1415856	
TransProtection Service Company	MO	43-1254631	
Vanliner Insurance Company *	MO	86-0114294	21172
Vanliner Reinsurance Limited *	BM		
Safety Claims and Litigation Services, LLC	MT	20-5546054	
Safety, Claims & Litigation Services, Inc.	PA	23-2825108	
Penn Central U.K. Limited	GB		
Insurance (GB) Limited *	GB		
Pinecrest Place LLC	FL	27-2226948	
PLLS Canada Insurance Brokers Inc. ^	CN	871850814	
Professional Risk Brokers, Inc.	IL	31-1293064	
Strategic Comp Holdings, L.L.C.	LA	72-1331800	
Strategic Comp Services, L.L.C.	LA	36-4517754	
Strategic Comp, L.L.C.	LA	32-0050970	
One East Fourth, Inc.	OH	31-0686194	
Pioneer Carpet Mills, Inc.	OH	31-0883227	
Superior NWVN of Ohio, Inc.	OH	31-1737792	
TEJ Holdings, Inc.	OH	31-1119320	
Three East Fourth, Inc.	OH	31-0728327	

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