

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|----------------------------|--|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 598,711,004 | | 598,711,004 | 410,583,469 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks..... | 5,499,245 | | 5,499,245 | 7,652,732 |
| 2.2 Common stocks..... | 193,495,658 | | 193,495,658 | 172,059,591 |
| 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)..... | 15,628,007 | | 15,628,007 | 15,887,822 |
| 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 (\$....(16,733,863), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....20,607,508, Sch. DA)..... | 3,873,645 | | 3,873,645 | 7,353,082 |
| 6. Contract loans (including \$.....0 premium notes)..... | | | 0 | |
| 7. Derivatives (Schedule DB)..... | | | 0 | |
| 8. Other invested assets (Schedule BA)..... | 13,164,908 | | 13,164,908 | 13,832,721 |
| 9. Receivables for securities..... | | | 0 | |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | |
| 11. Aggregate write-ins for invested assets..... | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 830,372,467 | 0 | 830,372,467 | 627,369,417 |
| 13. Title plants less \$.....0 charged off (for Title insurers only)..... | | | 0 | |
| 14. Investment income due and accrued..... | 6,053,228 | | 6,053,228 | 3,495,588 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in course of collection..... | 11,222,090 | 721,020 | 10,501,071 | 13,354,505 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | 97,557,211 | 233,455 | 97,323,756 | 88,454,948 |
| 15.3 Accrued retrospective premiums..... | | | 0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers..... | 15,919,902 | | 15,919,902 | 5,031,367 |
| 16.2 Funds held by or deposited with reinsured companies..... | 806,234 | | 806,234 | 1,162,596 |
| 16.3 Other amounts receivable under reinsurance contracts..... | 27,651 | | 27,651 | |
| 17. Amounts receivable relating to uninsured plans..... | | | 0 | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon..... | 6,612,251 | | 6,612,251 | 4,653,731 |
| 18.2 Net deferred tax asset..... | 25,358,174 | 3,132,841 | 22,225,333 | 19,105,446 |
| 19. Guaranty funds receivable or on deposit..... | | | 0 | |
| 20. Electronic data processing equipment and software..... | 1,352,789 | | 1,352,789 | 851,149 |
| 21. Furniture and equipment, including health care delivery assets (\$.....0)..... | | | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates..... | 483,271 | | 483,271 | 17,011,664 |
| 24. Health care (\$.....0) and other amounts receivable..... | | | 0 | |
| 25. Aggregate write-ins for other than invested assets..... | 3,681,663 | 648,687 | 3,032,976 | 19,072,801 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 999,446,930 | 4,736,003 | 994,710,927 | 799,563,212 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | |
| 28. TOTALS (Lines 26 and 27)..... | 999,446,930 | 4,736,003 | 994,710,927 | 799,563,212 |

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. Receivable from insureds for deductible payments..... | 1,163,282 | 12,579 | 1,150,703 | 824,812 |
| 2502. Prepaid expenses..... | 636,107 | 636,107 | 0 | |
| 2503. Miscellaneous receivable..... | 351,745 | | 351,745 | 523,007 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 1,530,528 | 0 | 1,530,528 | 17,724,981 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 3,681,663 | 648,687 | 3,032,976 | 19,072,801 |

National Interstate Insurance Company
LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8)..... | 268,627,377 | 148,644,616 |
| 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)..... | 63,564,039 | 46,600,049 |
| 4. Commissions payable, contingent commissions and other similar charges..... | 7,773,249 | 7,953,789 |
| 5. Other expenses (excluding taxes, licenses and fees)..... | 7,487,785 | 10,820,252 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes)..... | 4,421,816 | 4,698,593 |
| 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 \$.....109,795,780 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)..... | 112,076,281 | 106,142,942 |
| 10. Advance premium..... | 612,339 | 959,753 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders..... | | |
| 11.2 Policyholders..... | | |
| 12. Ceded reinsurance premiums payable (net of ceding commissions)..... | 16,380,025 | 9,479,588 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)..... | 186,322,065 | 166,330,288 |
| 14. Amounts withheld or retained by company for account of others..... | 16,057,553 | 14,059,123 |
| 15. Remittances and items not allocated..... | 471,725 | 1,784,183 |
| 16. Provision for reinsurance (Schedule F, Part 7)..... | 302,585 | 1,322,257 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates..... | | |
| 18. Drafts outstanding..... | | |
| 19. Payable to parent, subsidiaries and affiliates..... | 13,756,215 | 7,038,476 |
| 20. Derivatives..... | | |
| 21. Payable for securities..... | 16,262 | |
| 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..... | 3,227,908 | 82,444 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)..... | 701,097,223 | 525,916,352 |
| 27. Protected cell liabilities..... | | |
| 28. Total liabilities (Lines 26 and 27)..... | 701,097,223 | 525,916,352 |
| 29. Aggregate write-ins for special surplus funds..... | 3,078,125 | 622,241 |
| 30. Common capital stock..... | 3,000,000 | 3,000,000 |
| 31. Preferred capital stock..... | | |
| 32. Aggregate write-ins for other than special surplus funds..... | 0 | 0 |
| 33. Surplus notes..... | | |
| 34. Gross paid in and contributed surplus..... | 32,108,779 | 32,108,779 |
| 35. Unassigned funds (surplus)..... | 255,426,800 | 237,915,840 |
| 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)..... | 293,613,704 | 273,646,860 |
| 38. TOTALS (Page 2, Line 28, Col. 3)..... | 994,710,927 | 799,563,212 |

DETAILS OF WRITE-INS

| | | |
|--|-----------|---------|
| 2501. Unearned rental income..... | 33,528 | 82,444 |
| 2502. Payable for balance sheet guaranty..... | 3,194,380 | |
| 2503. | 0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 3,227,908 | 82,444 |
| 2901. Implementation of SSAP 10R..... | 3,078,125 | 622,241 |
| 2902. | | |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0 | |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)..... | 3,078,125 | 622,241 |
| 3201. | | |
| 3202. | | |
| 3203. | | |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0 | |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above)..... | 0 | |

STATEMENT OF INCOME

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| UNDERWRITING INCOME | | |
| 1. Premiums earned (Part 1, Line 35, Column 4)..... | 245,570,924 | 218,101,579 |
| DEDUCTIONS | | |
| 2. Losses incurred (Part 2, Line 35, Column 7)..... | 128,479,640 | 109,797,005 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)..... | 27,757,765 | 22,444,747 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)..... | 75,535,416 | 72,658,789 |
| 5. Aggregate write-ins for underwriting deductions..... | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5)..... | 231,772,821 | 204,900,541 |
| 7. Net income of protected cells..... | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)..... | 13,798,103 | 13,201,038 |
| INVESTMENT INCOME | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | 33,487,486 | 17,893,886 |
| 10. Net realized capital gains (losses) less capital gains tax of \$....1,382,710 (Exhibit of Capital Gains (Losses))..... | 513,366 | 1,740,597 |
| 11. Net investment gain (loss) (Lines 9 + 10)..... | 34,000,852 | 19,634,483 |
| OTHER INCOME | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)..... | 0 | |
| 13. Finance and service charges not included in premiums..... | 499,548 | 507,691 |
| 14. Aggregate write-ins for miscellaneous income..... | (3,194,099) | (2,692,552) |
| 15. Total other income (Lines 12 through 14)..... | (2,694,551) | (2,184,861) |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)..... | 45,104,404 | 30,650,660 |
| 17. Dividends to policyholders..... | | |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)..... | 45,104,404 | 30,650,660 |
| 19. Federal and foreign income taxes incurred..... | 14,135,853 | 10,793,157 |
| 20. Net income (Line 18 minus Line 19) (to Line 22)..... | 30,968,551 | 19,857,504 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)..... | 273,646,860 | 238,390,295 |
| 22. Net income (from Line 20)..... | 30,968,551 | 19,857,504 |
| 23. Net transfers (to) from Protected Cell accounts..... | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(2,861,527)..... | (2,305,577) | 12,372,269 |
| 25. Change in net unrealized foreign exchange capital gain (loss)..... | | |
| 26. Change in net deferred income tax..... | 3,213,493 | 2,162,999 |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3)..... | (5,385,178) | 2,952,019 |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)..... | 1,019,672 | (1,192,037) |
| 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..... | (0) | 0 |
| 33.2 Transferred to capital (Stock Dividend)..... | | |
| 33.3. Transferred from capital..... | | |
| 34. Net remittances from or (to) Home Office..... | | |
| 35. Dividends to stockholders..... | (10,000,000) | |
| 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..... | 2,455,884 | (896,188) |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37)..... | 19,966,844 | 35,256,565 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)..... | 293,613,704 | 273,646,860 |

DETAILS OF WRITE-INS

| | | |
|--|-------------|-------------|
| 0501..... | | |
| 0502..... | | |
| 0503..... | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... | 0 | 0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)..... | 0 | 0 |
| 1401. Other..... | 1,029,279 | 1,047,731 |
| 1402. Interest on funds held..... | (4,223,378) | (3,740,283) |
| 1403..... | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page..... | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)..... | (3,194,099) | (2,692,552) |
| 3701. Implementation of SSAP 10R..... | 2,455,884 | (896,188) |
| 3702..... | | |
| 3703..... | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page..... | 0 | 0 |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)..... | 2,455,884 | (896,188) |

National Interstate Insurance Company

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CASH FROM OPERATIONS | | |
| 1. Premiums collected net of reinsurance..... | 252,059,277 | 217,649,772 |
| 2. Net investment income..... | 35,829,656 | 21,332,860 |
| 3. Miscellaneous income..... | (2,694,551) | (2,184,861) |
| 4. Total (Lines 1 through 3)..... | 285,194,382 | 236,797,772 |
| 5. Benefit and loss related payments..... | 19,056,703 | 86,583,890 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | ..... | ..... |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 90,117,294 | 84,443,307 |
| 8. Dividends paid to policyholders..... | ..... | ..... |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 1,382,710 tax on capital gains (losses)..... | 17,654,791 | 13,101,741 |
| 10. Total (Lines 5 through 9)..... | 126,828,788 | 184,128,938 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 158,365,594 | 52,668,834 |
| CASH FROM INVESTMENTS | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 219,853,223 | 337,502,894 |
| 12.2 Stocks..... | 12,139,768 | 4,112,165 |
| 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..... | 16,262 | ..... |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 232,009,253 | 341,615,059 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 412,342,507 | 269,106,742 |
| 13.2 Stocks..... | 34,089,206 | 122,392,508 |
| 13.3 Mortgage loans..... | ..... | ..... |
| 13.4 Real estate..... | 216,277 | 138,706 |
| 13.5 Other invested assets..... | ..... | ..... |
| 13.6 Miscellaneous applications..... | ..... | ..... |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 446,647,991 | 391,637,956 |
| 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)..... | (214,638,738) | (50,022,897) |
| 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..... | (0) | 0 |
| 16.3 Borrowed funds..... | ..... | ..... |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | ..... | ..... |
| 16.5 Dividends to stockholders..... | 10,000,000 | ..... |
| 16.6 Other cash provided (applied)..... | 62,793,706 | 2,593,303 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 52,793,706 | 2,593,303 |
| 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)..... | (3,479,438) | 5,239,240 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 7,353,082 | 2,113,842 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 3,873,645 | 7,353,082 |

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

| | |
|---------------|-------|
| 20.0001 | |
|---------------|-------|

National Interstate Insurance Company
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..... | 37,383 | | 13,294 | 24,089 |
| 2. Allied lines..... | 100,988 | | 58,820 | 42,168 |
| 3. Farmowners multiple peril..... | | | | 0 |
| 4. Homeowners multiple peril..... | | | | 0 |
| 5. Commercial multiple peril..... | 1,579,089 | 197,601 | 573,315 | 1,203,375 |
| 6. Mortgage guaranty..... | | | | 0 |
| 8. Ocean marine..... | 29,072 | | | 29,072 |
| 9. Inland marine..... | 2,971,417 | 1,602,594 | 1,472,935 | 3,101,076 |
| 10. Financial guaranty..... | | | | 0 |
| 11.1 Medical professional liability - occurrence..... | | | | 0 |
| 11.2 Medical professional liability - claims-made..... | | | | 0 |
| 12. Earthquake..... | 4,140 | | 3,080 | 1,060 |
| 13. Group accident and health..... | | | | 0 |
| 14. Credit accident and health (group and individual)..... | | | | 0 |
| 15. Other accident and health..... | 297,911 | 177,522 | 129,699 | 345,734 |
| 16. Workers' compensation..... | 60,850,804 | 10,989,589 | 20,934,846 | 50,905,547 |
| 17.1 Other liability - occurrence..... | 15,572,702 | 3,888,050 | 7,272,529 | 12,188,223 |
| 17.2 Other liability - claims-made..... | (19,789) | 490,513 | 119,530 | 351,194 |
| 17.3 Excess workers' compensation..... | 7,700 | | | 7,700 |
| 18.1 Products liability - occurrence..... | | | | 0 |
| 18.2 Products liability - claims-made..... | | | | 0 |
| 19.1, 19.2 Private passenger auto liability..... | 3,663,444 | 3,169,119 | 2,182,011 | 4,650,552 |
| 19.3, 19.4 Commercial auto liability..... | 120,705,297 | 56,200,030 | 55,893,684 | 121,011,643 |
| 21. Auto physical damage..... | 45,640,622 | 29,399,928 | 23,384,028 | 51,656,522 |
| 22. Aircraft (all perils)..... | | | | 0 |
| 23. Fidelity..... | 5,059 | | 10,237 | (5,178) |
| 24. Surety..... | 39,357 | 27,996 | 30,126 | 37,227 |
| 26. Burglary and theft..... | 10,113 | | 6,765 | 3,348 |
| 27. Boiler and machinery..... | 8,954 | | (8,618) | 17,572 |
| 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..... | 251,504,263 | 106,142,942 | 112,076,281 | 245,570,924 |

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 |

National Interstate Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

| Line of Business | 1 Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2 Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3 Earned But Unbilled Premium | 4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|--|--|--|-------------------------------------|---|---|
| 1. Fire..... | 13,294 | | | | 13,294 |
| 2. Allied lines..... | 58,820 | | | | 58,820 |
| 3. Farmowners multiple peril..... | | | | | 0 |
| 4. Homeowners multiple peril..... | | | | | 0 |
| 5. Commercial multiple peril..... | 573,315 | | | | 573,315 |
| 6. Mortgage guaranty..... | | | | | 0 |
| 8. Ocean marine..... | | | | | 0 |
| 9. Inland marine..... | 1,472,935 | | | | 1,472,935 |
| 10. Financial guaranty..... | | | | | 0 |
| 11.1 Medical professional liability - occurrence..... | | | | | 0 |
| 11.2 Medical professional liability - claims-made..... | | | | | 0 |
| 12. Earthquake..... | 3,080 | | | | 3,080 |
| 13. Group accident and health..... | | | | | 0 |
| 14. Credit accident and health (group and individual)..... | | | | | 0 |
| 15. Other accident and health..... | 129,699 | | | | 129,699 |
| 16. Workers' compensation..... | 20,934,846 | | | | 20,934,846 |
| 17.1 Other liability - occurrence..... | 7,272,529 | | | | 7,272,529 |
| 17.2 Other liability - claims-made..... | 119,530 | | | | 119,530 |
| 17.3 Excess workers' compensation..... | | | | | 0 |
| 18.1 Products liability - occurrence..... | | | | | 0 |
| 18.2 Products liability - claims-made..... | | | | | 0 |
| 19.1, 19.2 Private passenger auto liability..... | 2,182,011 | | | | 2,182,011 |
| 19.3, 19.4 Commercial auto liability..... | 55,893,684 | | | | 55,893,684 |
| 21. Auto physical damage..... | 23,384,028 | | | | 23,384,028 |
| 22. Aircraft (all perils)..... | | | | | 0 |
| 23. Fidelity..... | 10,237 | | | | 10,237 |
| 24. Surety..... | 30,126 | | | | 30,126 |
| 26. Burglary and theft..... | 6,765 | | | | 6,765 |
| 27. Boiler and machinery..... | (8,618) | | | | (8,618) |
| 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..... | 112,076,281 | 0 | 0 | 0 | 112,076,281 |
| 36. Accrued retrospective premiums based on experience..... | | | | | |
| 37. Earned but unbilled premiums..... | | | | | 0 |
| 38. Balance (sum of Lines 35 through 37)..... | | | | | 112,076,281 |

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: Daily pro-rata

National Interstate Insurance Company
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..... | | 53,404 | | 16,021 | | 37,383 |
| 2. Allied lines..... | 2,383,027 | 144,268 | | 43,280 | 2,383,027 | 100,988 |
| 3. Farmowners multiple peril..... | | | | | | 0 |
| 4. Homeowners multiple peril..... | | | | | | 0 |
| 5. Commercial multiple peril..... | 1,045,869 | 1,868,223 | | 767,079 | 567,924 | 1,579,089 |
| 6. Mortgage guaranty..... | | | | | | 0 |
| 8. Ocean marine..... | | 41,531 | | 12,459 | | 29,072 |
| 9. Inland marine..... | 5,539,219 | 1,244,646 | | 3,341,729 | 470,719 | 2,971,417 |
| 10. Financial guaranty..... | | | | | | 0 |
| 11.1 Medical professional liability - occurrence..... | | | | | | 0 |
| 11.2 Medical professional liability - claims-made..... | | | | | | 0 |
| 12. Earthquake..... | 12,015 | 345 | | 2,587 | 5,633 | 4,140 |
| 13. Group accident and health..... | | | | | | 0 |
| 14. Credit accident and health (group and individual)..... | | | | | | 0 |
| 15. Other accident and health..... | 698,616 | | | 400,705 | | 297,911 |
| 16. Workers' compensation..... | 71,661,997 | 58,676,279 | 1,536,449 | 55,215,359 | 15,808,562 | 60,850,804 |
| 17.1 Other liability - occurrence..... | 26,713,800 | 11,816,247 | | 9,592,680 | 13,364,665 | 15,572,702 |
| 17.2 Other liability - claims-made..... | 950,663 | 33,298 | | 289,395 | 714,355 | (19,789) |
| 17.3 Excess workers' compensation..... | 22,000 | | | 3,300 | 11,000 | 7,700 |
| 18.1 Products liability - occurrence..... | | | | | | 0 |
| 18.2 Products liability - claims-made..... | | | | | | 0 |
| 19.1, 19.2 Private passenger auto liability..... | 4,846,521 | 2,091,549 | | 2,795,840 | 478,786 | 3,663,444 |
| 19.3, 19.4 Commercial auto liability..... | 213,389,685 | 55,538,589 | 2,680,127 | 121,822,426 | 29,080,678 | 120,705,297 |
| 21. Auto physical damage..... | 61,389,380 | 26,789,575 | 272,626 | 38,001,244 | 4,809,715 | 45,640,622 |
| 22. Aircraft (all perils)..... | | | | | | 0 |
| 23. Fidelity..... | | 7,227 | | 2,168 | | 5,059 |
| 24. Surety..... | 67,056 | | | 27,699 | | 39,357 |
| 26. Burglary and theft..... | 13,710 | 1,752 | | 5,349 | | 10,113 |
| 27. Boiler and machinery..... | 20,494 | 12,794 | | 3,840 | 20,494 | 8,954 |
| 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..... | 388,754,052 | 158,319,727 | 4,489,202 | 232,343,160 | 67,715,558 | 251,504,263 |

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

| Line of Business | Losses Paid Less Salvage | | | | 5 | 6 | 7 | 8 |
|--|--------------------------|-----------------------------|-------------------------------|--|-------------|-------------|-------------|---------|
| | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Recovered | 4 Net Payments (Cols. 1 + 2 - 3) | | | | |
| 1. Fire..... | | | | 0 | | | | 0 |
| 2. Allied lines..... | 1,009,280 | | 1,009,280 | (0) | | | | (0) |
| 3. Farmowners multiple peril..... | | | | 0 | | | | 0 |
| 4. Homeowners multiple peril..... | | | | 0 | | | | 0 |
| 5. Commercial multiple peril..... | 105,386 | (530,857) | (135,516) | (289,955) | 714,441 | 186,445 | 238,042 | 19.8 |
| 6. Mortgage guaranty..... | | | | 0 | | | | 0 |
| 8. Ocean marine..... | (34,200) | (231,840) | (93,044) | (172,996) | 131,400 | 48,862 | (90,458) | (311.2) |
| 9. Inland marine..... | 2,422,372 | (253,392) | 1,222,179 | 946,801 | 1,533,729 | 1,242,027 | 1,238,503 | 39.9 |
| 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 | 303 | | 303 | 28.6 |
| 13. Group accident and health..... | | | | 0 | | | | 0 |
| 14. Credit accident and health (group and individual)..... | | | | 0 | | | | 0 |
| 15. Other accident and health..... | 46,392 | | (22,275) | 68,667 | 222,917 | 198,110 | 93,474 | 27.0 |
| 16. Workers' compensation..... | 33,099,588 | (71,057,883) | (1,620,101) | (36,338,195) | 91,184,408 | 27,747,638 | 27,098,576 | 49.9 |
| 17.1 Other liability - occurrence..... | 8,954,390 | (6,656,790) | 4,015,540 | (1,717,940) | 11,310,356 | 6,482,866 | 3,109,550 | 25.5 |
| 17.2 Other liability - claims-made..... | 1,094,273 | | 762,408 | 331,866 | 512,584 | 448,245 | 396,204 | 112.8 |
| 17.3 Excess workers' compensation..... | | | | 0 | | | | 0 |
| 18.1 Products liability - occurrence..... | | | | 0 | | | | 0 |
| 18.2 Products liability - claims-made..... | | | | 0 | | | | 0 |
| 19.1, 19.2 Private passenger auto liability..... | 3,642,067 | 1,524,039 | 575,242 | 4,590,865 | 4,040,918 | 4,885,258 | 3,746,525 | 80.6 |
| 19.3, 19.4 Commercial auto liability..... | 99,662,690 | (80,608,121) | 16,189,109 | 2,865,460 | 150,573,122 | 98,817,907 | 54,620,675 | 46.5 |
| 21. Auto physical damage..... | 41,490,916 | 19,496,689 | 22,774,599 | 38,213,006 | 8,402,241 | 8,587,258 | 38,027,989 | 73.6 |
| 22. Aircraft (all perils)..... | | | | 0 | | | | 0 |
| 23. Fidelity..... | | | | 0 | | | | 0 |
| 24. Surety..... | | | | 0 | | | | 0 |
| 26. Burglary and theft..... | | (1,000) | (300) | (700) | 957 | | 257 | 7.7 |
| 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 | 0 |
| 35. TOTALS..... | 191,493,154 | (138,319,154) | 44,677,121 | 8,496,879 | 268,627,377 | 148,644,616 | 128,479,640 | 52.3 |

DETAILS OF WRITE-INS

UNDERWRITING AND INVESTMENT EXHIBIT**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

| Line of Business | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|--|-----------------|---------------------|---|--|---------------------------|---------------------|-------------------|---|-------------------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| | Direct | Reinsurance Assumed | Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | Direct | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. Fire..... | | | | 0 | | | | 0 | |
| 2. Allied lines..... | 68,215 | | 68,215 | 0 | 170,802 | | 170,802 | 0 | |
| 3. Farmowners multiple peril..... | | | | 0 | | | | 0 | |
| 4. Homeowners multiple peril..... | | | | 0 | | | | 0 | |
| 5. Commercial multiple peril..... | 186,671 | 117,542 | 95,918 | 208,294 | 169,588 | 641,447 | 304,888 | 714,441 | 142,044 |
| 6. Mortgage guaranty..... | | | | 0 | | | | 0 | |
| 8. Ocean marine..... | | 55,977 | 16,793 | 39,184 | 36,512 | 98,301 | 42,597 | 131,400 | 12,784 |
| 9. Inland marine..... | 1,585,390 | 17,941 | 1,067,303 | 536,028 | 4,907,698 | 200,447 | 4,110,443 | 1,533,729 | 399,904 |
| 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 | 426 | 6 | .130 | 303 | 75 |
| 13. Group accident and health..... | | | | 0 | | | | (a) 0 | 0 |
| 14. Credit accident and health (group and individual)..... | | | | 0 | | | | 0 | |
| 15. Other accident and health..... | 6,876 | | 4,469 | 2,406 | 687,705 | | 467,194 | (a) 222,917 | 89,309 |
| 16. Workers' compensation..... | 29,559,551 | 33,408,674 | 34,314,413 | 28,653,812 | 64,928,410 | 67,744,927 | 70,142,740 | 91,184,408 | 16,734,206 |
| 17.1 Other liability - occurrence..... | 4,959,121 | 1,984,185 | 4,077,302 | 2,866,005 | 8,465,812 | 7,067,590 | 7,089,051 | 11,310,356 | 3,276,330 |
| 17.2 Other liability - claims-made..... | 2,333,623 | | 2,023,750 | 309,872 | 308,908 | 30,786 | 136,983 | .512,584 | 93,490 |
| 17.3 Excess workers' compensation..... | | | | 0 | | | | 0 | |
| 18.1 Products liability - occurrence..... | | | | 0 | | | | 0 | |
| 18.2 Products liability - claims-made..... | | | | 0 | | | | 0 | |
| 19.1, 19.2 Private passenger auto liability..... | 2,857,114 | 1,036,423 | 1,199,616 | 2,693,920 | 1,649,893 | 274,361 | .577,256 | .4,040,918 | 1,073,070 |
| 19.3, 19.4 Commercial auto liability..... | 94,863,724 | 37,598,274 | 70,702,043 | 61,759,956 | 160,653,148 | 69,051,204 | .140,891,186 | .150,573,122 | .39,818,046 |
| 21. Auto physical damage..... | 7,553,761 | 1,918,534 | 4,212,374 | 5,259,921 | 9,674,593 | .225,527 | .6,757,800 | .8,402,241 | .1,924,564 |
| 22. Aircraft (all perils)..... | | | | 0 | | | | 0 | |
| 23. Fidelity..... | | | | 0 | | | | 0 | |
| 24. Surety..... | | | | 0 | | | | 0 | |
| 26. Burglary and theft..... | | | | 0 | 1,323 | .44 | .410 | 957 | .218 |
| 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..... | 143,974,045 | 76,137,549 | 117,782,195 | 102,329,399 | 251,654,818 | 145,334,641 | .230,691,480 | .268,627,377 | .63,564,039 |

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.

National Interstate Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

| | 1 Loss Adjustment Expenses | 2 Other Underwriting Expenses | 3 Investment Expenses | 4 Total |
|--|----------------------------------|--|-----------------------------|---------------------|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct..... | 29,269,266 | | | 29,269,266 |
| 1.2 Reinsurance assumed..... | 11,238,032 | | | 11,238,032 |
| 1.3 Reinsurance ceded..... | 21,728,555 | | | 21,728,555 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)..... | 18,778,743 | 0 | 0 | 18,778,743 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent..... | | 39,155,799 | | 39,155,799 |
| 2.2 Reinsurance assumed, excluding contingent..... | | 11,903,842 | | 11,903,842 |
| 2.3 Reinsurance ceded, excluding contingent..... | | 19,827,107 | | 19,827,107 |
| 2.4 Contingent - direct..... | | (92,119) | | (92,119) |
| 2.5 Contingent - reinsurance assumed..... | | (605,575) | | (605,575) |
| 2.6 Contingent - reinsurance ceded..... | | (192,020) | | (192,020) |
| 2.7 Policy and membership fees..... | | 392 | | 392 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)..... | 0 | 30,727,251 | 0 | 30,727,251 |
| 3. Allowances to manager and agents..... | 193 | 66,661 | | 66,853 |
| 4. Advertising..... | 5,759 | 247,228 | 345 | 253,332 |
| 5. Boards, bureaus and associations..... | 32,163 | 1,589,926 | | 1,622,089 |
| 6. Surveys and underwriting reports..... | 4,632 | 936,816 | | 941,448 |
| 7. Audit of assureds' records..... | | 326,594 | | 326,594 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries..... | 6,283,406 | 16,553,753 | 286,779 | 23,123,937 |
| 8.2 Payroll taxes..... | 454,467 | 1,108,658 | 22,634 | 1,585,759 |
| 9. Employee relations and welfare..... | 331,219 | 2,613,835 | (18,560) | 2,926,494 |
| 10. Insurance..... | 30,610 | 140,007 | | 170,616 |
| 11. Directors' fees..... | | 8,710 | | 8,710 |
| 12. Travel and travel items..... | 97,194 | 1,305,079 | 12,086 | 1,414,359 |
| 13. Rent and rent items..... | 124,414 | 865,761 | 9,732 | 999,907 |
| 14. Equipment..... | 27 | 12,463 | 2,148 | 14,638 |
| 15. Cost or depreciation of EDP equipment and software..... | 329,375 | 2,774,961 | 21,177 | 3,125,513 |
| 16. Printing and stationery..... | 94,370 | 535,421 | 2,664 | 632,455 |
| 17. Postage, telephone and telegraph, exchange and express..... | 58,530 | 522,721 | 1,839 | 583,090 |
| 18. Legal and auditing..... | 311,362 | 2,818,684 | 335,112 | 3,465,158 |
| 19. Totals (Lines 3 to 18)..... | 8,157,721 | 32,427,276 | 675,957 | 41,260,954 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$....51,111..... | 7,699 | 7,483,583 | | 7,491,282 |
| 20.2 Insurance department licenses and fees..... | 82,540 | 463,782 | | 546,322 |
| 20.3 Gross guaranty association assessments..... | (22,963) | 2,480,762 | | 2,457,799 |
| 20.4 All other (excluding federal and foreign income and real estate)..... | 48,707 | 494,540 | | 543,247 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)..... | 115,983 | 10,922,667 | 0 | 11,038,651 |
| 21. Real estate expenses..... | 674,856 | 1,118,684 | 855,272 | 2,648,812 |
| 22. Real estate taxes..... | | | 291,727 | 291,727 |
| 23. Reimbursements by uninsured plans..... | | | | 0 |
| 24. Aggregate write-ins for miscellaneous expenses..... | 30,461 | 339,538 | 0 | 369,999 |
| 25. Total expenses incurred..... | 27,757,765 | 75,535,416 | 1,822,956 | (a).....105,116,137 |
| 26. Less unpaid expenses - current year..... | 63,564,039 | 19,380,451 | 302,400 | 83,246,890 |
| 27. Add unpaid expenses - prior year..... | 46,600,049 | 23,168,554 | 304,080 | 70,072,683 |
| 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)..... | 10,793,775 | 79,323,520 | 1,824,636 | 91,941,931 |

DETAILS OF WRITE-INS

| | | | | |
|--|--------|---------|---|---------|
| 2401. Miscellaneous expenses..... | 30,461 | 266,345 | | 296,806 |
| 2402. Interest expense on balance sheet guarantee payable..... | | 73,193 | | 73,193 |
| 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)..... | 30,461 | 339,538 | 0 | 369,999 |

(a) Includes management fees of \$....13,224,665 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).....6,782,423 |6,711,429 |
| 1.1 Bonds exempt from U.S. tax..... | (a).....3,073,678 |4,279,476 |
| 1.2 Other bonds (unaffiliated)..... | (a).....6,170,222 |7,509,699 |
| 1.3 Bonds of affiliates..... | (a)..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... | (b).....333,092 |333,092 |
| 2.11 Preferred stocks of affiliates..... | (b)..... | ..... |
| 2.2 Common stocks (unaffiliated)..... |543,459 |628,995 |
| 2.21 Common stocks of affiliates..... |13,300,000 |13,300,000 |
| 3. Mortgage loans..... | (c)..... | ..... |
| 4. Real estate..... | (d).....3,020,790 |3,020,790 |
| 5. Contract loans..... | (e)..... | ..... |
| 6. Cash, cash equivalents and short-term investments..... | (e).....5,164 |3,069 |
| 7. Derivative instruments..... | (f)..... | ..... |
| 8. Other invested assets..... | ..... | ..... |
| 9. Aggregate write-ins for investment income..... |0 |0 |
| 10. Total gross investment income..... |33,228,829 |35,786,549 |
| 11. Investment expenses..... | (g).....1,822,956 | ..... |
| 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).....476,093 | ..... |
| 15. Aggregate write-ins for deductions from investment income..... |0 | ..... |
| 16. Total deductions (Lines 11 through 15)..... |2,299,049 | ..... |
| 17. Net investment income (Line 10 minus Line 16)..... |33,487,500 | ..... |

DETAILS OF WRITE-INS

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

(a) Includes \$....404,327 accrual of discount less \$....4,830,719 amortization of premium and less \$....3,332,239 paid for accrued interest on purchases.

(b) Includes \$....995 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 \$....476,093 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..... |935,707 | ..... | .....935,707 | ..... | ..... |
| 1.1 Bonds exempt from U.S. tax..... |132,824 | ..... | .....132,824 |(21,624) | ..... |
| 1.2 Other bonds (unaffiliated)..... |1,046,462 |(240,971) |805,491 |(1,787,755) | ..... |
| 1.3 Bonds of affiliates..... | ..... | ..... | .....0 | ..... | ..... |
| 2.1 Preferred stocks (unaffiliated)..... |3,732 | ..... | .....3,732 |19,216 | ..... |
| 2.11 Preferred stocks of affiliates..... | ..... | ..... | .....0 | ..... | ..... |
| 2.2 Common stocks (unaffiliated)..... |1,831,875 |(1,813,553) |18,322 |(2,552,889) | ..... |
| 2.21 Common stocks of affiliates..... | ..... | ..... | .....0 |(156,236) | ..... |
| 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 |(667,813) | ..... |
| 9. Aggregate write-ins for capital gains (losses)..... |0 |0 |0 |0 |0 |
| 10. Total capital gains (losses)..... |3,950,601 |(2,054,524) |1,896,076 |(5,167,101) |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 |

National Interstate Insurance Company
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..... | | | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens..... | | | 0 |
| 3.2 Other than first liens..... | | | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company..... | | | 0 |
| 4.2 Properties held for the production of income..... | | | 0 |
| 4.3 Properties held for sale..... | | | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | | | 0 |
| 6. Contract loans..... | | | 0 |
| 7. Derivatives (Schedule DB)..... | | | 0 |
| 8. Other invested assets (Schedule BA)..... | | | 0 |
| 9. Receivables for securities..... | | | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 |
| 11. Aggregate write-ins for invested assets..... | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)..... | 0 | 0 | 0 |
| 13. Title plants (for Title insurers only)..... | | | 0 |
| 14. Investment income due and accrued..... | | | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 721,020 | 971,839 | 250,820 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | 233,455 | | (233,455) |
| 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..... | 3,132,841 | | (3,132,841) |
| 19. Guaranty funds receivable or on deposit..... | | | 0 |
| 20. Electronic data processing equipment and software..... | | | 0 |
| 21. Furniture and equipment, including health care delivery assets..... | | | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 |
| 23. Receivables from parent, subsidiaries and affiliates..... | | | 0 |
| 24. Health care and other amounts receivable..... | | | 0 |
| 25. Aggregate write-ins for other than invested assets..... | 648,687 | 834,870 | 186,183 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 4,736,003 | 1,806,709 | (2,929,294) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 |
| 28. TOTALS (Lines 26 and 27)..... | 4,736,003 | 1,806,709 | (2,929,294) |

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. Receivable from insureds for deductible payments..... | 12,579 | 158,929 | | 146,350 |
| 2502. Prepaid expenses..... | 636,107 | 675,940 | | 39,833 |
| 2503. | | | | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 | | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 648,687 | 834,870 | | 186,183 |

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The Annual Statement of National Interstate Insurance Company (Company) has been prepared on the basis of accounting practices prescribed or permitted by the State of Ohio Department of Insurance. The Ohio Department of Insurance requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio Department of Insurance. There are no deviations prescribed or permitted by the Ohio Department of Insurance utilized in these financial statements.

B. Use of Estimates

The preparation of financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* requires management to make estimates and assumptions that affect amounts reported in these financial statements and notes. Actual results could differ from the estimates and assumptions used.

C. Accounting Policies

Premiums that are written, assumed and ceded under the Company's insurance policies and reinsurance contracts are earned over the terms of the related policies and contracts on a pro rata basis. Unearned reserves are liabilities established on the portion of premiums written that have not yet been earned.

Unlike the recognition of premium revenue, expenses incurred while producing new insurance business such as commissions and premium taxes are charged to operations as incurred and ceding allowances received or receivable are credited to operations through reductions in expenses incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Investment grade bonds are stated at amortized cost using the interest method. Non-investment grade bonds with NAIC designations of three through six are stated at the lower of amortized value or fair value.
3. All other common stocks other than those in Item 7 are carried at market.
4. Redeemable preferred stocks with an NAIC designation of 1 or 2 are carried at amortized cost. Perpetual preferred stocks with an NAIC designation of 1 or 2 are carried at market. All other preferred stocks are carried at the lower of cost, amortized cost, or fair value.
5. Not applicable as the Company investment portfolio does not include any mortgage loans.
6. Investment grade loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. Investments in subsidiary and affiliated companies are stated as follows:

Two wholly owned insurance subsidiaries, National Interstate Insurance Company of Hawaii, Inc. (NIHI) and Triumphe Casualty Company (TCC) are stated at statutory equity value. A third wholly owned subsidiary, Vanliner Group, Inc. is accounted for using the statutory purchase method. The three affiliates of Vanliner Group, Inc. are Vanliner Insurance Company (VIC), which is stated at statutory equity, Vanliner Reinsurance Limited and TransProtection Service Company, which are both stated at GAAP equity value. The value of Vanliner Group, Inc. is based on the underlying value of the three affiliates. Goodwill arising from the acquisition of Vanliner Group, Inc. is amortized over a period of ten years and is described further in Note 3A. Common stock in National Interstate Corporation (the Corporation) is valued at \$0.

8. Investments in limited partnerships are stated at the underlying audited GAAP equity value.
9. Not applicable as the Company does not invest in derivative instruments.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

NOTES TO FINANCIAL STATEMENTS

11. Unpaid losses and loss adjustment expense reserves represent the estimated ultimate net cost of all reported and unreported losses incurred. The Company does not discount loss and loss adjustment expense reserves. The reserves for unpaid losses and loss adjustment expenses include an amount determined using individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates and the ultimate liability may be in excess of or less than the amounts provided, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in the period determined.
12. The Company has a capitalization policy for prepaid expenses and purchases of items such as office equipment, software/hardware, furniture, vehicles, and other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.
13. Not applicable as the Company is a property and casualty insurance company only and does not write major medical and/or prescription drug coverage.

Note 2 – Accounting Changes and Correction of Errors

- A. Accounting Changes Other than Codification and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

- A. Statutory Purchase Method

1. The Company purchased a 100% interest in Vanliner Group, Inc. on July 1, 2010. The affiliates of Vanliner Group, Inc. include Vanliner Insurance Company, a Missouri domiciled insurance company licensed in all 50 states whose primary business is providing insurance for the moving and storage industry, Vanliner Reinsurance Limited, a Bermuda domiciled reinsurance company and TransProtection Service Company, an insurance agency.
2. The transaction was accounted for as a statutory purchase.
3. The cost of the Vanliner Group, Inc. acquisition was \$120,529,625, resulting in \$22,328,870 of positive goodwill of which \$18,979,539 is unamortized.
4. Goodwill is amortized over ten years. Goodwill amortization relating to the purchase of Vanliner Group, Inc. was \$2,232,887 for the year ending December 31, 2011. Goodwill is recorded as a component of the change in unrealized gains (losses).

- B. Statutory Mergers

Not applicable

- C. Impairment Loss

Not applicable

Note 4 – Discontinued Operations

- A. Not applicable

Note 5 – Investments

- A. Mortgage Loans

Not applicable

- B. Troubled Debt Restructuring for Creditors

Not applicable

- C. Reversed Mortgages

Not applicable

NOTES TO FINANCIAL STATEMENTS

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 does not have any loan-backed securities with an other-than-temporary impairment for which it has the intent to sell or the inability or lack of intent to retain the investment in the security.
3. The following table shows each loan-backed security with an other-than-temporary ("OTTI") impairment recognized in 2011.

| CUSIP | Amortized Cost Before OTTI | OTTI Recognized | Amortized Cost After OTTI | Fair Value |
|-----------|-------------------------------|--------------------|------------------------------|--------------|
| 46629EAC7 | \$ 2,040,402 | \$ 240,971 | \$ 1,799,431 | \$ 1,042,706 |

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 |
| \$ 23,583,899 | \$ (362,296) | \$ 10,498,411 | \$ (2,713,060) |

5. Based on cash flow projections received from external 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 ability to hold such securities until they recover in value or mature.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

F. Write-down's for Impairments of Real Estate, Real Estate Sales, Retail Land Sales, Operations and Real Estate with Participating Mortgage Loan Features

Not applicable

G. Low Income Housing Tax Credits

Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**A. Detail for Those Greater than 10% of Admitted Assets**

Not applicable

B. Write-down's for Impairment of Joint Ventures, Partnerships and LLCs

Not applicable

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

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

Not applicable as the Company's due and accrued investment income is current and therefore, none is excluded.

Note 8 – Derivative Instruments**A - F. Not applicable as the Company does not invest in derivative instruments.**

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

A. The components of net deferred tax assets (DTA) recognized in the Company's Asset, Liabilities, Surplus and Other Funds are as follows:

| | 2011 | | | 2010 | | | Change | | |
|--|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|
| | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total |
| (a) Gross Deferred Tax Assets | 19,785,992 | 6,694,564 | 26,480,556 | 14,310,846 | 8,206,807 | 22,517,653 | 5,475,146 | (1,512,243) | 3,962,903 |
| (b) Statutory Valuation Allowance Adjustment | - | - | - | - | 549,330 | 549,330 | - | (549,330) | (549,330) |
| (c) Adjusted Gross Deferred Tax Assets (1a-1b) | 19,785,992 | 6,694,564 | 26,480,556 | 14,310,846 | 7,657,477 | 21,968,323 | 5,475,146 | (962,913) | 4,512,233 |
| (d) Deferred Tax Liabilities | 382,967 | 739,415 | 1,122,382 | 403,697 | 2,459,180 | 2,862,877 | (20,730) | (1,719,765) | (1,740,495) |
| (e) Subtotal (Net Deferred Tax Assets) (1c-1d) | 19,403,025 | 5,955,149 | 25,358,174 | 13,907,149 | 5,198,297 | 19,105,446 | 5,495,876 | 756,852 | 6,252,728 |
| (f) Deferred Tax Assets Nonadmitted | 2,693,458 | 439,383 | 3,132,841 | - | - | - | 2,693,458 | 439,383 | 3,132,841 |
| (g) Net Admitted Deferred Tax Assets (1e-1f) | 16,709,567 | 5,515,766 | 22,225,333 | 13,907,149 | 5,198,297 | 19,105,446 | 2,802,418 | 317,469 | 3,119,887 |

2. The Company has elected to admit additional deferred tax assets pursuant to SSAP 10R, paragraph 10e. The current period election does not differ from the prior reporting period. As a result of this election, the Company has recognized additional deferred tax assets, as follows:

3. Ordinary admitted adjusted gross deferred tax assets increased by \$3,076,424 as a result of applying SSAP 10R, paragraph 10e.

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

| | 2011 | | | 2010 | | | Change | | |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|-------------------------|
| | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total | (7) (Col 1-4) Ordinary | (8) (Col 2-5) Capital | (9) Col 7+8 Total |
| Admission Calculation Components – SSAP 10R, paragraphs 10.a., 10.b., and 10.c.: | | | | | | | | | |
| (a) Paragraph 10.a. | 13,633,143 | 2,515,919 | 16,149,062 | 10,825,728 | - | 10,825,728 | 2,807,415 | 2,515,919 | 5,323,334 |
| (b) Paragraph 10.b. (the lesser paragraph of 10.b.i and 10.b.ii below) | - | 2,998,146 | 2,998,146 | - | 8,206,807 | 8,206,807 | - | (5,208,661) | (5,208,661) |
| (c) Paragraph 10.b.i. | - | 2,998,146 | 2,998,146 | - | 8,206,807 | 8,206,807 | - | (5,208,661) | (5,208,661) |
| (d) Paragraph 10.b.ii. | XXX | XXX | 23,812,739 | XXX | XXX | 21,602,564 | XXX | XXX | 2,210,175 |
| (e) Paragraph 10.c. | 382,967 | 739,415 | 1,122,382 | 2,862,877 | - | 2,862,877 | (2,479,910) | 739,415 | (1,740,495) |
| (f) Total (4a+4b+4e) | 14,016,110 | 6,253,480 | 20,269,590 | 13,688,605 | 8,206,807 | 21,895,412 | 327,505 | (1,953,327) | (1,625,822) |
| Admission Calculation Components – SSAP 10R, paragraph 10.e.: | | | | | | | | | |
| (g) Paragraph 10.e.i. | 13,633,143 | 2,515,919 | 16,149,062 | 10,825,728 | - | 10,825,728 | 2,807,415 | 2,515,919 | 5,323,334 |
| (h) Paragraph 10.e.ii. (the lesser paragraph of 10.e.ii.a. and 10.e.ii.b. below) | 3,076,424 | 2,999,847 | 6,076,271 | 1,742,559 | 8,206,807 | 9,949,366 | 1,333,865 | (5,206,960) | (3,873,095) |
| (i) Paragraph 10.e.ii.a. | 3,076,424 | 2,999,847 | 6,076,271 | 1,742,559 | 8,206,807 | 9,949,366 | 1,333,865 | (5,206,960) | (3,873,095) |
| (j) Paragraph 10.e.ii.b. | XXX | XXX | 35,719,108 | XXX | XXX | 32,403,847 | XXX | XXX | 3,315,261 |
| (k) Paragraph 10.e.iii. | 382,967 | 739,415 | 1,122,382 | 1,742,559 | - | 1,742,559 | (1,359,592) | 739,415 | (620,177) |
| (l) Total (4g+4h+4k) | 17,092,534 | 6,255,181 | 23,347,715 | 14,310,846 | 8,206,807 | 22,517,653 | 2,781,688 | (1,951,626) | 830,062 |
| Used in SSAP 10R, Paragraph 10.d.: | | | | | | | | | |
| (m) Total Adjusted Capital | XXX | XXX | 293,613,704 | XXX | XXX | 253,919,173 | XXX | XXX | 39,694,531 |
| (n) Authorized Control Level | XXX | XXX | 44,160,301 | XXX | XXX | 43,120,300 | XXX | XXX | 1,040,001 |

NOTES TO FINANCIAL STATEMENTS**5. Impact of Tax Planning Strategies**

| | December 31, 2011 | | |
|--|-------------------|---------|---------|
| | Ordinary | Capital | Total % |
| Impact of Tax Planning Strategies | | | |
| a. Adjusted Gross DTAs (% of Total Adjusted Gross DTAs) | 0.0% | 42.5% | 10.8% |
| b. Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs) | 0.0% | 99.4% | 24.7% |

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

| | 2011 | | | 2010 | | | Change | | |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|-------------------------|
| | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total | (7) (Col 1-4) Ordinary | (8) (Col 2-5) Capital | (9) Col 7+8 Total |
| SSAP 10R, Paragraphs 10.a., 10.b. and 10.c.: | | | | | | | | | |
| (a) Admitted Deferred Tax Assets | 14,016,110 | 6,253,480 | 20,269,590 | 13,688,605 | 8,206,807 | 21,895,412 | 327,505 | (1,953,327) | (1,625,822) |
| (b) Admitted Assets | XXX | XXX | 994,710,927 | XXX | XXX | 798,940,971 | XXX | XXX | 195,769,956 |
| (c) Adjusted Statutory Surplus* | XXX | XXX | 293,613,704 | XXX | XXX | 253,919,173 | XXX | XXX | 39,694,531 |
| (d) Total Adjusted Capital from DTAs | XXX | XXX | 293,613,704 | XXX | XXX | 253,919,173 | XXX | XXX | 39,694,531 |
| Increases due to SSAP 10R, paragraph 10.e. | | | | | | | | | |
| (e) Admitted Deferred Tax Assets | 3,076,424 | 1,701 | 3,078,125 | 622,241 | - | 622,241 | 2,454,183 | 1,701 | 2,455,884 |
| (f) Admitted Assets | 3,076,424 | 1,701 | 3,078,125 | 622,241 | - | 622,241 | 2,454,183 | 1,701 | 2,455,884 |
| (g) Statutory Surplus | 3,076,424 | 1,701 | 3,078,125 | 622,241 | - | 622,241 | 2,454,183 | 1,701 | 2,455,884 |

B. Unrecognized Deferred Tax Liabilities

Not Applicable

C. Current Tax and Change in Deferred Tax

The provisions for income taxes incurred on earnings for the years ended December 31 are:

| | (1) 2011 | (2) 2010 | (3) (Col 1-2) Change |
|--|-------------|-------------|----------------------------|
| | | | Change |
| (a) Federal | 14,135,853 | 10,793,157 | 3,342,696 |
| (b) Foreign | - | - | - |
| (c) Subtotal | 14,135,853 | 10,793,157 | 3,342,696 |
| (d) Federal income tax on net capital gains | 1,382,710 | 1,119,735 | 262,975 |
| (e) Utilization of capital loss carry-forwards | - | - | - |
| (f) Other | - | - | - |
| (g) Federal and Foreign income taxes incurred | 15,518,563 | 11,912,892 | 3,605,671 |

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

2.

| | Deferred Tax Assets: | (1) 2011 | (2) 2010 | (3) (Col 1-2) Change |
|------------------------------------|----------------------|-------------|-------------|----------------------------|
| | | 2011 | 2010 | Change |
| (a) Ordinary: | | | | |
| (1) Discounting of unpaid losses | 10,254,749 | 5,808,529 | 4,446,220 | |
| (2) Unearned premium reserve | 7,888,203 | 7,497,189 | 391,014 | |
| (3) Policyholder reserves | - | - | - | |
| (4) Investments | - | - | - | |
| (5) Deferred acquisition costs | - | - | - | |
| (6) Policyholder dividends accrual | - | - | - | |

NOTES TO FINANCIAL STATEMENTS

| Deferred Tax Assets: | (1) 2011 | (2) 2010 | (3) (Col 1-2) Change |
|---|---------------------|---------------------|-------------------------------------|
| (7) Fixed assets | - | - | - |
| (8) Compensation and benefits accrual | 504,018 | 89,040 | 414,978 |
| (9) Pension accrual | - | - | - |
| (10) Receivables - nonadmitted | - | - | - |
| (11) Net operating loss carry-forward | - | - | - |
| (12) Tax credit carry-forward | - | - | - |
| (13) Other (including items <5% of total ordinary tax assets) | 1,139,022 | 916,088 | 222,934 |
| (14) Other assets – nonadmitted | - | - | - |
| (99) Subtotal | 19,785,992 | 14,310,846 | 5,475,146 |
| <hr/> | | | |
| (b) Statutory valuation allowance adjustment | - | - | - |
| (c) Nonadmitted | 2,693,458 | - | 2,693,458 |
| <hr/> | | | |
| (d) Admitted ordinary deferred tax assets (2a99-2b-2c) | 17,092,534 | 14,310,846 | 2,781,688 |
| <hr/> | | | |
| (e) Capital: | | | |
| (1) Investments | 6,694,564 | 7,952,789 | (1,258,255) |
| (2) Net capital loss carry-forward | - | 254,018 | (254,018) |
| (3) Real estate | - | - | - |
| (4) Other (including items <5% of total capital tax assets) | - | - | - |
| (99) Subtotal | 6,694,564 | 8,206,807 | (1,512,243) |
| <hr/> | | | |
| (f) Statutory valuation allowance adjustment | - | 549,330 | (549,330) |
| (g) Nonadmitted | 439,383 | - | 439,383 |
| <hr/> | | | |
| (h) Admitted capital deferred tax assets (2e99-2f-2g) | 6,255,181 | 7,657,477 | (1,402,296) |
| <hr/> | | | |
| (i) Admitted deferred tax assets (2d+2h) | 23,347,715 | 21,968,323 | 1,379,392 |

3.

| Deferred Tax Liabilities: | 2011 | 2010 | Change |
|--|-------------|-------------|---------------|
| (a) Ordinary: | | | |
| (1) Investments | 9,149 | 9,149 | - |
| (2) Fixed assets | 373,818 | 394,548 | (20,730) |
| (3) Deferred and uncollected premium | - | - | - |
| (4) Policyholder reserves | - | - | - |
| (5) Other (including items <5% of total ordinary tax assets) | - | - | - |
| (6) Additional acquisition costs-installment premiums | - | - | - |
| (7) Discount of accrued salvage and subrogation | - | - | - |
| (8) Guaranty funds receivable | - | - | - |
| (99) Subtotal | 382,967 | 403,697 | (20,730) |
| <hr/> | | | |
| (b) Capital: | | | |
| (1) Investments | 739,415 | 2,459,180 | (1,719,765) |
| (2) Real estate | | | |
| (3) Other (including items <5% of total capital tax assets) | | | |
| (99) Subtotal | 739,415 | 2,459,180 | (1,719,765) |
| <hr/> | | | |
| (c) Deferred tax liabilities (3a99+3b99) | 1,122,382 | 2,862,877 | (1,740,495) |

4. Net Deferred Tax Assets/Liabilities (2i-3c)\$ 22,225,333 \$ 19,105,446 \$ 3,119,887

NOTES TO FINANCIAL STATEMENTS**D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

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

| | 2011 | |
|---|------------------------|---------------------------|
| | Amount In Thousands | Effective Tax Rate (%) |
| Provision computed at statutory rate | 14,977,427 | 35.0 |
| Tax exempt income deduction | (5,903,604) | (13.8) |
| Unearned premiums | 391,015 | 0.9 |
| Discount on unpaid losses and LAE | 4,227,546 | 9.9 |
| Equity investment in partnership | 267,392 | 0.6 |
| Impairment loss on investments | (218,207) | (0.5) |
| Other | 394,284 | 0.9 |
| Totals | 14,135,853 | 33.0 |
| Federal and foreign income taxes incurred | 14,135,853 | 33.0 |
| Realized capital gains (losses) tax | 1,382,710 | 3.2 |
| Total statutory income taxes | 15,518,563 | 36.2 |

E. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2011, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The amount of federal income taxes incurred and available for recoupment in the event of future net losses: current year \$15,518,563; first preceding year \$11,912,892.
3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the Corporation (see Note 10) and the Corporation's other wholly owned subsidiaries.
2. The method of allocation among companies is subject to a written agreement approved by the Board of Directors, whereby allocation of income taxes to companies in the group is based on taxable income or loss.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates**A. Nature of Relationships**

The Company is a wholly owned subsidiary of the Corporation, a publicly traded (NASDAQ: NATL) insurance holding company. The Company also owns 100% of TCC, NIHI and VIC. Other subsidiaries of the Corporation include Hudson Indemnity Ltd. (HIL), National Interstate Insurance Agency, Inc. (NIIA), Safety, Claims & Litigation Services, Inc., Explorer RV Insurance Agency, Inc., American Highways Insurance Agency, Inc., Safety, Claims and Litigation Services, LLC, Hudson Management Group, Ltd, TransProtection Service Company, Vanliner Group, Inc. and Vanliner Reinsurance Ltd..

As of December 31, 2011, Great American Insurance Company (GAIC), a wholly owned subsidiary of American Financial Group, Inc. (NYSE, Nasdaq: AFG), owned 52.4% of the outstanding shares of the Corporation.

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

The Company paid the following dividend to its parent National Interstate Corporation during 2011:

| Date | Amount | Type |
|------------|---------------|----------|
| 12/20/2011 | \$ 10,000,000 | Ordinary |

NOTES TO FINANCIAL STATEMENTS

The Company received the following dividend from VIC during 2011:

| <u>Date</u> | <u>Amount</u> | <u>Type</u> |
|-------------|---------------|-------------|
| 12/20/2011 | \$ 10,500,000 | Ordinary |

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company had the following inter-company receivables and (payables) at December 31,

| | <u>2011</u> | <u>2010</u> |
|---|-------------------------|---------------------|
| National Interstate Corporation | \$ (442,361) | \$ (1,054,626) |
| National Interstate Insurance Agency, Inc. | (169,862) | (56,847) |
| National Interstate Insurance of Hawaii, Inc. | (1,539,039) | (1,027,399) |
| Triumph Casualty Company | (1,954,499) | (125,630) |
| American Highways Insurance Agency, Inc. | 71,258 | 15,593 |
| Explorer RV Insurance Agency, Inc. | (93) | (13,970) |
| Hudson Indemnity, Ltd. | (535,637) | 59,562 |
| Hudson Management Group, Ltd. | 581,875 | 16,931,871 |
| Safety Claims & Litigation Services, Inc. | - | 564 |
| Vanliner Insurance Company | (9,284,586) | (4,760,004) |
| Vanliner Reinsurance Ltd. | - | 4,070 |
| Total | \$ (13,272,944) | \$ 9,973,185 |

These arrangements are subject to written agreements which require that intercompany balances be settled quarterly.

E. Guarantees or Undertakings for Related Parties

Not applicable (see Note 14A)

F. Management, Service Contracts, Cost Sharing Arrangements

The Company is party with some of its affiliate companies to a Cash Management Agreement dated September 1, 2000 under which the Company manages all cash accounts for the other parties to the Agreement. Expenses incurred and fees charged to the participants are allocated among the parties at cost.

The Company has a cost sharing agreement with some of its affiliates under which costs are allocated between companies to reflect the actual costs incurred to operate each company. Allocated costs for 2011 were \$13,224,665.

G. Nature of Relationships that Could Affect Operations

The Company is a wholly owned subsidiary of the Corporation (See Note 10A).

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

The Company owns a 100% interest in Vanliner Insurance Company ("VIC") whose carrying value is equal to or exceeds 10% of the net admitted assets of the Company. The Company carries VIC at its statutory equity value of \$134,914,939 which includes unamortized goodwill of \$18,979,539. These amounts are gross of any nonadmitted goodwill attributable to VIC. See Note 3A. Goodwill is amortized on a straight-line basis over a ten year period.

NOTES TO FINANCIAL STATEMENTS

Summarized statutory information for VIC follows.

| Description | Amount |
|------------------------|---------------|
| Admitted Assets | \$298,724,874 |
| Liabilities | \$182,789,474 |
| Policyholders' Surplus | \$115,935,400 |
| Net Income | \$ 22,527,419 |

J. Write-down's for Impairment of Investments in Affiliates

Not applicable

K. Foreign Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

Note 11 – Debt

A. Not applicable as the Company has no debt.

B. Funding Agreements with Federal Home Loan Bank (FHLB)

Not applicable.

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

A – F. Not applicable

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The Company has 3,000 Common shares with a par value of \$1,000 a share, authorized, issued and outstanding at December 31, 2011.

B. Dividend Rate of Preferred Stock

Not applicable as no preferred shares are authorized.

C, D, E and F. Dividend Restrictions

The payment of dividends by Ohio domiciled insurance companies, without the prior approval of the Superintendent of Insurance, is limited to the greater of 10% of statutory surplus as of the most recent year end or the net income for the prior year. The Ohio Insurance Holding Company law requires an insurance company's surplus to be reasonable in relation to its liabilities and adequate for its financial needs following any dividend that it may pay to its parent. The maximum dividend payment that may be made without prior approval in 2012 is \$30,968,551.

An ordinary dividend in the amount of \$10,000,000 was paid by the Company on December 20, 2011.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

The \$2,455,884 change in Special Surplus Funds is due to the implementation of SSAP 10R, "Income Taxes – Revised, A Temporary Replacement of SSAP No. 10".

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$12,767,067 after deducting applicable deferred taxes of \$2,861,527.

K. Surplus Notes

Not applicable

NOTES TO FINANCIAL STATEMENTS

L and M. Quasi Reorganizations

Not applicable

Note 14 – Contingencies**A. Contingent Commitments**

The Company has no commitments or contingent commitments to affiliates or other entities. The Company has made no guarantees on behalf of its affiliates or on indebtedness of others.

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of the insolvencies. Other assessments should be accrued either at the time the assessments are levied or in the case of premium-based assessments, at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$3,364,454 and \$3,040,272, for the current and prior year, respectively. The liability is included in the taxes, licenses and fees liability. The amounts represent management's best estimates based on information received from the states in which the pooled group (refer to Note 26) writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

C. Gain Contingencies

Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable

E. Product Warranties

Not applicable

F. Other Contingencies and Write-down's for Impairment

Lawsuits arise against the Company in the normal course of business. Contingent liabilities from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

During the current year, the Company recognized other than temporary impairment charges of \$240,971 and \$1,813,554 relating to bonds and unaffiliated common stocks, respectively. Considerations the Company used in the impairment evaluation process included, but were not limited to, whether the issuer is experiencing significant financial difficulties, the economic stability of an entire industry sector or subsection, and the extent to which the unrealized gain is credit-driven or a result of changes in market interest rates.

Note 15 – Leases**A. Lessee Leasing Arrangements**

1. The Company leases office facilities and equipment under a non-cancelable operating lease that expires through July 2013. Rental expense for the current year and the prior year was \$354,175 and \$349,407, respectively. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions and there have been no early terminations of existing leases.
2. Future minimum rental payments are as follows:

| Year | Amount |
|------------|-------------------|
| 2012 | \$ 177,228 |
| 2013 | 103,383 |
| 2014 | - |
| 2015 | - |
| 2016 | - |
| Thereafter | - |
| Total | <u>\$ 280,611</u> |

3. The Company has not entered into any sale and leaseback arrangements.

NOTES TO FINANCIAL STATEMENTS

B. Lessor Leasing Arrangements**1. Operating Leases**

- a. The Company leases space at its Richfield, Ohio campus to unrelated parties. Real estate owned and leased is stated at cost less accumulated depreciation. The typical lease period is 5 years and some leases contain renewal options. The Company is responsible for the payment of property taxes, insurance and maintenance costs related to the leased spaced.
- b. Rental income for the current and the prior year was approximately \$398,928 and \$609,305 current and prior year, respectively.
- c. Future minimum lease payments receivables under noncancellable leasing arrangements are as follows:

| Year | Amount |
|------------|---------------------|
| 2012 | \$ 394,744 |
| 2013 | 394,744 |
| 2014 | 401,669 |
| 2015 | 405,132 |
| 2016 | 371,371 |
| Thereafter | - |
| Total | <u>\$ 1,967,660</u> |

- d. The lease agreements contain no provision for contingent rental payments.

2. Leveraged Leases

Not applicable

Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

A – D. Not applicable as the Company does not invest in these types of financial instruments.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**A. Transfers of Receivables Reported as Sales**

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**A. Administrative Services Only (ASO) Plans**

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

A. Direct premiums written by managing general agents or third party administrators for 2011 were \$9,902,731.

NOTES TO FINANCIAL STATEMENTS**Note 20 – Fair Value Measurement****A. Inputs Used for Assets and Liabilities Measured at Fair Value****1. Fair Value Measurements by Level 1, 2 and 3**

Under fair value accounting, the Company must determine the appropriate level in the fair value hierarchy for each fair value measurement. The fair value hierarchy prioritizes the inputs, which refer broadly to assumptions market participants would use in pricing an asset or liability, into three levels. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair values for our investment portfolio are reviewed by company personnel using data from nationally recognized pricing services as well as non-binding broker quotes.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical securities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices (unadjusted) in active markets for identical securities that are observable for the security, either directly or indirectly. Level 2 inputs include quoted prices for similar securities in active markets, quoted prices for identical or similar securities that are not active and observable inputs other than quoted prices, such as interest rate and yield curves.

Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides information as of December 31, 2011 about the Company's investments measured at fair value.

| Description | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|----------------------|-------------------|----------------------|
| Bonds | | | | |
| State and Local Government | \$ - | \$ - | \$ 441,234 | \$ 441,234 |
| Industrial and Misc | - | 14,015,309 | - | 14,015,309 |
| Residential Mortgage-Backed Securities | - | 1,714,567 | - | 1,714,567 |
| Trust preferred securities | - | 1,911,136 | - | 1,911,136 |
| Total Bonds | \$ - | \$ 17,641,012 | \$ 441,234 | \$ 18,082,246 |
| Perpetual Preferred Stock | | | | |
| Industrial and Misc | \$ - | \$ 191,944 | \$ 471,650 | \$ 663,594 |
| Total Perpetual Preferred Stock | \$ - | \$ 191,944 | \$ 471,650 | \$ 663,594 |
| Common Stock | | | | |
| Industrial and Misc | \$ 18,001,130 | \$ 14 | \$ - | \$ 18,001,144 |
| Mutual funds | 12,306,136 | - | - | 12,306,136 |
| Total Common Stocks | \$30,307,266 | \$ 14 | \$ - | \$30,307,280 |
| Totals | \$30,307,226 | \$ 17,832,970 | \$ 912,884 | \$49,053,120 |

NOTES TO FINANCIAL STATEMENTS

The following table provides information as of December 31, 2010 about the Company's investments measured at fair value.

| Description | Level 1 | Level 2 | Level 3 | Total |
|--|----------------------|-----------------------|---------------------|-----------------------|
| Bonds | | | | |
| State and Local Government | \$ - | \$ - | \$ 462,858 | \$ 462,858 |
| Industrial and Misc | - | 3,923,848 | - | 3,923,848 |
| Residential Mortgage-Backed Securities | - | 2,513,264 | - | 2,513,264 |
| Total Bonds | \$ - | \$ 6,437,112 | \$ 462,858 | \$ 6,899,970 |
| Perpetual Preferred Stock | | | | |
| Industrial and Misc | \$ - | \$ 1,027,929 | \$ 2,429,350 | \$ 3,457,279 |
| Total Perpetual Preferred Stock | \$ - | \$ 1,027,929 | \$ 2,429,350 | \$ 3,457,279 |
| Common Stock | | | | |
| Industrial and Misc | \$ 15,274,689 | \$ 22,000 | \$ - | \$ 15,296,689 |
| Parents, Subsidiaries & Affiliates | - | 156,762,904 | - | 156,762,904 |
| Total Common Stocks | \$ 15,274,689 | \$ 156,784,904 | \$ - | \$ 172,059,591 |
| Totals | <u>\$ 15,274,689</u> | <u>\$ 164,249,945</u> | <u>\$ 2,892,208</u> | <u>\$ 182,416,840</u> |

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below. There were no significant transfers between Level 1 and Level 2 during the year ended December 31, 2011.

2. Rollforward of Level 3 Items

The following table presents a reconciliation of the beginning and ending balances for investments measured at fair value using level 3 inputs for the year ended December 31, 2011.

| | Industrial and Misc Perpetual Preferred Stock | State and Local Government |
|--|---|----------------------------------|
| Beginning balance at January 1, 2011 | \$ 2,429,350 | \$ 462,858 |
| Transfers into Level 3 | - | - |
| Transfers out of Level 3 | - | - |
| Total gains or (losses): | | |
| Included in earnings | - | - |
| Included in other comprehensive income | 37,800 | (30,408) |
| Sales, settlements and redemptions | (2,000,000) | - |
| Ending balance at December 31, 2011 | <u>467,150</u> | <u>432,450</u> |

The following table presents a reconciliation of the beginning and ending balances for investments measured at fair value using level 3 inputs for the year ended December 31, 2010.

| | Industrial and Misc Perpetual Preferred Stock | State and Local Government | Residential Mortgage-Backed Securities |
|---|---|----------------------------------|--|
| Beginning balance at January 1, 2010 | \$ 2,353,200 | \$ 480,750 | \$ 677,981 |
| Transfers into Level 3 | - | - | - |
| Transfers out of Level 3 | - | - | (531,520) |
| Total gains or (losses): | | | |
| Included in earnings | - | - | - |
| Included in other comprehensive income | 76,150 | (17,892) | 247,235 |
| Purchases, issuances, sales and settlements | - | - | (393,696) |
| Ending balance at December 31, 2010 | <u>\$ 2,429,350</u> | <u>\$ 462,858</u> | <u>\$ -</u> |

NOTES TO FINANCIAL STATEMENTS

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company's policy is to recognize transfers in and transfers out as of the end of the reporting period.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The pricing services use a variety of observable inputs to estimate the fair value of fixed maturities that do not trade on a daily basis. These inputs include, but are not limited to, recent reported trades, benchmark yields, issuer spreads, bids or offers, reference data and measures of volatility. Included in the pricing of mortgage-backed securities are estimates of the rate of future prepayments and defaults of principal over the remaining life of the underlying collateral. Inputs from brokers and independent financial institutions include, but are not limited to, yields or spreads of comparable investments which have recent trading activity, credit quality, duration, credit enhancements, collateral value and estimated cash flows based on inputs including, delinquency rates, estimated defaults and losses, and estimates of the rate of future prepayments. Valuation techniques utilized by pricing services and values obtained from brokers and independent financial institutions are reviewed by company personnel who are familiar with the securities being priced and the markets in which they trade to ensure that the fair value determination is representative of an exit price, as defined by accounting standards.

Level 2 primarily consists of financial instruments whose fair value is based on quoted prices in markets that are not active and includes preferred stock, certain publicly traded unaffiliated common stocks, affiliated common stocks, which are priced primarily based on the statutory surplus of the insurance company, corporate obligations, and mortgage backed securities that are not actively traded. Level 3 consists of financial instruments that are not traded in an active market, whose fair value is estimated by management based on inputs from independent financial institutions, which include non-binding broker quotes, for which the Company believes reflects fair value, but are unable to verify inputs to the valuation methodology. The Company obtained one quote or price per instrument from our brokers and pricing services and did not adjust any quotes or prices that were obtained. Management reviews these broker quotes using information such as the market prices of similar investments. The Company primarily uses the market approach valuation technique for all investments.

5. Derivative Fair Values

Not applicable.

B. Other Fair Value Disclosures

Not applicable.

Note 21 – Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Investments carried at \$37,523,798 and \$31,466,000 at the end of December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable

At the end of the current and prior year, the Company had admitted assets of \$107,824,827 and \$101,809,453 respectively in premiums due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectable premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amounts totaling \$954,475 and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial position.

E. Business Interruption Insurance Recoveries

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. State Tax Credits

Not applicable

G. Subprime Mortgage Related Risk Exposure**1. Subprime Mortgage Exposures**

The Company invests in asset classes that could potentially be adversely affected by subprime mortgage exposure, including mortgage-backed securities, corporate debt obligation and equity investments in a financial institution. The Company does not believe that its holdings in mortgage backed securities have significant subprime exposure as these investments are in pools that are backed by loans made to well qualified borrowers or in tranches that have minimal default risk and/or are guaranteed by government sponsored agencies. The Company believes that its greatest exposure is to unrealized losses from declines in asset values from holdings that could have subprime mortgage exposure versus realized losses resulting from defaults or foreclosures. The Company's investment practices limit the Company's exposure to such losses.

2. Direct Exposure – Mortgage Loans

None

3. Direct Exposure – Other Investment Classes

The Company has other investment classes that could have subprime mortgage exposure including:

- Mortgage-backed securities
- Structured investment vehicles
- Debt obligations of financial institutions participating in subprime lending practices
- Unaffiliated equity securities, both preferred and common, issued by financial institutions participating in subprime lending practices

The Company holds mortgage-backed securities within its bond portfolio that are guaranteed by government sponsored agencies in addition to mortgage-backed securities that include prime and non-prime residential loans, and commercial mortgage loans. The Company also holds debt obligations, equity interests and structured investment vehicles that were issued by financial institutions participating in subprime lending activities. The carrying value of the debt obligations is primarily investment grade quality. Default risk on these bonds is not expected at this time. Reduced asset values have been reflected in the financial statements and impairments recognized for assets that are not expected to recover or reach full maturity value.

The following is a summary of the Company's other investments with exposure to mortgages.

| Investment Category | Actual Cost | Carrying Value | Fair Value | Impairments Recognized |
|--|-----------------------|-----------------------|-----------------------|---------------------------|
| Government agency residential mortgage-backed securities | \$ 142,818,632 | \$ 141,711,578 | \$ 145,673,402 | \$ - |
| Residential mortgage-backed securities | 21,162,563 | 17,729,134 | 16,525,802 | 2,258,231 |
| Government agency commercial mortgage-backed securities | 6,099,023 | 6,014,309 | 6,268,606 | - |
| Commercial mortgage-backed securities | 7,585,768 | 7,584,516 | 7,500,808 | - |
| Collateralized debt obligations | 2,031 | 2,972 | 2,972 | - |
| Structured investment vehicles | 1,941,266 | 1,289,801 | 1,292,850 | 1,750,402 |
| Debt obligations issued by financial institutions | 51,954,728 | 48,222,725 | 49,513,623 | 2,784,338 |
| Unaffiliated equity interest in financial institutions | 10,515,024 | 7,170,112 | 7,296,705 | 5,509,197 |
| Totals | \$ 242,079,035 | \$ 229,725,147 | \$ 234,074,768 | \$ 12,302,168 |

4. Underwriting Exposure

Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 22 – Events Subsequent**

None

Note 23 – Reinsurance**A. Unsecured Reinsurance Recoverables**

The Company has the following unsecured aggregate reinsurance recoverable for paid and unpaid losses, including IBNR, loss adjustment expenses and unearned premiums from an individual reinsurer, authorized or unauthorized, that exceeds 3% of policyholders' surplus.

| Company | NAIC Group Code | Federal Employers or ISI Identification Number | Amount |
|---|-----------------|--|---------------|
| Vanliner Insurance Company | 21172 | 86-0114294 | \$165,008,587 |
| Maiden Reinsurance Company | 11054 | 43-1898350 | 38,545,775 |
| Platinum Underwriters | 10357 | 52-1952955 | 13,733,815 |
| Triumphe Casualty Company | 41106 | 95-3623282 | 12,692,969 |
| National Interstate Insurance Company of Hawaii | 11051 | 99-0345306 | 12,692,969 |
| Munich Reinsurance America, Inc | 10227 | 13-4924125 | 12,031,532 |

B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded and Protected Cells

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|------------|---------------------|--------------------|----------------------|--------------------|-----------------------|----------------------|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| Affiliates | \$50,420,393 | \$3,287,312 | \$ 83,234,495 | \$4,495,148 | \$(32,814,102) | \$(1,207,836) |
| All Other | 1,833,970 | 658,217 | 26,561,285 | 2,764,548 | (24,727,315) | (2,106,331) |
| Total | <u>\$52,254,363</u> | <u>\$3,945,529</u> | <u>\$109,795,780</u> | <u>\$7,259,696</u> | <u>\$(57,541,417)</u> | <u>\$(3,314,167)</u> |

Direct Unearned Premium Reserve \$169,617,698

2. Amounts accrued at the end of the current year for additional or return on commission resulting from existing contractual arrangements are as follows:

| | Direct | Assumed | Ceded | Net |
|--------------------------------------|------------------|-------------------|----------------------|---------------------|
| Contingent Commission | \$ 46,000 | \$ 672,273 | \$(1,270,125) | \$ 1,988,398 |
| Sliding Scale Adjustments | - | - | - | - |
| Other Profit Commission Arrangements | - | - | - | - |
| TOTAL | \$ 46,000 | \$ 672,273 | \$(1,270,125) | \$ 1,988,398 |

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

D. Uncollectible Reinsurance

The Company has no reinsurance in dispute or nor does it deem any of its reinsurance recoverables to be uncollectible.

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

During 2011 the Company commuted its treaty with a captive reinsurer, Trax Insurance, Ltd, for the 2007-2008 underwriting year. The Company recognized the amounts received from the reinsurer, of \$1,839,358, as a reduction of losses and loss adjustment expenses paid (thereby reducing losses and loss adjustment expenses incurred) in the current year. The Company also increased its loss and loss adjustment expense reserves by the same amount (thereby increasing losses and loss adjustment expense incurred) to recognize the effect of releasing the reinsurer from its obligation under the treaty. The communication had no net effect.

F. Retroactive Reinsurance

Not applicable as the Company does not have any retroactive reinsurance agreements.

G. Reinsurance Accounted for as a Deposit

Not applicable as the Company does not have any reinsurance contracts that are accounted for as a deposit.

Note 24 – Retrospectively Rated Contracts & Contracts Subject to Redetermination

A - E. Not applicable as the Company has not entered any contracts that are retrospectively rated or subject to redetermination.

Note 25 –Losses and Loss Adjustment Expenses

The following table provides a reconciliation of the beginning and ending balances for outstanding losses and loss adjustment expenses (LAE), net of reinsurance recoverables for 2011 and 2010:

| | Year Ended December 31 | |
|---|------------------------|-----------------------|
| | 2011 | 2010 |
| Outstanding losses and LAE, net of reinsurance recoverables, at beginning of year | \$ 195,244,665 | \$ 170,132,173 |
| Effect of initial reserve establishment for pooling | 147,054,266 | - |
| Add provision for claims, net of reinsurance, occurring in: | | |
| Current year | 164,936,000 | 138,501,000 |
| Prior years | (8,698,595) | (6,259,248) |
| Net incurred losses during the current year | <u>156,237,405</u> | <u>132,241,752</u> |
| Deduct payments for claims, net of reinsurance occurring in: | | |
| Current year | 63,694,000 | 51,295,000 |
| Prior years | 102,650,920 | 55,834,260 |
| Net claim payments during the current year | <u>166,344,920</u> | <u>107,129,260</u> |
| Outstanding losses and LAE, net of reinsurance recoverables, at end of year | <u>\$ 332,191,416</u> | <u>\$ 195,244,665</u> |

The effect of the initial reserve establishment for pooling of \$147,054,266 represents the net amount received by the Company from VIC for the assumption of the initial reserves effective with the amended intercompany reinsurance pooling arrangement with the Company and its subsidiaries. The foregoing reconciliation shows that an \$8,698,595 favorable development in the December 31, 2010 balances emerged in 2011 and a \$6,259,248 favorable development in the December 31, 2009 balances emerged in 2010. The favorable development in 2011 and 2010 resulted from the combination of settling cases and adjusting current estimates of case and incurred but not reported losses (IBNR) for amounts less than the case and IBNR estimates carried at the end of the prior year. Management of the Company evaluates case and IBNR estimates based on data from a variety of sources including the Company's historical experience, knowledge of various factors, and industry data extrapolated from other insurers writing similar lines of business.

Note 26 – Intercompany Pooling Arrangements

Effective January 1, 2011, the Company entered into an amended intercompany reinsurance pooling agreement with its subsidiaries, NIHI, TCC and VIC. The effect is to transfer all net retained insurance liabilities of the subsidiaries to NIIC and to cede specified percentages of the net underwriting results of the group to the participating companies as follows:

| Name of Insurer | NAIC Code | % Participation |
|---|-----------|-----------------|
| Triumphé Casualty Company | 41106 | 2% |
| National Interstate Insurance Company of Hawaii, Inc. | 11051 | 2% |
| Vanliner Insurance Company | 21172 | 26% |
| National Interstate Insurance Company (Lead) | 32620 | 70% |

NOTES TO FINANCIAL STATEMENTS

Prior to the pooling of business each participating company makes cessions, primarily excess of loss arrangements, to various other affiliated and non-affiliated reinsurers under terms of other reinsurance agreements. 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. Each participant records its own Provision for Reinsurance (Schedule F, Part 7) based on its pre-pooling reinsurance activity. These liabilities are 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, the lead entity for pooling activity, has payables of \$1,510,216, \$1,170,142 and \$7,638,370 due to NIH, TCC and VIC, respectively. These amounts are settled on a quarterly basis.

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

At December 31, 2011, the Company has purchased two structured settlements from unaffiliated life insurance companies in the amount of \$330,000. The loss and LAE reserves for these claims are no longer included in the balance sheet as a liability for losses and loss adjustment expenses.

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

None.

Note 28 – Health Care Receivables**A - B. Not applicable as the Company does not write pharmaceutical or risk shared health insurance coverage.****Note 29 – Participating Policies****A. Not applicable as the Company does not have participating policies.****Note 30 – Premium Deficiency Reserves**

A. The Company evaluated the need to record a premium deficiency reserve as of the end of the current year and determined that a reserve is not required. The date of the evaluation for premium deficiency reserve was January 30, 2012. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

Note 31 – High Deductibles**A. Not applicable as the Company does not have high deductibles.****Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses****A - C. The Company does not discount its liabilities for unpaid loss and loss adjustment expenses.****Note 33 – Asbestos/Environmental Reserves**

A - F. Not applicable as the Company does not have on the books, nor has it ever written an insured for which it has identified a potential for the existence of a liability due to asbestos or environmental losses.

Note 34 – Subscriber Savings Accounts**A. Not applicable.****Note 35 – Multiple Peril Crop Insurance****A. Not applicable.****Note 36 – Financial Guaranty Insurance****A. Not applicable**

National Interstate Insurance Company

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------------|------------------------|------------------------|----------|-----------|----------|------------------|---------------------|--|--|---------------------|-----------------------------|----------|----------|----------|-----------|----------|--|--|--|--|--|--|--|--|
| <p>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? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No []</p> <p>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? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No [] <input type="checkbox"/> N/A []</p> <p>1.3 State regulating? <u>Ohio</u></p> <p>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? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>2.2 If yes, date of change: <u>12/31/2010</u></p> <p>3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. <u>12/31/2010</u></p> <p>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. <u>12/31/2010</u></p> <p>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). <u>10/18/2011</u></p> <p>3.4 By what department or departments? <u>Ohio Department of Insurance</u></p> <p>3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [] <input type="checkbox"/> N/A [X]</p> <p>3.6 Have all of the recommendations within the latest financial examination report been complied with? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [] <input type="checkbox"/> N/A [X]</p> <p>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:</p> <p>4.11 sales of new business? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>4.12 renewals? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>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:</p> <p>4.21 sales of new business? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>4.22 renewals? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">1 Name of Entity</td> <td style="width: 33%; text-align: center;">2 NAIC Co. Code</td> <td style="width: 33%; text-align: center;">3 State of Domicile</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table> <p>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? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>6.2 If yes, give full information:</p> <p>7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>7.2 If yes,</p> <p>7.21 State the percentage of foreign control <u>.....%</u></p> <p>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)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">1 Nationality</td> <td style="width: 50%; text-align: center;">2 Type of Entity</td> </tr> <tr> <td> </td> <td> </td> </tr> </table> <p>8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>8.2 If response to 8.1 is yes, please identify the name of the bank holding company.</p> <p>8.3 Is the company affiliated with one or more banks, thrifts or securities firms? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14%; text-align: center;">1 Affiliate Name</td> <td style="width: 14%; text-align: center;">2 Location (City, State)</td> <td style="width: 14%; text-align: center;">3 FRB</td> <td style="width: 14%; text-align: center;">4 OCC</td> <td style="width: 14%; text-align: center;">5 OTS</td> <td style="width: 14%; text-align: center;">6 FDIC</td> <td style="width: 14%; text-align: center;">7 SEC</td> </tr> <tr> <td> </td> </tr> </table> <p>9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? <u>Ernst & Young LLP 1300 Huntington Building, 925 Euclid Ave, Cleveland, OH 44115-1405</u></p> <p>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? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>10.2 If the response to 10.1 is yes, provide information related to this exemption:</p> <p>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? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>10.4 If the response to 10.3 is yes, provide information related to this exemption:</p> <p>10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No [] <input type="checkbox"/> N/A []</p> <p>10.6 If the answer to 10.5 is no or n/a, please explain.</p> <p>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? <u>John Doellman, VP and Actuary- Great American Insurance Company 301 East 4th Street, Cincinnati, Ohio 45202</u></p> <p>12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? <input checked="" type="checkbox"/> Yes [] <input type="checkbox"/> No [X]</p> <p>12.11 Name of real estate holding company <u>.....</u></p> <p>12.12 Number of parcels involved <u>.....</u></p> <p>12.13 Total book/adjusted carrying value <u>.....</u></p> <p>12.2 If yes, provide explanation.</p> | 1 Name of Entity | 2 NAIC Co. Code | 3 State of Domicile | | | | 1 Nationality | 2 Type of Entity | | | 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 OTS | 6 FDIC | 7 SEC | | | | | | | | |
| 1 Name of Entity | 2 NAIC Co. Code | 3 State of Domicile | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Nationality | 2 Type of Entity | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 OTS | 6 FDIC | 7 SEC | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |

National Interstate Insurance Company

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 [X] No []

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

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

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

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

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

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

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 [X] 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 |
|--|---|---|-------------|
| 264271183 | Athens Federal community Bank | Non Payment of Policy Premiums | 23,353 |
| 071111397 | BankOrion | Non Payment of Policy Premiums | 100,000 |
| 053112482 | Cabarrus Bank and Trust Company | Non Payment of Policy Premiums | 21,000 |
| 243074385 | Dollar Bank | Non Payment of Policy Premiums | 13,310 |
| 121108441 | Farmers & Merchants Bank of Central Calif | Non Payment of Policy Premiums | 50,000 |
| 053103585 | Fidelity Bank | Non Payment of Policy Premiums | 70,000 |
| 103104544 | First National Bank | Non Payment of Policy Premiums | 122,117 |
| 043318092 | First National Bank of Pennsylvania | Non Payment of Policy Premiums | 66,240 |
| 084309015 | First State Bank | Non Payment of Policy Premiums | 47,701 |
| 262286109 | First Tuskegee Bank | Non Payment of Policy Premiums | 11,000 |
| 111905612 | Gilmer National Bank | Non Payment of Policy Premiums | 19,000 |
| 031207856 | Harvest Community Bank | Non Payment of Policy Premiums | 11,604 |
| 044109336 | Heartland Bank | Non Payment of Policy Premiums | 100,000 |
| 057001971 | Jefferson Security Bank | Non Payment of Policy Premiums | 12,500 |
| 071926511 | Leaders Bank | Non Payment of Policy Premiums | 25,728 |
| 031100173 | M&T Bank | Non Payment of Policy Premiums | 21,250 |
| 031317636 | Mainline National Bank | Non Payment of Policy Premiums | 23,000 |
| 122242791 | Mission Bank | Non Payment of Policy Premiums | 17,226 |
| 125200934 | Northrim Bank | Non Payment of Policy Premiums | 32,004 |
| 062203942 | Peoples Independent Bank | Non Payment of Policy Premiums | 25,080 |
| 121144340 | Pinnacle Bank | Non Payment of Policy Premiums | 45,633 |
| 102306699 | Platte Valley Bank | Non Payment of Policy Premiums | 32,510 |
| 121106906 | Savings Bank of Mendocino County | Non Payment of Policy Premiums | 19,710 |
| 041215621 | Signature Bankcorp, Inc. | Non Payment of Policy Premiums | 25,710 |
| 053112097 | Southern Community Bank and Trust | Non Payment of Policy Premiums | 305,555 |
| 062203997 | Sterling Bank | Non Payment of Policy Premiums | 171,862 |
| 062105985 | The Peoples Bank | Non Payment of Policy Premiums | 8,625 |
| 062101031 | Troy Bank & Trust | Non Payment of Policy Premiums | 9,500 |
| 061003787 | United Community Bank | Non Payment of Policy Premiums | 8,134 |
| 021101108 | Wachovia Bank | Non Payment of Policy Premiums | 179,998 |

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

- 20.11 To directors or other officers \$..... 0
- 20.12 To stockholders not officers \$..... 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$..... 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 \$..... 0
- 20.22 To stockholders not officers \$..... 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$..... 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

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

- 21.21 Rented from others
- 21.22 Borrowed from others
- 21.23 Leased from others
- 21.24 Other

PART 1 - COMMON INTERROGATORIES - FINANCIAL

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] 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 [X] No []

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

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

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

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

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

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

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

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) Yes [X] No []

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

- 25.21 Subject to repurchase agreements \$.....0
- 25.22 Subject to reverse repurchase agreements \$.....0
- 25.23 Subject to dollar repurchase agreements \$.....0
- 25.24 Subject to reverse dollar repurchase agreements \$.....0
- 25.25 Pledged as collateral \$.....0
- 25.26 Placed under option agreements \$.....0
- 25.27 Letter stock or securities restricted as to sale \$.....0
- 25.28 On deposit with state or other regulatory body \$.....37,523,798
- 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
|----------------------------|------------------|-------------|

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------|---------------------------------|
| Key Bank | PO Box 6717 Cleveland, OH 44101 |

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

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

28.05 Identify all investment 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 Central Registration Depository Number(s) | 2 Name | 3 Address |
|--|---|---|
| Key Bank | Fort Washington Investment Advisors, Inc. | 303 Broadway, Suite 1200 Cincinnati, OH 45202 |
| Key Bank | Elessar Investment Management | 1111 Superior Ave., Suite 1310 Cleveland, OH 44 |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

National Interstate Insurance Company**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

29.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adj.Carrying Value |
|---------------|---|------------------------------|
| 27829F 10 8 | EATON VANCE TAX - MANAGED GLO | 330,000 |
| 18383M 50 6 | GUGGENHEIM MULTI ASSET | 498,060 |
| 464287 46 5 | ISHARES MSCI EAFE INDEX FUND | 1,888,430 |
| 464287 50 7 | ISHARES S&P MIDCAP 400 | 1,314,938 |
| 561911 10 8 | MANAGED HIGH YIELD PLUS FUND CLOSED END | 21,300 |
| 73935X 10 4 | POWERSHARES DYNAMIC MKT PORT | 1,082,559 |
| 73935X 30 2 | POWERSHARES HIGH YIELD EQUITY | 277,010 |
| 761396 30 8 | REVENUE SHARES SML CAP | 569,246 |
| 78462F 10 3 | SPDR TRUST SER 1 | 1,349,000 |
| 29,299. TOTAL | | 7,330,543 |

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

| 1 Name of Mutual Fund (from the above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding | 4 Date of Valuation |
|--|--|--|------------------------|
| EATON VANCE TAX - MANAGED GLOBAL | ROYAL DUTCH SHELL PLC | 10,956 | 12/31/2011 |
| EATON VANCE TAX - MANAGED GLOBAL | VODAFONE GROUP PLC | 8,712 | 12/31/2011 |
| EATON VANCE TAX - MANAGED GLOBAL | NESTLE S.A. | 8,580 | 12/31/2011 |
| EATON VANCE TAX - MANAGED GLOBAL | GLAXOSMITHKLINE PLC | 7,260 | 12/31/2011 |
| EATON VANCE TAX - MANAGED GLOBAL | NOVARTIS AG | 7,194 | 12/31/2011 |
| GUGGENHEIM MULTI-ASSET INCOME | CONOCOPHILLIPS | 10,908 | 12/31/2011 |
| GUGGENHEIM MULTI-ASSET INCOME | BOARDWALK PIPELINE PARTNERS LP | 6,076 | 12/31/2011 |
| GUGGENHEIM MULTI-ASSET INCOME | WELLS FARGO & CO. | 5,927 | 12/31/2011 |
| GUGGENHEIM MULTI-ASSET INCOME | INTEL CORP | 5,728 | 12/31/2011 |
| GUGGENHEIM MULTI-ASSET INCOME | KLA-TENCOR CORP. | 5,678 | 12/31/2011 |
| ISHARES MSCI EAFE INDEX FUND | NESTLE S.A. | 37,769 | 12/31/2011 |
| ISHARES MSCI EAFE INDEX FUND | VODAFONE GROUP PLC | 28,138 | 12/31/2011 |
| ISHARES MSCI EAFE INDEX FUND | HSBC HOLDINGS PLC | 27,005 | 12/31/2011 |
| ISHARES MSCI EAFE INDEX FUND | BP PLC | 26,816 | 12/31/2011 |
| ISHARES MSCI EAFE INDEX FUND | ROYAL DUTCH SHELL PLC | 26,627 | 12/31/2011 |
| ISHARES S&P MIDCAP 400 INDEX FUND | KANSAS CITY SOUTHERN | 9,336 | 12/31/2011 |
| ISHARES S&P MIDCAP 400 INDEX FUND | HANSEN NATURAL CORP. | 8,679 | 12/31/2011 |
| ISHARES S&P MIDCAP 400 INDEX FUND | VERTEX PHARMACEUTICALS INC. | 8,679 | 12/31/2011 |
| ISHARES S&P MIDCAP 400 INDEX FUND | AMETEK INC. | 8,416 | 12/31/2011 |
| ISHARES S&P MIDCAP 400 INDEX FUND | THE MACERICH CO | 8,416 | 12/31/2011 |
| MANAGED HIGH YIELD PLUS FUND CLOSED END | CIT GROUP | 362 | 12/31/2011 |
| MANAGED HIGH YIELD PLUS FUND CLOSED END | SQUARETWO FINANCIAL CORP. | 320 | 12/31/2011 |
| MANAGED HIGH YIELD PLUS FUND CLOSED END | RYERSON INC. | 277 | 12/31/2011 |
| MANAGED HIGH YIELD PLUS FUND CLOSED END | FIREKEEPERS DEVELOPMENT AUTHORITY | 277 | 12/31/2011 |
| MANAGED HIGH YIELD PLUS FUND CLOSED END | NRG ENERGY INC. | 256 | 12/31/2011 |
| POWERSHARES DYNAMIC MKT PORTFOLIO | MARATHON OIL CORP. | 52,612 | 12/31/2011 |
| POWERSHARES DYNAMIC MKT PORTFOLIO | VALERO ENERGY CORP. | 46,117 | 12/31/2011 |
| POWERSHARES DYNAMIC MKT PORTFOLIO | PHILIP MORRIS INTERNATIONAL | 40,271 | 12/31/2011 |
| POWERSHARES DYNAMIC MKT PORTFOLIO | COSTCO WHOLESALE CORP. | 37,781 | 12/31/2011 |
| POWERSHARES DYNAMIC MKT PORTFOLIO | VISA INC. | 30,853 | 12/31/2011 |
| POWERSHARES HIGH YIELD EQUITY | CENTURYTEL INC. | 10,554 | 12/31/2011 |
| POWERSHARES HIGH YIELD EQUITY | OLD REPUBLIC INTERNATIONAL CORP. | 8,310 | 12/31/2011 |
| POWERSHARES HIGH YIELD EQUITY | PITNEY BOWES, INC. | 8,227 | 12/31/2011 |
| POWERSHARES HIGH YIELD EQUITY | UNITED BANKSHARES CORP. | 7,895 | 12/31/2011 |
| POWERSHARES HIGH YIELD EQUITY | MERCURY GENERAL CORP. | 7,839 | 12/31/2011 |
| REVENUESHARES SMALL CAP | WORLD FUEL SERVICES CORP. | 19,127 | 09/30/2011 |
| REVENUESHARES SMALL CAP | SYNNEX CORP. | 10,303 | 09/30/2011 |
| REVENUESHARES SMALL CAP | OFFICEMAX INC. | 8,140 | 09/30/2011 |
| REVENUESHARES SMALL CAP | SONIC AUTOMOTIVE, INC. | 7,400 | 09/30/2011 |
| REVENUESHARES SMALL CAP | EMCOR GROUP INC. | 6,205 | 09/30/2011 |
| SPDR S&P 500 ETF | EXXON MOBILE CORP | 48,024 | 12/31/2011 |
| SPDR S&P 500 ETF | APPLE INC | 44,517 | 12/31/2011 |
| SPDR S&P 500 ETF | INTERNATIONAL BUSINESS MACHINES | 25,631 | 12/31/2011 |
| SPDR S&P 500 ETF | CHEVRON CORP | 25,091 | 12/31/2011 |
| SPDR S&P 500 ETF | MICROSOFT CORP | 23,068 | 12/31/2011 |

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

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|----------------------------|---------------------------------------|--------------------|---|
| 30.1 Bonds..... | 619,318,512 | 640,855,749 | 21,537,237 |
| 30.2 Preferred stocks..... | 5,499,245 | 5,717,439 | 218,194 |
| 30.3 Totals..... | 624,817,757 | 646,573,188 | 21,755,431 |

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

The source used to determine the fair value is primarily trust statements provided by the custodian and to a lesser extent broker quotes when necessary.

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 [X] 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 [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. The Investment Portfolio manager will utilize Bloomberg and current bid and ask marks of securities to assist in pricing for these limited number of securities.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....965,217

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

National Interstate Insurance Company**PART 1 - COMMON INTERROGATORIES - OTHER**

trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| | 1 Name | 2 Amount Paid |
|---------------------------|-----------|------------------|
| INSURANCE SERVICES OFFICE | | 456,342 |

34.1 Amount of payments for legal expenses, if any? \$.....275,596

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

| | 1 Name | 2 Amount Paid |
|-------------------|-----------|------------------|
| THOMPSON HINE LLP | | 160,988 |
| THOMPSONCOE | | 86,802 |

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| | 1 Name | 2 Amount Paid |
|--|-----------|------------------|
| | | |

GENERAL INTERROGATORIES**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only.
 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
 1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.
 1.5 Indicate total incurred claims on all Medicare Supplement insurance.
 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned
 1.62 Total incurred claims
 1.63 Number of covered lives
 All years prior to most current three years:
 1.64 Total premium earned
 1.65 Total incurred claims
 1.66 Number of covered lives
 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned
 1.72 Total incurred claims
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned
 1.75 Total incurred claims
 1.76 Number of covered lives
 2. Health test:

| 1 | 2 |
|--------------------|--------------------|
| Current Year | Prior Year |
| \$.....0 | \$.....0 |
| \$.....245,570,924 | \$.....218,101,579 |
|0.0 |0.0 |
| \$.....441,925 | \$.....453,868 |
| \$.....444,267,697 | \$.....301,387,607 |
|0.1 |0.2 |

 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies
 3.22 Non-participating policies
 4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
 4.1 Does the reporting entity issue assessable policies? Yes [] No []
 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.
 5. FOR RECIPROCAL EXCHANGES ONLY:
 5.1 Does the exchange appoint local agents? Yes [] No []
 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]
 5.22 As a direct expense of the exchange Yes [] No [] N/A [X]
 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
 5.5 If yes, give full information:

 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company has reinsurance treaties for workers' compensation coverage under which it retains no more than \$4,512,000 per occurrence.
In addition we purchase up to 15M per person WC coverage & up to 30M multiple person WC coverage subject to a 10M maximum any one life.
 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 Instrat Analysis from Guy Carpenter using RMS Risklink model to identify locations and concentrations. It also limits its writing of property insurance and reinsurance under catastrophic reinsurance losses in excess of \$500,000 in Hawaii and \$750,000 elsewhere.
 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 monitors types and concentrations of insured exposure by territory, protection class and total exposure limits.
The Company purchases catastrophic reinsurance excess of \$500,000 in HI and excess of \$750,000 elsewhere.
 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to 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 [X] No []
 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.42
 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 [X] 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 [X]

8.2 If yes, give full information:

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

- (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;
- (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 [X] 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 [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

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

Yes [] No [X]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

- (a) The entity does not utilize reinsurance; or
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]

11.2 If yes, give full information:

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 \$.....0
12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....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 [X] 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 [X] No []

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

12.61 Letters of credit \$.....2,264,228
12.62 Collateral and other funds \$.....3,222,096

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....4,800,000

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 [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.3

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:
The allocation would be based on the percentage of the individual company's claim to the total of all claims.

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 [X] No []

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

14.5 If the answer to 14.4 is no, please explain:

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

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]
 Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.
 Provide the following information for this exemption:

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

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) | 449,957,204 | 296,434,272 | 258,459,350 | 283,674,744 | 251,526,303 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 97,843,967 | 84,186,092 | 82,589,673 | 96,155,475 | 84,382,695 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 2,988,911 | 968,260 | 1,267,286 | 2,102,268 | 2,271,546 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 772,899 | 493,215 | 563,721 | 9,939 | 13,457 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 6. Total (Line 35) | 551,562,981 | 382,081,839 | 342,880,030 | 381,942,425 | 338,194,000 |
| 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) | 200,780,158 | 163,490,632 | 139,838,196 | 143,666,668 | 132,804,600 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 48,764,663 | 66,071,690 | 64,434,870 | 72,971,521 | 69,395,130 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 1,617,115 | 417,415 | 581,709 | 1,287,738 | 1,421,921 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 342,327 | 347,126 | 386,732 | 9,420 | 13,457 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | | | | | |
| 12. Total (Line 35) | 251,504,263 | 230,326,863 | 205,241,507 | 217,935,347 | 203,635,108 |
| Statement of Income (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | 13,798,103 | 13,201,038 | 32,990,392 | 26,231,543 | 43,432,810 |
| 14. Net investment gain (loss) (Line 11) | 34,000,852 | 19,634,483 | 16,620,279 | (206,488) | 18,522,605 |
| 15. Total other income (Line 15) | (2,694,551) | (2,184,861) | (2,453,030) | (3,355,686) | (3,663,306) |
| 16. Dividends to policyholders (Line 17) | | | | | |
| 17. Federal and foreign income taxes incurred (Line 19) | 14,135,853 | 10,793,157 | 13,999,307 | 15,058,332 | 20,547,527 |
| 18. Net income (Line 20) | 30,968,551 | 19,857,503 | 33,158,334 | 7,611,037 | 37,744,582 |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 994,710,927 | 799,563,212 | 696,273,294 | 730,057,838 | 694,674,348 |
| 20. Premiums and considerations (Page 2, Col. 3): | | | | | |
| 20.1 In course of collection (Line 15.1) | 10,501,071 | 13,354,505 | 8,742,465 | 9,675,760 | 9,125,733 |
| 20.2 Deferred and not yet due (Line 15.2) | 97,323,756 | 88,454,948 | 80,887,560 | 79,684,425 | 73,866,511 |
| 20.3 Accrued retrospective premiums (Line 15.3) | | | | | |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 701,097,223 | 525,916,353 | 457,882,999 | 539,924,332 | 512,372,746 |
| 22. Losses (Page 3, Line 1) | 268,627,377 | 148,644,616 | 127,130,593 | 125,434,164 | 104,203,117 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 63,564,039 | 46,600,049 | 43,001,580 | 42,826,022 | 37,367,646 |
| 24. Unearned premiums (Page 3, Line 9) | 112,076,281 | 106,142,942 | 93,917,657 | 96,938,733 | 94,271,718 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 293,613,704 | 273,646,860 | 238,390,295 | 190,133,506 | 182,301,601 |
| Cash Flow (Page 5) | | | | | |
| 27. Net cash from operations (Line 11) | 158,365,594 | 52,668,834 | 36,177,149 | 47,380,404 | 48,933,066 |
| Risk-Based Capital Analysis | | | | | |
| 28. Total adjusted capital | 293,613,704 | 273,646,860 | 238,390,295 | 190,133,506 | 182,301,601 |
| 29. Authorized control level risk-based capital | 44,160,301 | 43,126,588 | 21,342,829 | 20,951,243 | 18,885,303 |
| 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) | 72.1 | 65.4 | 84.6 | 64.6 | 55.5 |
| 31. Stocks (Lines 2.1 & 2.2) | 24.0 | 28.6 | 9.8 | 9.9 | 11.9 |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2) | | | | | |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 1.9 | 2.5 | 2.9 | 2.7 | 2.9 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 0.5 | 1.2 | 0.4 | 7.6 | 6.0 |
| 35. Contract loans (Line 6) | | | | | |
| 36. Derivatives (Line 7) | | | XXX | XXX | XXX |
| 37. Other invested assets (Line 8) | 1.6 | 2.2 | 2.3 | 1.5 | 1.5 |
| 38. Receivable for securities (Line 9) | | | | | 0.1 |
| 39. Securities lending reinvested collateral assets (Line 10) | | | XXX | XXX | XXX |
| 40. Aggregate write-ins for invested assets (Line 11) | | | | 13.6 | 22.2 |
| 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) | 163,188,377 | 156,762,904 | 27,272,253 | 25,103,635 | 23,733,521 |
| 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 | 163,188,377 | 156,762,904 | 27,272,253 | 25,103,635 | 23,733,521 |
| 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) | 55.6 | 57.3 | 11.4 | 13.2 | 13.0 |

National Interstate Insurance Company
FIVE-YEAR HISTORICAL DATA
(Continued)

| | 1 2011 | 2 2010 | 3 2009 | 4 2008 | 5 2007 |
|---|--------------|-------------|-------------|-------------|-------------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 50. Net unrealized capital gains (losses) (Line 24)..... | (2,305,577) | 12,372,269 | 8,483,314 | (633,296) | (1,009,304) |
| 51. Dividends to stockholders (Line 35)..... | (10,000,000) | ..... | ..... | ..... | (4,000,000) |
| 52. Change in surplus as regards policyholders for the year (Line 38)..... | 19,966,844 | 35,256,565 | 48,256,789 | 7,831,905 | 34,035,791 |
| 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)..... | (10,345,746) | 124,360,442 | 119,815,536 | 93,772,445 | 93,762,537 |
| 54. Property lines (Lines 1, 2, 9, 12, 21 & 26)..... | 64,164,865 | 45,463,760 | 48,717,223 | 50,648,831 | 42,013,207 |
| 55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)..... | (691,511) | 603,954 | 518,250 | 1,513,581 | 896,818 |
| 56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)..... | 46,392 | 37,290 | ..... | ..... | ..... |
| 57. Nonproportional reinsurance lines (Lines 31, 32 & 33)..... | ..... | ..... | ..... | ..... | ..... |
| 58. Total (Line 35)..... | 53,174,000 | 170,465,446 | 169,051,009 | 145,934,857 | 136,672,562 |
| 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)..... | (30,267,944) | 51,587,900 | 51,923,733 | 44,596,101 | 43,790,435 |
| 60. Property lines (Lines 1, 2, 9, 12, 21 & 26)..... | 39,159,106 | 36,597,469 | 38,060,120 | 37,365,717 | 35,978,761 |
| 61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)..... | (462,950) | 79,716 | 302,969 | 1,250,517 | 655,039 |
| 62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)..... | 68,667 | 17,899 | ..... | ..... | ..... |
| 63. Nonproportional reinsurance lines (Lines 31, 32 & 33)..... | ..... | ..... | ..... | ..... | ..... |
| 64. Total (Line 35)..... | 8,496,879 | 88,282,984 | 90,286,821 | 83,212,335 | 80,424,235 |
| 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)..... | 52.3 | 50.3 | 44.2 | 48.5 | 43.1 |
| 67. Loss expenses incurred (Line 3)..... | 11.3 | 10.3 | 8.9 | 10.8 | 7.6 |
| 68. Other underwriting expenses incurred (Line 4)..... | 30.8 | 33.3 | 31.1 | 28.5 | 27.0 |
| 69. Net underwriting gain (loss) (Line 8)..... | 5.6 | 6.1 | 15.8 | 12.2 | 22.3 |
| 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)..... | 31.1 | 32.5 | 32.7 | 29.7 | 27.6 |
| 71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)..... | 63.6 | 60.6 | 53.1 | 59.3 | 50.7 |
| 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)..... | 85.7 | 84.2 | 86.1 | 114.6 | 111.7 |
| 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)..... | (6,228) | (4,510) | (65) | (622) | (3,712) |
| 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)..... | (2.3) | (1.9) | (0.0) | (0.3) | (2.5) |
| 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)..... | (21,147) | (7,181) | (1,979) | (5,383) | (6,037) |
| 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)..... | (8.9) | (3.8) | (1.1) | (3.6) | (4.9) |

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..... |301 |1 |86 |2 |49 | ..... | .....4 |433 |XXX..... | |
| 2. 2002..... |157,109 |37,903 |119,206 |92,849 |27,087 |14,409 |4,786 |7,819 | ..... | ....2,532 |83,204 |XXX..... | |
| 3. 2003..... |215,758 |56,389 |159,369 |113,547 |35,357 |13,111 |4,715 |8,770 | ..... | ....2,660 |95,356 |XXX..... | |
| 4. 2004..... |267,922 |80,719 |187,203 |128,512 |37,254 |17,623 |5,750 |9,903 | ..... | ....3,448 |113,034 |XXX..... | |
| 5. 2005..... |303,617 |92,073 |211,544 |150,723 |49,889 |18,852 |6,663 |11,901 | ..... | ....3,478 |124,924 |XXX..... | |
| 6. 2006..... |332,646 |101,449 |231,197 |154,735 |54,193 |20,243 |8,666 |13,668 | ..... | ....4,124 |125,787 |XXX..... | |
| 7. 2007..... |368,825 |126,300 |242,525 |163,904 |56,992 |25,107 |11,435 |13,885 | ..... | ....4,439 |134,469 |XXX..... | |
| 8. 2008..... |405,254 |143,951 |261,303 |222,485 |100,109 |28,599 |14,542 |15,621 | ..... | ....4,333 |152,054 |XXX..... | |
| 9. 2009..... |391,667 |133,572 |258,095 |142,255 |45,688 |14,979 |6,820 |15,393 | ..... | ....3,451 |120,119 |XXX..... | |
| 10. 2010..... |388,397 |134,176 |254,221 |142,521 |55,110 |11,323 |6,121 |13,457 | ..... | ....3,112 |106,070 |XXX..... | |
| 11. 2011..... |392,230 |146,659 |245,571 |88,820 |35,639 |5,053 |2,956 |8,416 | ..... | ....1,348 |63,694 |XXX..... | |
| 12. Totals..... |XXX..... |XXX..... |XXX..... |1,400,652 |497,319 |169,385 |72,456 |118,882 |0 |32,929 |1,119,144 |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 | Direct and Assumed | Ceded | | | |
| 1. Prior..... |2,038 |115 |1,303 | ..... | ....139 |6 |43 | ..... | ....10 | ..... | ..... | ....3,412 |XXX..... |
| 2. 2002..... |539 |12 |1,226 | ..... | ....61 |5 |78 | ..... | ....91 | ..... | ..... | ....1,978 |XXX..... |
| 3. 2003..... |896 |90 |1,586 |88 |86 |10 |147 |6 |205 | ..... | ..... | ....2,726 |XXX..... |
| 4. 2004..... |1,880 |376 |2,724 |287 |203 |33 |214 |3 |282 | ..... | ..... | ....4,604 |XXX..... |
| 5. 2005..... |2,991 |594 |4,954 |916 |188 |65 |278 |1 |309 | ..... | ..... | ....7,144 |XXX..... |
| 6. 2006..... |5,935 |1,787 |6,964 |1,123 |413 |88 |1,203 |225 |570 | ..... | ..... | ....11,862 |XXX..... |
| 7. 2007..... |13,470 |5,873 |11,170 |2,931 |1,020 |371 |1,743 |343 |947 | ..... | ..... | ....18,832 |XXX..... |
| 8. 2008..... |19,806 |7,351 |20,876 |7,320 |2,195 |801 |2,100 |385 |1,502 |1 | ..... | ....30,621 |XXX..... |
| 9. 2009..... |26,718 |8,320 |58,229 |24,315 |3,086 |847 |5,555 |1,131 |2,842 |1 | ..... | ....61,816 |XXX..... |
| 10. 2010..... |46,074 |21,600 |85,108 |42,838 |4,309 |1,656 |9,855 |1,883 |10,588 |2 | ..... | ....87,955 |XXX..... |
| 11. 2011..... |55,959 |27,858 |131,580 |79,604 |3,918 |1,787 |14,276 |3,072 |7,832 |2 | ..... | ....101,242 |XXX..... |
| 12. Totals.... |176,306 |73,976 |325,720 |159,422 |15,618 |5,669 |35,492 |7,049 |25,178 |6 |0 |332,192 |XXX..... |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount | |
|----------------|---|--------------|--------------|---|--------------|--------------|---------------------|-----------------|---|---|-------------------------|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| | Direct and Assumed | Ceded | Net | Direct and Assumed | Ceded | Net | Loss | Loss Expense | Direct and Assumed | Ceded | |
| 1. Prior..... |XXX..... |XXX..... |XXX..... |XXX..... |XXX..... |XXX..... | ..... | ..... | ....XXX..... |3,226 |186 |
| 2. 2002..... |117,072 |31,890 |85,182 |74.5 |84.1 |71.5 | ..... | ..... | ....70.00 |1,753 |225 |
| 3. 2003..... |138,348 |40,266 |98,082 |64.1 |71.4 |61.5 | ..... | ..... | ....70.00 |2,304 |422 |
| 4. 2004..... |161,341 |43,703 |117,638 |60.2 |54.1 |62.8 | ..... | ..... | ....70.00 |3,941 |663 |
| 5. 2005..... |190,196 |58,128 |132,068 |62.6 |63.1 |62.4 | ..... | ..... | ....70.00 |6,435 |709 |
| 6. 2006..... |203,731 |66,082 |137,649 |61.2 |65.1 |59.5 | ..... | ..... | ....70.00 |9,989 |1,873 |
| 7. 2007..... |231,246 |77,945 |153,301 |62.7 |61.7 |63.2 | ..... | ..... | ....70.00 |15,836 |2,996 |
| 8. 2008..... |313,184 |130,509 |182,675 |77.3 |90.7 |69.9 | ..... | ..... | ....70.00 |26,011 |4,610 |
| 9. 2009..... |269,057 |87,122 |181,935 |68.7 |65.2 |70.5 | ..... | ..... | ....70.00 |52,312 |9,504 |
| 10. 2010..... |323,235 |129,210 |194,025 |83.2 |96.3 |76.3 | ..... | ..... | ....70.00 |66,744 |21,211 |
| 11. 2011..... |315,854 |150,918 |164,936 |80.5 |102.9 |67.2 | ..... | ..... | ....70.00 |80,077 |21,165 |
| 12. Totals.... |XXX..... |XXX..... |XXX..... |XXX..... |XXX..... |XXX..... |0 |0 |XXX..... |268,628 |63,564 |

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 2002 | 2 2003 | 3 2004 | 4 2005 | 5 2006 | 6 2007 | 7 2008 | 8 2009 | 9 2010 | 10 2011 | 11 One Year | 12 Two Year |
| 1. Prior..... | 61,345 | 64,617 | 65,868 | 66,093 | 68,923 | 69,010 | 69,250 | 69,213 | 66,371 | 66,499 | 128 | (2,714) |
| 2. 2002..... | 77,041 | 76,517 | 81,512 | 80,115 | 78,952 | 78,320 | 78,137 | 77,549 | 77,274 | 77,272 | (2) | (277) |
| 3. 2003..... | XXX..... | 97,890 | 94,998 | 95,629 | 92,979 | 92,535 | 91,192 | 89,097 | 89,298 | 89,107 | (191) | 10 |
| 4. 2004..... | XXX..... | XXX..... | 121,276 | 117,818 | 114,999 | 113,448 | 110,878 | 109,432 | 107,716 | 107,453 | (263) | (1,979) |
| 5. 2005..... | XXX..... | XXX..... | XXX..... | 142,394 | 135,811 | 129,527 | 124,906 | 121,539 | 120,257 | 119,858 | (399) | (1,681) |
| 6. 2006..... | XXX..... | XXX..... | XXX..... | XXX..... | 155,337 | 141,509 | 131,342 | 125,840 | 123,866 | 123,411 | (455) | (2,429) |
| 7. 2007..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 161,305 | 145,207 | 138,599 | 136,979 | 138,469 | 1,490 | (130) |
| 8. 2008..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 179,538 | 172,110 | 166,802 | 165,553 | (1,249) | (6,557) |
| 9. 2009..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 169,091 | 165,950 | 163,701 | (2,249) | (5,390) |
| 10. 2010..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 173,020 | 169,982 | (3,038) | XXX..... |
| 11. 2011..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 148,690 | XXX..... | XXX..... |
| | | | | | | | | | | 12. Totals..... | (6,228) | (21,147) |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) | | | | | | | | | | 11 Number of Claims Closed With Loss Payment | 12 Number of Claims Closed Without Loss Payment |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---|--|
| | 1 2002 | 2 2003 | 3 2004 | 4 2005 | 5 2006 | 6 2007 | 7 2008 | 8 2009 | 9 2010 | 10 2011 | | |
| 1. Prior..... | 000..... | 25,922 | 40,675 | 50,098 | 55,352 | 59,061 | 60,292 | 62,442 | 62,713 | 63,097 | XXX..... | XXX..... |
| 2. 2002..... | 16,433 | 41,243 | 55,364 | 65,740 | 69,880 | 72,862 | 73,953 | 74,783 | 75,169 | 75,385 | XXX..... | XXX..... |
| 3. 2003..... | XXX..... | 30,664 | 53,474 | 67,740 | 76,448 | 81,489 | 84,074 | 85,616 | 86,185 | 86,586 | XXX..... | XXX..... |
| 4. 2004..... | XXX..... | XXX..... | 35,853 | 61,726 | 79,761 | 91,710 | 98,051 | 100,719 | 102,374 | 103,131 | XXX..... | XXX..... |
| 5. 2005..... | XXX..... | XXX..... | XXX..... | 37,243 | 70,375 | 88,578 | 100,549 | 107,757 | 111,117 | 113,023 | XXX..... | XXX..... |
| 6. 2006..... | XXX..... | XXX..... | XXX..... | XXX..... | 41,887 | 70,742 | 88,397 | 100,276 | 108,403 | 112,119 | XXX..... | XXX..... |
| 7. 2007..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 45,875 | 77,745 | 96,658 | 112,177 | 120,584 | XXX..... | XXX..... |
| 8. 2008..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 53,005 | 93,281 | 117,567 | 136,433 | XXX..... | XXX..... |
| 9. 2009..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 48,290 | 83,203 | 104,726 | XXX..... | XXX..... |
| 10. 2010..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 52,151 | .92,613 | XXX..... | XXX..... |
| 11. 2011..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 55,278 | XXX..... | XXX..... |

SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) | | | | | | | | | |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | 1 2002 | 2 2003 | 3 2004 | 4 2005 | 5 2006 | 6 2007 | 7 2008 | 8 2009 | 9 2010 | 10 2011 |
| 1. Prior..... | 22,185 | 11,822 | 6,067 | 4,480 | 4,469 | 4,413 | 4,742 | 3,628 | 1,363 | 1,346 |
| 2. 2002..... | 32,561 | 16,117 | 9,759 | 5,271 | 2,727 | 2,203 | 2,011 | 1,319 | 1,187 | 1,304 |
| 3. 2003..... | XXX..... | 43,249 | 21,164 | 12,334 | 6,249 | 5,352 | 3,925 | 1,992 | 1,898 | 1,639 |
| 4. 2004..... | XXX..... | XXX..... | 56,867 | 30,072 | 16,684 | 11,395 | 7,264 | 4,540 | 3,121 | 2,648 |
| 5. 2005..... | XXX..... | XXX..... | XXX..... | 68,547 | 41,258 | 23,183 | 12,910 | 6,484 | 4,539 | 4,315 |
| 6. 2006..... | XXX..... | XXX..... | XXX..... | XXX..... | 77,802 | 44,591 | 21,788 | 11,183 | 8,168 | 6,819 |
| 7. 2007..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 82,882 | 41,178 | 20,673 | 11,155 | 9,639 |
| 8. 2008..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 81,992 | 42,204 | 23,859 | 15,271 |
| 9. 2009..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 80,434 | 52,634 | 38,338 |
| 10. 2010..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 80,927 | 50,242 |
| 11. 2011..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | XXX..... | 63,180 |

National Interstate Insurance Company
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, Etc. | 1 Active Status | Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken | | 4 Dividends Paid or Credited to Policyholders on Direct Business | 5 Direct Losses Paid (Deducting Salvage) | 6 Direct Losses Incurred | 7 Direct Losses Unpaid | 8 Finance and Service Charges not Included in Premiums | 9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) | |
|-----------------------------------|--------------------|---|-----------------------------|---|---|-----------------------------|---------------------------|---|--|------------|
| | | 2 Direct Premiums Written | 3 Direct Premiums Earned | | | | | | | |
| 1. Alabama..... | AL..... | 4,013,871 | 3,657,678 | | 3,015,819 | 3,029,674 | 5,137,347 | 2,592 | 221,945 | |
| 2. Alaska..... | AK..... | 3,894,485 | 4,034,500 | | 1,536,706 | 1,770,135 | 2,624,571 | 257 | 150,549 | |
| 3. Arizona..... | AZ..... | 4,664,332 | 5,451,518 | | 1,910,879 | 3,365,404 | 5,742,132 | 9,245 | 446,423 | |
| 4. Arkansas..... | AR..... | 2,944,391 | 2,023,731 | | 472,661 | 806,002 | 1,129,340 | 4,270 | 371,256 | |
| 5. California..... | CA..... | 60,694,985 | 54,451,291 | | 29,217,716 | 26,718,098 | 64,359,039 | 36,298 | 3,372,764 | |
| 6. Colorado..... | CO..... | 2,734,575 | 2,661,493 | | 2,013,122 | 1,956,130 | 2,583,411 | 6,115 | 96,026 | |
| 7. Connecticut..... | CT..... | 9,784,856 | 9,692,928 | | 4,072,080 | 5,889,504 | 10,358,103 | 2,296 | 3,366,637 | |
| 8. Delaware..... | DE..... | 6,944,238 | 7,195,618 | | 8,622,502 | 4,078,788 | 7,501,797 | | 171,903 | |
| 9. District of Columbia..... | DC..... | 249 | 241 | | | 4,595 | 7,029 | | - | |
| 10. Florida..... | FL..... | 19,875,579 | 19,678,139 | | 10,769,617 | 12,448,847 | 16,705,247 | 28,366 | 4,031,514 | |
| 11. Georgia..... | GA..... | 6,194,349 | 6,248,275 | | 2,041,198 | 5,126,824 | 6,873,298 | 34,223 | 1,320,939 | |
| 12. Hawaii..... | HI..... | 14,043,537 | 14,469,246 | | 3,999,281 | 376,050 | 16,331,178 | 1,225 | 206,108 | |
| 13. Idaho..... | ID..... | 3,222,985 | 3,275,316 | | 671,311 | 1,679,321 | 2,396,043 | 1,076 | (34,692) | |
| 14. Illinois..... | IL..... | 11,752,636 | 10,463,353 | | 5,219,142 | 7,251,806 | 12,359,228 | 6,355 | 479,936 | |
| 15. Indiana..... | IN..... | 6,542,137 | 5,797,672 | | 2,511,862 | 2,300,615 | 5,606,300 | 3,310 | 572,030 | |
| 16. Iowa..... | IA..... | 7,980,170 | 8,244,041 | | 2,124,554 | 4,570,711 | 6,114,216 | 790 | 135,786 | |
| 17. Kansas..... | KS..... | 4,256,719 | 4,082,027 | | 1,158,905 | 1,722,799 | 3,804,255 | 815 | 454,836 | |
| 18. Kentucky..... | KY..... | 1,434,111 | 1,508,923 | | 584,644 | 812,567 | 1,457,212 | | 166,064 | |
| 19. Louisiana..... | LA..... | 3,614,524 | 3,385,891 | | 1,644,934 | 2,043,453 | 4,155,476 | 16,285 | 417,832 | |
| 20. Maine..... | ME..... | 522,066 | 774,719 | | 369,822 | 389,445 | 497,206 | 605 | 185,190 | |
| 21. Maryland..... | MD..... | 3,553,345 | 3,534,282 | | 2,396,483 | 1,439,956 | 2,944,520 | 212 | 4,579,465 | |
| 22. Massachusetts..... | MA..... | 17,995,605 | 18,115,242 | | 7,694,257 | 10,220,002 | 16,692,420 | 350 | 2,710,010 | |
| 23. Michigan..... | MI..... | 17,654 | 11,006 | | (125) | (22,825) | (1,190) | | - | |
| 24. Minnesota..... | MN..... | 3,842,296 | 3,662,007 | | 1,578,129 | 776,441 | 3,378,480 | 3,730 | 898,606 | |
| 25. Mississippi..... | MS..... | 2,724,513 | 2,628,170 | | 1,961,213 | 2,019,548 | 2,700,194 | 25 | 1,035,702 | |
| 26. Missouri..... | MO..... | 7,738,935 | 7,619,113 | | 2,901,574 | 5,794,808 | 9,643,112 | 3,435 | 1,615,796 | |
| 27. Montana..... | MT..... | 5,382,324 | 5,632,480 | | 6,506,807 | 6,329,615 | 4,626,700 | 26,200 | 49,259 | |
| 28. Nebraska..... | NE..... | 3,249,034 | 3,149,635 | | 394,451 | 842,554 | 4,152,243 | 455 | 62,662 | |
| 29. Nevada..... | NV..... | 3,946,310 | 3,733,721 | | 1,101,449 | 2,566,514 | 4,789,328 | 6,425 | 179,785 | |
| 30. New Hampshire..... | NH..... | 2,579,589 | 2,469,611 | | 3,324,644 | 2,137,489 | 2,638,754 | 1,435 | 131,375 | |
| 31. New Jersey..... | NJ..... | 82,836 | 81,919 | | 497,556 | 153,448 | 316,874 | | - | |
| 32. New Mexico..... | NM..... | 1,027,149 | 992,607 | | 293,360 | 501,575 | 833,123 | 4,660 | 114,007 | |
| 33. New York..... | NY..... | 24,963,272 | 25,507,458 | | 6,489,433 | 12,438,407 | 28,491,534 | 1,372 | 7,426,860 | |
| 34. North Carolina..... | NC..... | 20,735,507 | 18,803,531 | | 11,315,429 | 9,425,397 | 21,238,394 | 15,705 | 399,446 | |
| 35. North Dakota..... | ND..... | 833,261 | 735,643 | | 829,899 | 1,495,022 | 2,037,093 | 710 | 199,886 | |
| 36. Ohio..... | OH..... | 12,282,195 | 10,650,397 | | 7,360,887 | 6,212,563 | 11,977,707 | 3,555 | 916,336 | |
| 37. Oklahoma..... | OK..... | 4,269,787 | 3,952,434 | | 1,765,424 | 1,973,710 | 3,743,284 | 4,190 | 837,879 | |
| 38. Oregon..... | OR..... | 1,809,595 | 1,782,147 | | 938,388 | 1,781,559 | 1,993,086 | 5,175 | 494,467 | |
| 39. Pennsylvania..... | PA..... | 20,331,063 | 18,354,729 | | 9,161,835 | 13,213,353 | 19,446,941 | 15,860 | 1,280,197 | |
| 40. Rhode Island..... | RI..... | 854,648 | 669,060 | | 105,109 | 222,240 | 794,517 | | 245,459 | |
| 41. South Carolina..... | SC..... | 2,033,065 | 1,829,039 | | 757,660 | 978,408 | 2,019,740 | 2,885 | 321,191 | |
| 42. South Dakota..... | SD..... | 1,444,602 | 1,541,105 | | 1,625,910 | 1,224,291 | 980,667 | 13,340 | 47,028 | |
| 43. Tennessee..... | TN..... | 11,954,694 | 10,991,342 | | 5,706,926 | 7,827,598 | 7,243,042 | 7,471 | 461,935 | |
| 44. Texas..... | TX..... | 37,383,071 | 40,402,046 | | 27,987,659 | 31,135,325 | 46,297,495 | 211,510 | 2,895,370 | |
| 45. Utah..... | UT..... | 4,116,881 | 4,034,811 | | 657,051 | 2,219,202 | 4,582,948 | 590 | 276,878 | |
| 46. Vermont..... | VT..... | 1,164,922 | 1,300,619 | | 577,208 | 1,004,406 | 1,538,121 | | 155,059 | |
| 47. Virginia..... | VA..... | 7,608,298 | 6,143,014 | | 2,135,801 | 2,685,945 | 5,320,084 | 6,837 | 395,491 | |
| 48. Washington..... | WA..... | 2,898,906 | 2,788,514 | | 870,797 | 1,114,121 | 2,132,959 | 6,880 | 118,179 | |
| 49. West Virginia..... | WV..... | 806,159 | 296,359 | | 36,738 | (27,207) | 337,067 | | 37,189 | |
| 50. Wisconsin..... | WI..... | 5,749,802 | 5,358,808 | | 2,422,991 | 1,719,791 | 6,745,314 | 1,655 | 143,952 | |
| 51. Wyoming..... | WY..... | 259,939 | 278,900 | | 141,459 | (127,061) | 251,887 | 763 | 17,522 | |
| 52. American Samoa..... | AS..... | | | | | | | | | |
| 53. Guam..... | GU..... | | | | | | | | | |
| 54. Puerto Rico..... | PR..... | | | | | | | | | |
| 55. US Virgin Islands..... | VI..... | | | | | | | | | |
| 56. Northern Mariana Islands..... | MP..... | | | | | | | | | |
| 57. Canada..... | CN..... | | | | | | | | | |
| 58. Aggregate Other Alien..... | OT..... | XXX..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 59. Totals..... | | (a).....51 | 388,754,052 | 374,146,349 | 0 | 191,493,157 | 215,616,963 | 395,628,866 | 499,548 | 44,180,037 |

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.

Allied Lines - Location of Property

Commercial multiperil - Location of Property

Inland Marine - Location of Property

Other Accident and Health - Individual, by personal residence

Workers' Compensation - Location of risk

Other Liability - Location of risk

Auto Liability - Location of primary garage

Auto Physical - Location of primary garage

Surety - location of contractor

Boiler and machinery - Location of property

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 |
| Risico 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 | | |
| Gabinet 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 | | |

* Denotes insurer

@ Company affiliated but not owned

Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

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 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 | |

* Denotes insurer

@ Company affiliated but not owned

Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

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. | | | |
| Great American Insurance Company * | OH | 31-1544320 | |
| American Signature Underwriters, Inc. | OH | 31-0501234 | 16691 |
| Brothers Property Corporation (80%) | OH | 31-1463075 | |
| Brothers Le Pavillon, LLC | OH | 59-2840291 | |
| Brothers Le Pavillon (SPE), LLC | DE | 20-5173494 | |
| Brothers Pennsylvanian Corporation | DE | 20-5173589 | |
| Brothers Property Management Corporation | PA | 25-1754638 | |
| 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 | |

* Denotes insurer

@ Company affiliated but not owned

Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

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