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PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

FARMERS INSURANCE OF COLUMBUS, INC.

NAIC Group Code 0212 (Current) 0212 (Prior) NAIC Company Code 36889 Employer's ID Number 31-0956373

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated/Organized 04/05/1979 Commenced Business 06/08/1979

Statutory Home Office 2500 Farmers Drive, Suite 200 (Street and Number), Columbus , OH 43235 (City or Town, State and Zip Code)

Main Administrative Office 2500 Farmers Drive, Suite 200 (Street and Number)

Columbus , OH 43235 (City or Town, State and Zip Code), 614-602-3046 (Area Code) (Telephone Number)

Mail Address P.O. Box 2478 Terminal Annex (Street and Number or P.O. Box), Los Angeles , CA 90051 (City or Town, State and Zip Code)

Primary Location of Books and Records 2500 Farmers Drive, Suite 200 (Street and Number)

Columbus , OH 43235 (City or Town, State and Zip Code), 323-932-3441 (Area Code) (Telephone Number)

Internet Website Address www.farmers.com

Statutory Statement Contact Scott Ballew (Name), 323-932-3441 (Area Code) (Telephone Number)

scott_ballew@farmersinsurance.com (E-mail Address), 323-930-4266 (FAX Number)

OFFICERS

President Daniel Mark Lewis # Vice President, Treasurer Ronald Gregory Myhan

Secretary Doren Eugene Hohl

OTHER

Bryan Francis Murphy Vice President

James Leslie Nutting Vice President

Denise Elaine Ruggiero Vice President

David Anthony Travers Vice President

DIRECTORS OR TRUSTEES

Kenneth Wayne Bentley #

Peter David Kaplan #

Gary Randolph Martin #

Ronald Gregory Myhan

Donald Eugene Rodriguez #

David Anthony Travers #

John Tsu-Chao Wuo #

State of Ohio

County of Union

SS:

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

Daniel Mark Lewis
President

Doren Eugene Hohl
Secretary

Ronald Gregory Myhan
Vice President, Treasurer

Subscribed and sworn to before me this
day of

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

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)	207,986,170		207,986,170	177,863,225
2.	Stocks (Schedule D):				
	2.1 Preferred stocks				
	2.2 Common stocks				
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ ...... encumbrances)				
	4.2 Properties held for the production of income (less $ ...... encumbrances)				
	4.3 Properties held for sale (less $ ...... encumbrances)				
5.	Cash ($ 14,288 , Schedule E - Part 1), cash equivalents ($ ...... , Schedule E - Part 2) and short-term investments ($ 2,084,584 , Schedule DA)	2,098,872		2,098,872	19,839,173
6.	Contract loans (including $ ...... premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivable for securities				
10.	Securities lending reinvested collateral assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	210,085,042		210,085,042	197,702,398
13.	Title plants less $ ...... charged off (for Title insurers only)				
14.	Investment income due and accrued	1,712,789		1,712,789	1,467,534
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	3,069,911	946,103	2,123,807	3,377,495
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ...... earned but unbilled premiums)	24,442,028		24,442,028	34,165,955
	15.3 Accrued retrospective premiums	19,027		19,027	95,976
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	8,550,492		8,550,492	7,847,146
	16.2 Funds held by or deposited with reinsured companies				
	16.3 Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset	7,137,965	439,979	6,697,986	6,506,866
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets ($ ......)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care ($ ......) and other amounts receivable				
25.	Aggregate write-ins for other than invested assets	317,542		317,542	289,414
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	255,334,796	1,386,082	253,948,714	251,452,784
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	255,334,796	1,386,082	253,948,714	251,452,784
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)				
2501.	Business-owned life insurance - cash value	317,542		317,542	289,414
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	317,542		317,542	289,414

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	62,979,761	55,259,412
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	8,229,933	6,950,389
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	17,844,017	16,554,342
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	30,506	20,263
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,970,161	1,701,750
7.1	Current federal and foreign income taxes (including $ .... on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $ .... and interest thereon $		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 46,635,059 and including warranty reserves of $ .... and accrued accident and health experience rating refunds including $ .... for medical loss ratio rebate per the Public Health Service Act)	59,023,158	62,898,996
10.	Advance premium	1,883,908	964,218
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	30,766	30,766
12.	Ceded reinsurance premiums payable (net of ceding commissions)	6,953,180	5,372,464
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	3,454,552	8,391,865
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	1,337,397	2,029,569
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	163,737,339	160,174,033
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	163,737,339	160,174,033
29.	Aggregate write-ins for special surplus funds	774,016	
30.	Common capital stock	1,000,000	1,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	61,550,000	61,550,000
35.	Unassigned funds (surplus)	26,887,359	28,728,752
36.	Less treasury stock, at cost:		
	36.1 .... shares common (value included in Line 30 $ ....)		
	36.2 .... shares preferred (value included in Line 31 $ ....)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	90,211,375	91,278,752
38.	TOTALS (Page 2, Line 28, Col. 3)	253,948,714	251,452,784
	DETAILS OF WRITE-INS		
2501.	Accounts payable	877,891	1,559,698
2502.	Deferred Agent/DM compensation liability	350,543	321,121
2503.	Pooled share of unauthorized reinsurance	108,963	148,750
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,337,397	2,029,569
2901.	Increase due to SSAP No. 10 net defered tax	774,016	
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	774,016	
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	145,434,456	106,584,450
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	88,214,929	56,363,585
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	18,024,540	12,928,392
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	50,103,399	43,437,250
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	156,342,868	112,729,227
7.	Net income of protected cells		
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(10,908,412)	(6,144,777)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,123,508	6,531,246
10.	Net realized capital gains or (losses) less capital gains tax of $ 93,841 (Exhibit of Capital Gains (Losses))	(86,739)	466,601
11.	Net investment gain (loss) (Lines 9 + 10)	7,036,768	6,997,847
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 111,657 amount charged off $ 1,039,000)	(927,343)	(835,271)
13.	Finance and service charges not included in premiums	1,673,622	1,305,613
14.	Aggregate write-ins for miscellaneous income	(54,597)	(1,528,787)
15.	Total other income (Lines 12 through 14)	691,682	(1,058,446)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(3,179,962)	(205,376)
17.	Dividends to policyholders	4,383	10,603
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)	(3,184,345)	(215,979)
19.	Federal and foreign income taxes incurred	(1,986,841)	1,155,469
20.	Net income (Line 18 minus Line 19)(to Line 22)	(1,197,504)	(1,371,448)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	91,278,752	91,097,109
22.	Net income (from Line 20)	(1,197,504)	(1,371,448)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (38,689)	(71,851)	156,999
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(1,721,230)	1,672,683
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	1,109,406	(269,407)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
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	813,803	(7,184)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(1,067,376)	181,642
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	90,211,375	91,278,752
	DETAILS OF WRITE-INS		
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above)		
1401.	Miscellaneous expense	(50,328)	(1,453,323)
1402.	Premiums for business-owned life insurance	(4,269)	(3,447)
1403.	Pooled share of uncollectible/installment premium balances charged off		(72,018)
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	(54,597)	(1,528,787)
3701.	Increase due to SSAP No. 10 net defered tax	774,016	
3702.	Pooled share of unauthorized reinsurance	39,787	(7,184)
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)	813,803	(7,184)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	155,123,349	114,006,013
2.	Net investment income	7,510,268	7,440,154
3.	Miscellaneous income	691,682	(1,058,446)
4.	Total (Lines 1 through 3)	163,325,298	120,387,721
5.	Benefit and loss related payments	79,918,382	56,070,549
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	67,241,416	55,095,387
8.	Dividends paid to policyholders	4,383	10,603
9.	Federal and foreign income taxes paid (recovered) net of $ tax on capital gains (losses)	(1,118,984)	1,470,000
10.	Total (Lines 5 through 9)	146,045,196	112,646,538
11.	Net cash from operations (Line 4 minus Line 10)	17,280,102	7,741,183
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	22,237,382	70,510,812
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	22,237,382	70,510,812
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	53,095,782	69,792,331
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	53,095,782	69,792,331
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(30,858,400)	718,481
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	(4,162,003)	2,082,539
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,162,003)	2,082,539
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(17,740,301)	10,542,203
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	19,839,173	9,296,970
	19.2 End of period (Line 18 plus Line 19.1)	2,098,872	19,839,173

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	3,174,246	1,878,343	2,003,077	3,049,511
2.	Allied lines	1,270,662	794,781	747,039	1,318,405
3.	Farmowners multiple peril				
4.	Homeowners multiple peril	38,037,062	21,301,779	21,369,301	37,969,540
5.	Commercial multiple peril	13,800,172	8,104,465	7,115,722	14,788,915
6.	Mortgage guaranty				
8.	Ocean marine	244,159	373,928	369,954	248,133
9.	Inland marine	443,260	680,650	606,134	517,776
10.	Financial guaranty				
11.1	Medical professional liability - occurrence	6,637			6,637
11.2	Medical professional liability - claims-made				
12.	Earthquake	194,162	108,256	100,974	201,444
13.	Group accident and health	37,796			37,796
14.	Credit accident and health (group and individual)				
15.	Other accident and health				
16.	Workers' compensation	3,969,576	1,875,802	1,644,546	4,200,832
17.1	Other liability - occurrence	1,591,866	997,216	955,067	1,634,016
17.2	Other liability - claims-made				
17.3	Excess workers' compensation				
18.1	Products liability - occurrence	2,301	1,125	991	2,435
18.2	Products liability - claims-made				
19.1, 19.2	Private passenger auto liability	52,073,387	14,870,991	13,520,920	53,423,457
19.3, 19.4	Commercial auto liability	2,355,793	1,447,250	1,167,197	2,635,845
21.	Auto physical damage	24,347,113	10,460,866	9,416,882	25,391,097
22.	Aircraft (all perils)				
23.	Fidelity	8,673	90	449	8,314
24.	Surety	271	1,357	235	1,394
26.	Burglary and theft	111	174	96	189
27.	Boiler and machinery	1,372	1,922	4,577	(1,283)
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance - nonproportional assumed property				
32.	Reinsurance - nonproportional assumed liability				
33.	Reinsurance - nonproportional assumed financial lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	141,558,619	62,898,996	59,023,158	145,434,456
	DETAILS OF WRITE-INS				
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page				
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	2,003,077				2,003,077
2.	Allied lines	747,039				747,039
3.	Farmowners multiple peril					
4.	Homeowners multiple peril	21,369,233	68			21,369,301
5.	Commercial multiple peril	7,115,722				7,115,722
6.	Mortgage guaranty					
8.	Ocean marine	369,954				369,954
9.	Inland marine	606,134				606,134
10.	Financial guaranty					
11.1	Medical professional liability - occurrence					
11.2	Medical professional liability - claims-made					
12.	Earthquake	100,974				100,974
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health					
16.	Workers' compensation	1,644,546				1,644,546
17.1	Other liability - occurrence	954,981	85			955,067
17.2	Other liability - claims-made					
17.3	Excess workers' compensation					
18.1	Products liability - occurrence	991				991
18.2	Products liability - claims-made					
19.1, 19.2	Private passenger auto liability	13,520,920				13,520,920
19.3, 19.4	Commercial auto liability	1,167,197				1,167,197
21.	Auto physical damage	9,414,074	2,808			9,416,882
22.	Aircraft (all perils)					
23.	Fidelity	449				449
24.	Surety	235				235
26.	Burglary and theft	96				96
27.	Boiler and machinery	4,577				4,577
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance - nonproportional assumed property					
32.	Reinsurance - nonproportional assumed liability					
33.	Reinsurance - nonproportional assumed financial lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	59,020,198	2,960			59,023,158
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					59,023,158
	DETAILS OF WRITE-INS					
3401.						
3402.						
3403.						
3498.	Summary of remaining write-ins for Line 34 from overflow page					
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)					

(a) State here basis of computation used in each case Monthly pro-rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

		1	Reinsurance Assumed		Reinsurance Ceded		6
			2	3	4	5	Net Premiums Written
	Line of Business	Direct Business (a)	From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	Cols. 1+2+3-4-5
1.	Fire		3,174,246				3,174,246
2.	Allied lines	533,076	1,270,662		533,076		1,270,662
3.	Farmowners multiple peril						
4.	Homeowners multiple peril	23,500,666	38,037,062		23,500,666		38,037,062
5.	Commercial multiple peril	2,877,422	13,800,172		2,877,422		13,800,172
6.	Mortgage guaranty						
8.	Ocean marine		244,159				244,159
9.	Inland marine	380,479	443,260		380,479		443,260
10.	Financial guaranty						
11.1	Medical professional liability - occurrence		6,637				6,637
11.2	Medical professional liability - claims-made						
12.	Earthquake	92,031	194,162		92,031		194,162
13.	Group accident and health		37,796				37,796
14.	Credit accident and health (group and individual)						
15.	Other accident and health						
16.	Workers' compensation		3,969,576				3,969,576
17.1	Other liability - occurrence		1,591,866				1,591,866
17.2	Other liability - claims-made						
17.3	Excess workers' compensation						
18.1	Products liability - occurrence		2,301				2,301
18.2	Products liability - claims-made						
19.1, 19.2	Private passenger auto liability	63,905,705	52,073,387		63,905,705		52,073,387
19.3, 19.4	Commercial auto liability		2,355,793				2,355,793
21.	Auto physical damage	42,956,880	24,347,113		42,956,880		24,347,113
22.	Aircraft (all perils)						
23.	Fidelity		8,673				8,673
24.	Surety		271				271
26.	Burglary and theft		111				111
27.	Boiler and machinery		1,372				1,372
28.	Credit						
29.	International						
30.	Warranty						
31.	Reinsurance - nonproportional assumed property	XXX					
32.	Reinsurance - nonproportional assumed liability	XXX					
33.	Reinsurance - nonproportional assumed financial lines	XXX					
34.	Aggregate write-ins for other lines of business						
35.	TOTALS	134,246,259	141,558,619		134,246,259		141,558,619
	DETAILS OF WRITE-INS						
3401.							
3402.							
3403.							
3498.	Summary of remaining write-ins for Line 34 from overflow page						
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)						

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 -3)	5 Net Losses Unpaid Current Year (Part 2A , Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire		1,381,021		1,381,021	312,663	133,708	1,559,976	51.2
2.	Allied lines	370,714	734,490	370,714	734,490	159,191	136,260	757,421	57.4
3.	Farmowners multiple peril								
4.	Homeowners multiple peril	17,676,422	23,504,401	17,676,422	23,504,401	8,782,877	7,557,342	24,729,936	65.1
5.	Commercial multiple peril	1,730,495	7,945,055	1,730,495	7,945,055	7,745,174	6,847,112	8,843,117	59.8
6.	Mortgage guaranty								
8.	Ocean marine		193,847		193,847	202,178	209,210	186,815	75.3
9.	Inland marine		80,507		80,507	217,052	217,124	80,435	15.5
10.	Financial guaranty								
11.1	Medical professional liability - occurrence		15,708		15,708	98,856	136,623	(22,059)	(332.4)
11.2	Medical professional liability - claims-made		13,850		13,850	180,806	191,750	2,906	
12.	Earthquake		(533)		(533)	3,175	3,042	(399)	(0.2)
13.	Group accident and health		15,894		15,894	3,959		14,557	38.5
14.	Credit accident and health (group and individual)								
15.	Other accident and health								
16.	Workers' compensation		1,842,537		1,842,537	8,811,746	7,957,638	2,696,645	64.2
17.1	Other liability - occurrence		453,435		453,435	1,494,602	1,342,617	610,716	37.4
17.2	Other liability - claims-made								
17.3	Excess workers' compensation								
18.1	Products liability - occurrence		26,848		26,848	45,886	42,610	30,124	1,236.9
18.2	Products liability - claims-made								
19.1, 19.2	Private passenger auto liability	33,270,744	28,015,563	33,270,744	28,015,563	31,039,611	27,309,319	31,745,855	59.4
19.3, 19.4	Commercial auto liability		1,108,776		1,108,776	2,169,130	1,987,750	1,290,156	48.9
21.	Auto physical damage	30,601,198	15,160,197	30,601,198	15,160,197	1,708,375	1,185,991	15,682,581	61.8
22.	Aircraft (all perils)								
23.	Fidelity					1,267	1,274	(7)	(0.1)
24.	Surety		2,685		2,685	63	62	2,687	192.8
26.	Burglary and theft		(25)		(25)	2,927	(947)	3,849	2,032.8
27.	Boiler and machinery		326		326	221	928	(382)	29.7
28.	Credit								
29.	International								
30.	Warranty								
31.	Reinsurance - nonproportional assumed property	XXX							
32.	Reinsurance - nonproportional assumed liability	XXX							
33.	Reinsurance - nonproportional assumed financial lines	XXX							
34.	Aggregate write-ins for other lines of business								
35.	TOTALS	83,649,574	80,494,581	83,649,574	80,494,581	62,979,761	55,259,412	88,214,929	60.7
	DETAILS OF WRITE-INS								
3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
	Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		179,715		179,715		132,948		312,663	90,377
2.	Allied lines		74,721		74,721	15,242	84,469	15,242	159,191	68,321
3.	Farmowners multiple peril									
4.	Homeowners multiple peril	3,390,735	4,533,580	3,390,735	4,533,580	4,144,776	4,249,297	4,144,776	8,782,877	2,318,281
5.	Commercial multiple peril	136,943	2,742,978	136,943	2,742,978	293,005	5,002,197	293,005	7,745,174	4,130,217
6.	Mortgage guaranty									
8.	Ocean marine		144,191		144,191		57,988		202,178	43,458
9.	Inland marine		165,516		165,516	7,032	51,535	7,032	217,052	32,714
10.	Financial guaranty									
11.1	Medical professional liability - occurrence		77,064		77,064		21,792		98,856	25,097
11.2	Medical professional liability - claims-made		40,878		40,878		139,928		180,806	29,089
12.	Earthquake		1,598		1,598		1,577		3,175	37,304
13.	Group accident and health		1,232		1,232		2,727		(a) 3,959	1,492
14.	Credit accident and health (group and individual)									
15.	Other accident and health								(a)	
16.	Workers' compensation		3,245,389		3,245,389		5,566,357		8,811,746	1,480,002
17.1	Other liability - occurrence		413,627		413,627		1,080,975		1,494,602	412,898
17.2	Other liability - claims-made									
17.3	Excess workers' compensation									
18.1	Products liability - occurrence		32,696		32,696		13,189		45,886	17,106
18.2	Products liability - claims-made									
19.1, 19.2	Private passenger auto liability	24,169,935	15,426,164	24,169,935	15,426,164	13,422,662	15,613,447	13,422,662	31,039,611	7,885,431
19.3, 19.4	Commercial auto liability		975,184		975,184		1,193,946		2,169,130	629,802
21.	Auto physical damage	242,644	255,476	242,644	255,476	4,372,524	1,452,899	4,372,524	1,708,375	641,755
22.	Aircraft (all perils)									
23.	Fidelity						1,267		1,267	683
24.	Surety		23		23		40		63	25
26.	Burglary and theft		2,895		2,895		32		2,927	(122)
27.	Boiler and machinery		72		72		149		221	86
28.	Credit									
29.	International									
30.	Warranty									
31.	Reinsurance - nonproportional assumed property	XXX				XXX				
32.	Reinsurance - nonproportional assumed liability	XXX				XXX				
33.	Reinsurance - nonproportional assumed financial lines	XXX				XXX				
34.	Aggregate write-ins for other lines of business									
35.	TOTALS	27,940,257	28,313,002	27,940,257	28,313,002	22,255,241	34,666,759	22,255,241	62,979,761	17,844,017
	DETAILS OF WRITE-INS									
3401.										
3402.										
3403.										
3498.	Summary of remaining write-ins for Line 34 from overflow page									
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

		1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1.	Claim adjustment services:				
	1.1 Direct	(3,788,685)			(3,788,685)
	1.2 Reinsurance assumed	18,024,540			18,024,540
	1.3 Reinsurance ceded	15,095,295			15,095,295
	1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	(859,440)			(859,440)
2.	Commission and brokerage:				
	2.1 Direct excluding contingent		16,891,346		16,891,346
	2.2 Reinsurance assumed, excluding contingent		13,733,156		13,733,156
	2.3 Reinsurance ceded, excluding contingent		17,835,168		17,835,168
	2.4 Contingent - direct				
	2.5 Contingent - reinsurance assumed				
	2.6 Contingent - reinsurance ceded				
	2.7 Policy and membership fees				
	2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		12,789,334		12,789,334
3.	Allowances to managers and agents		304,333		304,333
4.	Advertising		4,299,306		4,299,306
5.	Boards, bureaus and associations		185,873		185,873
6.	Surveys and underwriting reports		1,296,946		1,296,946
7.	Audit of assureds' records		31,704		31,704
8.	Salary and related items:				
	8.1 Salaries	8,752,636	12,746,388	86,797	21,585,820
	8.2 Payroll taxes	901,676	951,993	7,153	1,860,822
9.	Employee relations and welfare	3,386,987	4,943,359	13	8,330,359
10.	Insurance	170,171	189,243		359,414
11.	Directors' fees		21,862		21,862
12.	Travel and travel items	1,132,014	552,009	4,875	1,688,897
13.	Rent and rent items	715,774	1,411,470		2,127,244
14.	Equipment	301,669	642,773	1,419	945,860
15.	Cost or depreciation of EDP equipment and software	237,622	2,791,940		3,029,562
16.	Printing and stationery	102,749	259,907	131	362,787
17.	Postage, telephone and telegraph, exchange and express	572,037	1,543,781	42	2,115,860
18.	Legal and auditing	320,249	319,758	228	640,235
19.	Totals (Lines 3 to 18)	16,593,583	32,492,644	100,657	49,186,884
20.	Taxes, licenses and fees:				
	20.1 State and local insurance taxes deducting guaranty association credits of $		4,057,059		4,057,059
	20.2 Insurance department licenses and fees		187,028		187,028
	20.3 Gross guaranty association assessments		(6,401)		(6,401)
	20.4 All other (excluding federal and foreign income and real estate)	23,220	56,030		79,250
	20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	23,220	4,293,716		4,316,936
21.	Real estate expenses				
22.	Real estate taxes				
23.	Reimbursements by uninsured plans				
24.	Aggregate write-ins for miscellaneous expenses	2,267,177	527,705	1,632	2,796,514
25.	Total expenses incurred	18,024,540	50,103,399	102,289	(a) 68,230,228
26.	Less unpaid expenses - current year	17,844,017	2,000,667		19,844,684
27.	Add unpaid expenses - prior year	16,554,342	1,701,750		18,256,092
28.	Amounts receivable relating to uninsured plans, prior year				
29.	Amounts receivable relating to uninsured plans, current year				
30.	TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	16,734,865	49,804,481	102,289	66,641,635
	DETAILS OF WRITE-INS				
2401.	Miscellaneous IT-related ULAE expenses	2,267,177			2,267,177
2402.	Miscellaneous IT-related agent network expenses		526,385		526,385
2403.	Charitable contributions		1,320		1,320
2498.	Summary of remaining write-ins for Line 24 from overflow page			1,632	1,632
2499.	Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	2,267,177	527,705	1,632	2,796,514

(a) Includes management fees of $ 25,248,686 to affiliates and $ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 1,368,514	1,473,758
1.1	Bonds exempt from U.S. tax	(a) 821,649	776,058
1.2	Other bonds (unaffiliated)	(a) 4,780,007	4,967,575
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract loans		
6	Cash, cash equivalents and short-term investments	(e) 10,358	8,392
7	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	13	13
10.	Total gross investment income	6,980,541	7,225,797
11.	Investment expenses		(g) 102,289
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)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		102,289
17.	Net investment income (Line 10 minus Line 16)		7,123,508
	DETAILS OF WRITE-INS		
0901.	Miscellaneous - Investment Income	13	13
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	13	13
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		

(a) Includes $ 40,179 accrual of discount less $ 672,194 amortization of premium and less $ 115,717 paid for accrued interest on purchases.

(b) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued dividends on purchases.

(c) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(d) Includes $ for company's occupancy of its own buildings; and excludes $ interest on encumbrances.

(e) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(f) Includes $ accrual of discount less $ amortization of premium.

(g) Includes $ investment expenses and $ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ interest on surplus notes and $ interest on capital notes.

(i) Includes $ depreciation on real estate and $ 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					
1.1	Bonds exempt from U.S. tax	(62)		(62)		
1.2	Other bonds (unaffiliated)	7,162		7,162	(110,540)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	7,100		7,100	(110,540)	
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Investment income due and accrued			
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	946,103	955,864	9,761
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	439,979	1,539,624	1,099,645
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets			
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,386,082	2,495,488	1,109,406
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,386,082	2,495,488	1,109,406
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)			
2501.				
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)			

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Farmers Insurance of Columbus, Inc. ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of the state of Ohio ("DOI").

The Company recognizes only statutory accounting practices prescribed or permitted by the state of Ohio (the "State") for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual (the "Codification"), version effective January 1, 2001 and subsequently amended ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. The Company did not utilize any permitted practices during the years presented.

A reconciliation of the Company's net income and surplus between NAIC SAP and practices prescribed by the State of Ohio for year-to-date December 31, 2011 and the year ended December 31, 2010 is shown below (in thousands):

		State of Domicile	2011	2010
(1)	Net Income/(Loss), Ohio state basis	Ohio	$ (1,198)	$ (1,371)
(2)	State Prescribed Practices (Income)	Ohio	-	-
(3)	State Permitted Practices (Income)	Ohio	-	-
(4)	Net Income/(Loss), NAIC SAP	Ohio	$ (1,198)	$ (1,371)
(5)	Statutory Surplus, Ohio basis	Ohio	$ 90,211	$ 91,279
(6)	State Prescribed Practices (Surplus)	Ohio	-	-
(7)	State Permitted Practices (Surplus)	Ohio	-	-
(8)	Statutory Surplus, NAIC SAP	Ohio	$ 90,211	$ 91,279

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

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned pro rata over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Ceded unearned premium reserves under the All Lines reinsurance agreements (see Note 21C) are calculated based on a quota share percentage of the underlying pro-rata direct unearned premium reserves.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

(1) Short-term investments include all investments whose maturities, at the time of acquisition, are greater than three months and less than one year and are stated at amortized cost, which approximates fair value.

(2-4) Bonds not backed by other loans are generally carried at amortized cost or the lower of amortized cost or fair value depending on their NAIC designation. Bond premium or discount is amortized using the interest method.

Unaffiliated common stocks are carried at NAIC market value. The change in the stated value is recorded as a change in net unrealized capital gains or losses, a component of unassigned funds.

Redeemable preferred stocks are carried at amortized cost or at the lower of amortized cost or fair value, depending on their NAIC designation. Redeemable preferred stock premium or discount is amortized using the interest method. Non-redeemable preferred stocks are carried at market value or the lower of cost or fair value based on their NAIC designation.

NOTES TO FINANCIAL STATEMENTS

The Company recognizes other-than-temporary impairment losses on investments when the decline in fair value specific to an issuer's fundamental credit difficulties, or a non-interest related decline, is deemed to be other than temporary. There are a number of assumptions and estimates inherent in evaluating impairments specific to an issuer's fundamental credit difficulties, or non-interest related decline, and determining if they are other than temporary, including: 1) The Company's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value; 2) the recoverability of principal and interest; 3) the length of time and extent to which the fair value has been less than amortized cost for bonds or cost for unaffiliated common and preferred stocks; 4) the financial condition, near-term and long-term prospects of the issue or issuer, including relevant industry conditions and trends, and implications of rating agency actions and offering prices; and 5) the specific reasons that a security is in a significant unrealized loss position, including market conditions which could affect access to liquidity. Interest rate related impairments are deemed other than temporary when the Company has the intent to sell an investment, at the reporting date, before recovery of the cost of the investment.

(5) The Company has no mortgage loans.

(6) Mortgage-backed bonds and structured securities are stated at either amortized cost or the lower of amortized cost or market value. Premiums and discounts on mortgage-backed securities and structured securities are amortized using the retrospective method, except for interest-only mortgage-backed securities, which are amortized using the prospective method.

Loan-backed securities with evidence of deterioration of credit quality for which it is probable that the company will be unable to collect all contractually required payments receivable, are written down to the present value of expected cash flows to be received.

(7) The Company has no investments in subsidiaries, controlled, and affiliated ("SCA") companies.

(8) The Company has no ownership interest in joint ventures, partnerships or limited liability companies.

(9) The Company has no investments in derivative instruments.

(10) The Company utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. The Company evaluates the need for a premium deficiency reserve on a line of business level for all books. At December 31, 2011 and 2010, the Company had not established any premium deficiency reserves based on this calculation.

(11) Reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported ("IBNR"). Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting reserves are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

In 2011, the NAIC approved revised standard on accounting for liabilities, contingencies, and impairments of assets Income Taxes (SSAP No 5R, Liabilities, Contingencies, and Impairments of Assets). This revised standard allowed an exemption from liability recognition for guarantees to both wholly owned non-insurance and insurance entities. This wholly owned exclusion does not include guarantees from one subsidiary to another. The Company has no guarantee from one subsidiary to another. In addition, the revisions to SSAP 16R (Electronic Data Processing Equipment and Software); SSAP 35R (Guaranty Fund and Other Assessments); and SSAP 91R (Accounting for Transfers and Servicing of Financial Assets and Extinguishment) did not have any material impact on the Company's financial statements.

The Company adopted SSAP No. 100 "Fair Value Measurements" ("SSAP 100") effective December 31, 2010 and thereafter. SSAP 100 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements but does not change existing guidance about whether an asset or liability is carried at fair value. Please see Note 20 for disclosures related to SSAP 100.

In 2009, the NAIC approved revised standard on accounting for income taxes (SSAP No 10R, Income Taxes). This revised standard provided interim capital and surplus relief to insurance companies, starting year end December 31, 2009, if certain conditions are met. The change expanded the deferred tax asset admissibility, allowing for the use of a three-year test and increasing admissibility to 15% from the previously mandated 10%. The Company elected to admit additional DTA's pursuant to paragraph 10.e of SSAP No 10R as of December 31, 2011. Please see Note 9 for disclosures related to SSAP 10R.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

(1) Prepayment assumptions were obtained from an external securities information service and are consistent with the current interest rate and economic environment.

(2) Not applicable.

(3) All loan backed other-than-temporary impairment securities were classified as such based on the fact that the present value of cash flows expected to be collected is less than the amortized cost basis of the security. See aggregate totals below.

CUSIP	Book/Adj Carry Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized cost After Other-Than-Temporary Impairment	Fair Value
32051GZU2	$ 459,160	$ 451,003	$ (8,157)	$ 451,003	$ 359,999
Total Impaired in Quarter 3 2009	**$ 459,160**	**$ 451,003**	**$ (8,157)**	**$ 451,003**	**$ 359,999**
12668AJB2	486,902	482,032	(4,870)	482,032	428,003
Total Impaired in Quarter 4 2009	**$ 486,902**	**$ 482,032**	**$ (4,870)**	**$ 482,032**	**$ 428,003**
12668AJB2	447,571	383,657	(63,914)	383,657	399,042
Total Impaired in Quarter 1 2010	**$ 447,571**	**$ 383,657**	**$ (63,914)**	**$ 383,657**	**$ 399,042**
17311LAA9	556,329	481,643	(74,686)	481,643	409,669
Total Impaired in Quarter 4 2010	**$ 556,329**	**$ 481,643**	**$ (74,686)**	**$ 481,643**	**$ 409,669**

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains) (in thousands):

Unrealized Losses Less than 12 months		**Unrealized Losses 12 months or More**	
Fair Value	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
$2,887	($16)	$597	($209)

(5) All loan-backed and structured securities were reviewed to determine if there were any indications of potential other-than-temporary impairment. If any indication of other-than-temporary impairment existed, then a cash flow and credit support analysis were performed. If it was determined that the company was to received less than 100% contractual cash flows, an other-than-temporary impairment was measured and taken in accordance with SSAP 43R.

E. Repurchase Agreements

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

F. Real Estate

(1) Not applicable.

(2) Not applicable.

G. Low-Income Housing Tax Credits

None.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A. Not applicable.

B. Not applicable.

7. INVESTMENT INCOME

A. Investment income due and accrued with amounts over 90 days past due is non-admitted.

B. The Company had no investment income due and accrued excluded from surplus at both December 31, 2011 and 2010.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

A. The components of the net deferred tax assets ("DTA") and deferred tax liabilities ("DTL") at December 31, 2011 and December 31, 2010 are as follows (in thousands):

(1)

	2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	$ 7,040	$ 163	$ 7,203	$ (947)	$ 80	$ (867)
Statutory valuation allowance adjustment	-	-	-	-	-	-
Adjusted gross deferred tax assets	7,040	163	7,203	(947)	80	(867)
Deferred tax liabilities	(65)	-	(65)	(42)	-	(42)
Net deferred tax assets	6,975	163	7,138	(989)	80	(909)
Deferred tax assets nonadmitted	440	-	440	(1,100)	-	(1,100)
Net admitted adjusted deferred tax assets	$ 6,535	$ 163	$ 6,698	$ 111	$ 80	$ 191

	2010		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 7,987	$ 83	$ 8,070
Statutory valuation allowance adjustment	-	-	-
Adjusted gross deferred tax assets	7,987	83	8,070
Deferred tax liabilities	(23)	-	(23)
Net deferred tax assets	7,964	83	8,047
Deferred tax assets nonadmitted	1,540	-	1,540
Net admitted adjusted deferred tax assets	$ 6,424	$ 83	$ 6,507

(2) The Company has elected to admit DTAs pursuant to paragraph 10.e.

NOTES TO FINANCIAL STATEMENTS

(3) The Company recorded an increase in admitted DTA's as a result of their election to employ the provisions of paragraph 10.e. as follows (in thousands)

	2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Deferred tax assets admitted through potential carry back (10.e.i)	$ -	$ -	$ -	$ -	$ -	$ -
Deferred tax assets admitted through future realization (10.e.ii)	774	-	774	774	-	774
Deferred tax assets admitted through offset of deferred tax liability (10.e.iii)	-	-	-	-	-	-

	2010		
	Ordinary	Capital	Total
Deferred tax assets admitted through potential carry back (10.e.i)	$ -	$ -	$ -
Deferred tax assets admitted through future realization (10.e.ii)	-	-	-
Deferred tax assets admitted through offset of deferred tax liability (10.e.iii)	-	-	-

(4) Admission calculation components at December 31, 2011 and December 31, 2010 are as follows (in thousands):

	2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation components						
SSAP 10R, par. 10.a	$ 1,288	$ 139	$ 1,427	$ (3,139)	$ 56	$ (3,083)
SSAP 10R, par. 10.b (lesser of 10.b.i & 10.b.ii)	4,473	24	4,497	2,477	24	2,501
SSAP 10R, par. 10.b.i	4,473	24	4,497	2,477	24	2,501
SSAP 10R, par. 10.b.ii			5,776			2,217
SSAP 10R, par. 10.c	65	-	65	42	-	42
Total (par. 10.a + 10.b + 10.c)	$ 5,826	$ 163	$ 5,989	$ (620)	$ 80	$ (540)
Admission calculation components						
SSAP 10R, par. 10.e.i	$ -	$ -	$ -	$ -	$ -	$ -
SSAP 10R, par. 10.e.ii (lesser of 10.e.ii.a & 10.e.ii.b)	774	-	774	774	-	774
SSAP 10R, par. 10.e.ii.a	774	-	774	774	-	774
SSAP 10R, par. 10.e.ii.b			5,776			5,776
SSAP 10R, par. 10.e.iii	-	-	-	-	-	-
Total (par. 10.e.i + 10.e.ii + 10.e.iii)	$ 774	$ -	$ 774	$ 774	$ -	$ 774
Used in SSAP 10R, par. 10.d						
Total adjusted capital			89,437			(1,842)
Authorized control level			724%			-115%

	2010		
	Ordinary	Capital	Total
Admission calculation components			
SSAP 10R, par. 10.a	$ 4,427	$ 83	$ 4,510
SSAP 10R, par. 10.b (lesser of 10.b.i & 10.b.ii)	1,996	-	1,996
SSAP 10R, par. 10.b.i	1,996	-	1,996
SSAP 10R, par. 10.b.ii			3,559
SSAP 10R, par. 10.c	23	-	23
Total (par. 10.a + 10.b + 10.c)	$ 6,446	$ 83	$ 6,529
Admission calculation components			
SSAP 10R, par. 10.e.i	$ -	$ -	$ -
SSAP 10R, par. 10.e.ii (lesser of 10.e.ii.a & 10.e.ii.b)	-	-	-
SSAP 10R, par. 10.e.ii.a	-	-	-
SSAP 10R, par. 10.e.ii.b			-
SSAP 10R, par. 10.e.iii	-	-	-
Total (par. 10.e.i + 10.e.ii + 10.e.iii)	$ -	$ -	$ -
Used in SSAP 10R, par. 10.d			
Total adjusted capital			91,279
Authorized control level			838%

(5) Impact of tax planning strategies at December 31, 2011.

	Ordinary Percent	Capital Percent	Total Percent
Adjusted gross DTAs			
(% of total adjusted gross DTAs)	0.0%	0.0%	0.0%
Net admitted adjusted gross DTAs			
(% of total net admitted adjusted gross DTAs)	0.0%	1.7%	1.7%

NOTES TO FINANCIAL STATEMENTS

(6) Admitted DTA's, admitted assets, statutory surplus and total adjusted capital in the Risk Based Capital ("RBC") calculation resulting from the application of SSAP 10R at December 31, 2011 and December 31, 2010 are as follows (in thousands):

	2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, par. 10.a, 10.b and 10.c						
Admitted deferred tax assets	$ 5,826	$ 163	$ 5,989	$ (621)	$ 80	$ (541)
Admitted assets			253,175			1,722
Adjusted statutory capital and surplus *			89,437			(1,842)
Total adjusted capital from DTAs			89,437			(1,842)
Increased due to SSAP 10R, par. 10.e						
Admitted deferred tax assets	$ 774	$ -	$ 774	$ 774	$ -	$ 774
Admitted assets	774	-	774	774	-	774
Statutory surplus	774	-	774	774	-	774

	2010		
	Ordinary	Capital	Total
SSAP 10R, par. 10.a, 10.b and 10.c			
Admitted deferred tax assets	$ 6,447	$ 83	$ 6,530
Admitted assets			251,453
Adjusted statutory capital and surplus *			91,279
Total adjusted capital from DTAs			91,279
Increased due to SSAP 10R, par. 10.e			
Admitted deferred tax assets	$ -	$ -	$ -
Admitted assets	-	-	-
Statutory surplus	-	-	-

* As reported on the statutory balance sheet for the most recently filed statement with the domicialiary state commissioner adjusted in accordance with SSAP No. 10R, paragraph 10.b.ii

B. The Company is currently recognizing all deferred tax liabilities.

C. (1) Current income taxes incurred consist of the following major components at December 31, 2011 and December 31, 2010 are as follows (in thousands).

	2011	2010
Current income tax		
Current income tax expense (benefit) - operations	$ (1,549)	$ 1,410
Attorney-in-fact credit	-	-
Prior year under/(over) accrual of income taxes	(437)	(255)
Current income tax expense (benefit) - capital gains	94	315
Federal income taxes incurred	(1,892)	1,470

NOTES TO FINANCIAL STATEMENTS

(2) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2011 and December 31, 2010 are as follows (in thousands):

	2011	2010	Change
Deferred tax assets			
Ordinary:			
Bonds and stocks	$ -	$ -	$ -
Agents balance and uncollectibles	-	335	(335)
Unearned premium reserves	4,250	4,446	(196)
Reserves	1,935	1,889	46
Pension liabilities/Post retirement benefits	60	254	(194)
Deferred compensation	485	443	42
Other liabilities	310	620	(310)
Total ordinary DTAs	7,040	7,987	(947)
Statutory valuation allowance adjustment	-	-	-
Non-admitted ordinary DTAs	440	1,540	(1,100)
Admitted ordinary deferred tax assets	6,600	6,447	153
Capital:			
Unrealized losses	73	34	39
Bond write downs	90	49	41
Total capital DTAs	163	83	80
Statutory valuation allowance adjustment	-	-	-
Non-admitted capital DTAs	-	-	-
Admitted capital deferred tax assets	163	83	80
Admitted deferred tax assets	$ 6,763	$ 6,530	$ 233

(3) The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities at December 31, 2011 and December 31, 2010 are as follows (in thousands):

	2011	2010	Change
Deferred tax liabilities			
Ordinary:			
Bonds and stocks	$ 50	$ 4	$ 46
Other assets	(1)	(1)	-
Other liabilities	16	20	(4)
Total ordinary deferred tax liabilities	65	23	42
Capital:			
Investments (unrealized gain)	-	-	-
Total capital deferred tax liabilities	-	-	-
Total deferred tax liabilities	65	23	42
Net admitted deferred tax assets/liabilities	$ 6,698	$ 6,507	$ 191

(4) The change in net deferred income taxes is composed of the following at December 31, 2011 and December 31, 2010 are as follows (in thousands):

	2011	2010	Change
Total deferred tax assets	$ 7,203	$ 8,070	$ (867)
Total deferred tax liabilities	65	23	42
Net deferred tax asset	7,138	8,047	(909)
Tax effect of unrealized (gains) losses			39
Change in net deferred income tax (charge)/benefit			$ (948)

NOTES TO FINANCIAL STATEMENTS

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

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate at 35.0% to income before income taxes. The significant items causing this difference are as follows (in thousands):

		2011	Effective Tax Rate 2011
Provision computed at statutory rate	$	(1,082)	35.00%
Tax-exempt interest		(272)	8.79%
15% exemption adjustment		40	(1.30%)
Unallowable deductions		35	(1.14%)
Prior year under/(over) accrual of income taxes		(2)	0.07%
Change in nonadmitted assets		335	(10.83%)
Other		-	0.01%
Total		(946)	30.60%
Federal taxes incurred	$	(1,987)	64.29%
Tax on capital gains/(losses)		93	(3.04%)
Less: Change in net deferred income tax		948	(30.65%)
Total statutory income taxes	$	(946)	30.60%

E. (1) When available, the Company utilizes net operating loss carry forwards to offset taxable income under the terms of the tax sharing agreement. As of December 31, 2011, the Company did not have any net operating loss carry forwards. Certain net operating loss carry forwards, as well as tax goodwill amortization, are subject to an annual limitation under Internal Revenue Code section 382.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses as of December 31, 2011 and December 31, 2010 (in thousands):

		2011
Current year	$	-
First preceding year		1,371

(3) Deposits admitted under Internal Revenue Service Code Section 6603 (in thousands) None

NOTES TO FINANCIAL STATEMENTS

F. (1) The Company's federal income tax return is consolidated with the following entities, with Farmers Insurance Exchange as the parent company.

Farmers Insurance Exchange
American Federation Insurance Company
American Pacific Insurance Company, Inc.
Apex Adjustment Bureau, Inc.
Bayview Adjustment Bureau, Inc.
Bristol West Casualty Insurance Company
Bristol West Holdings, Inc.
Bristol West Insurance Company
Bristol West Insurance Services of California, Inc.
Bristol West Insurance Services of Georgia, Inc.
Bristol West Insurance Services of Pennsylvania, Inc.
Bristol West Insurance Services of Texas, Inc.
Bristol West Insurance Services, Inc. of Florida
Bristol West Preferred Insurance Company
BWIS of Nevada, Inc.
Coast National General Agency, Inc.
Coast National Holding Company
Coast National Insurance Company
Farmers Insurance Company of Idaho
Farmers Insurance Company of Oregon
Farmers Insurance Company, Inc.
Farmers Insurance Hawaii, Inc.
Farmers Insurance of Columbus, Inc
Farmers New Century Insurance Company
FCOA, LLC
Foremost Affiliated Insurance Services, Inc.
Foremost Express Insurance Agency Inc.
Foremost Financial Services Corporation
Foremost Home Services Corporation
Foremost Insurance Company Grand Rapids
Foremost Lloyds of Texas
Foremost Property and Casualty Insurance Company
Foremost Signature Insurance Company
GP, LLC
Hawaii Insurance Consultants Ltd.
i21 Insurance Services
Illinois Farmers Insurance Company
Insurance Data Systems, G.P.
Mid-Century Insurance Company
Mid-Century Insurance Company of Texas
Pacific Way Insurance Agency, Inc.
Security National Insurance Company
Sunrise Insurance Agency of Texas, Inc.
Sunrise Insurance Agency, Inc.
Texas Farmers Insurance Company
Western Star Underwriters, Inc.
20th Century Insurance Services, Inc.
21st Century Advantage Insurance Company
21st Century Assurance Company
21st Century Auto Insurance Company of New Jersey
21st Century Casualty Company
21st Century Centennial Insurance Company
21st Century Indemnity Insurance Company
21st Century Insurance & Financial Services
21st Century Insurance Company
21st Century Insurance Company of the Southwest
21st Century Insurance Group
21st Century National Insurance Company
21st Century North America Insurance Company
21st Century Pacific Insurance Company
21st Century Pinnacle Insurance Company
21st Century Preferred Insurance Company
21st Century Premier Insurance Company
21st Century Security Insurance Company
21st Century Superior Insurance Company
50th State Risk Management Services, Inc.

(2) Farmers Insurance Exchange ("FIE") and its eligible affiliates have executed a tax-sharing agreement whereby FIE receives from its affiliates the tax they would pay if they had filed separate returns and pays to the affiliates amounts for the tax benefits realized by the consolidated group through utilization of their net losses. Any expense or benefit so derived is recognized in the respective affiliate's current year tax provision. Intercompany tax balances are settled monthly based on estimates with the final settlement made annually within 30 days after the return has been filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A.B.C. The Company had no material related party transactions during 2011 and 2010 that would require disclosure.

D. At December 31, 2011 and 2010, the Company reported $3.5 million and $8.4 million as amounts due to affiliates, respectively. The terms of settlement require that these amounts be settled within 45 days.

E. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate (see Note 14A).

NOTES TO FINANCIAL STATEMENTS

F. Certain members of the Farmers Property and Casualty Companies (the “Farmers P&C Companies”) participate in an intercompany reinsurance agreement in which they share in the net premiums and ultimate losses of affiliates. With FIE as the lead company, the Farmers P&C Companies, except Farmers Reinsurance Company, AIG/21st affiliates (effective July 1, 2009), and the Bristol West Insurance affiliates (which only cede 90%), cede all of their direct and assumed personal business and business insurance to FIE, which then retrocedes a share of the business back to the participants according to their respective participation percentages (see Note 26). Effective July 1, 2008, Coast National Insurance Company cedes all of its direct and assumed personal business and business insurance to FIE. In addition, effective January 1, 2010, both Bristol West Casualty Insurance Company and Bristol West Insurance Company, cede 100% of their direct business to FIE, while Bristol West Preferred Insurance Company and Security National Insurance Company cede 100% of their direct business to FIE effective December 31, 2010. Finally, effective December 31, 2010, the 95% Retrocession reinsurance agreement between the Farmers Insurance Exchange and the Foremost Insurance Company, Grand Rapids was cancelled on a cut-off basis and the Company's share of the return of previously ceded premiums and commissions after reinsurance due to this termination was $7.9 million and $3.0 million, respectively. For the year ended December 31, 2011, the Company assumed $141.6 million in net premiums written, $145.4 million in net premiums earned, and $88.2 million in net losses incurred, as result of its participation in the intercompany reinsurance agreement.

   FIE has a service agreement with the Company. Under the terms of this agreement, FIE provides various services to the Company as are necessary and appropriate for the Company to discharge its obligations to its policyholders, shareholders and regulators. This agreement broadly encompasses, claims adjustment services, investment management services, preparation of insurance policies, billing and collections, and other administrative services.

G. At December 31, 2011 and 2010, all outstanding shares of the Company were owned by FIE.

   The Company is one of the Farmers P&C Companies, which is comprised of Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers New Century Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Illinois Farmers Insurance Company, Farmers Insurance Company, Inc., Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Civic Property and Casualty Company, Exact Property and Casualty Company, Neighborhood Spirit Property and Casualty Company, Farmers Texas County Mutual Insurance Company, Farmers Reinsurance Company, Foremost Insurance Company Grand Rapids, Michigan, Foremost Property and Casualty Insurance Company, American Federation Insurance Company, Foremost Signature Insurance Company, Foremost County Mutual Insurance Company, Foremost Lloyds of Texas, Bristol West Casualty Insurance Company, Bristol West Insurance Company, Bristol West Preferred Insurance Company, Coast National Insurance Company, and Security National Insurance Company. Others are: 21st Century North America Insurance Company, 21st Century Centennial Insurance Company, 21st Century Premier Insurance Company, 21st Century Security Insurance Company, Farmers Insurance Hawaii, Inc., 21st Century Superior Insurance Company, 21st Century Advantage Insurance Company, 21st Century Preferred Insurance Company, 21st Century Pinnacle Insurance Company, 21st Century Indemnity Insurance Company, 21st Century National Insurance Company, 21st Century Auto Insurance Company of New Jersey, American Pacific Insurance Company, Inc., 21st Century Pacific Insurance Company, 21st Century Assurance Company, 21st Century Insurance Company, 21st Century Casualty Company, and 21st Century Insurance Company of the Southwest. For more details on ownership, see Schedule Y.

H. The Company does not own shares of an upstream intermediate or ultimate parent, which are applicable under Section 4(B)(b)(x) of the NAIC Valuation of Securities manual.

I. The Company had no investments in an individual Subsidiary, Controlled, or Affiliated entity (“SCA”) that exceeded 10% of its admitted assets at both December 31, 2011 and 2010.

J. The Company did not recognize any impairment write down on investments in SCA’s during the years ended December 31, 2011 and 2010.

K. The Company does not have any investments in foreign insurance companies.

L. The Company does not hold any investments in downstream noninsurance holding companies.

11. DEBT

Not applicable.

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

A. Defined Benefit Plans

Not applicable.

B. Defined Contribution Plans

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Multi-employer Plans

Not applicable.

D. Consolidated/Holding Company Plans

Pension Plan

FIE and certain of the Farmers P&C Companies participate in two non-contributory retirement plans (the "Regular Plan" and the "Restoration Plan") sponsored by Farmers Group, Inc. ("FGI"). The Regular Plan covers substantially all employees of the Farmers P&C Companies and FGI and its subsidiaries who have reached age 21 and have rendered one year of service. Benefits are based on years of service and the employee's compensation during the last five years of employment. The Restoration Plan provides supplemental retirement benefits for certain key employees of the Farmers P&C Companies and FGI and its subsidiaries. Information regarding the Regular and Restoration Plans' funded status is not developed separately. FIE has no legal obligation for benefits under this plan.

For the 2010-2011 and 2009-2010 plan years, the minimum required contribution did not exceed the full funding limitation under the Internal Revenue Code. As a result, as of year-to-date December 31, 2011, the Farmers P&C Companies, FGI and its subsidiaries made total contributions to the Plans of $150.0 million, of which $89.9 million came from the Farmers P&C Companies. The Company's share of the Farmers P&C Companies' contributions was $0.9 million in 2011. In 2010, the Farmers P&C Companies, FGI and its subsidiaries made total contributions to the Plans of $225.0 million, of which $124.3 million came from the Farmers P&C Companies. The Company's share of the Farmers P&C Companies' contributions was $1.2 million in 2010.

Effective January 1, 2009, FIE and certain of the Farmers P&C Companies began participating in a third non-contributory retirement plan ("Cash Balance Program") also sponsored by FGI. The Cash Balance Program covers new hires, effective January 1, 2009, and all employees who are not grandfathered under the Regular Plan as of December 31, 2008. Vested employees who are age 40 and over or who have 10 or more years of service as of December 31, 2008 are grandfathered in the Regular Plan. Under the Cash Balance Program, FGI and the Farmers P&C Companies will make regular contributions based on a percentage of base pay. The contributions vary based on age and length of service. In addition, the Cash Balance Program has a minimum annual return of 5.0%. Employees, who are vested under the Regular Plan as of December 31, 2008, under the age of 40 and have fewer than 10 years of service, will receive transitional contributions to maximize the benefit under the Cash Balance Program.

Short Term Incentive Program

Effective January 1, 2009, FIE and certain of the Farmers P&C Companies, participate in a new Short Term Incentive Program ("STIP") and a 401(k) Savings Plan sponsored by FGI. These two plans replaced the previous Farmers P&C Companies' Deferred Profit Sharing and Cash Profit Sharing plans that were discontinued effective January 1, 2009. The STIP is a performance-based plan that provides employees an annual incentive pay based on the achievement of certain Farmers P&C Companies' goals and individual employee performance. The Company's share of expense under this plan was $1.0 million and $0.9 million as of December 31, 2011 and 2010, respectively.

401(k) Savings Plan

Effective January 1, 2009, FIE and certain of the Farmers P&C Companies, participate in a 401(k) Savings Program sponsored by FGI. Contributions are made by eligible employees up to the yearly maximums allowable as defined by the Internal Revenue Service. FIE and certain Farmers Companies will match eligible employees' contributions up to 6.0% of earned base pay. All eligible employees are 100% vested in the 401(k) Savings Plan. The Company's share of expense under this plan was $0.4 million and $0.3 million as of December 31, 2011 and 2010, respectively.

NOTES TO FINANCIAL STATEMENTS

E. Post-employment Benefits and Compensated Absences

Postretirement Benefits

FIE and certain of the Farmers P&C Companies, provide certain postretirement benefits to retired employees. The postretirement medical benefits plan is a contributory defined benefit plan for employees who were retired or who were eligible for early retirement as of January 1, 1991, and is a contributory defined dollar plan for all other employees retiring after January 1, 1991. Health benefits are provided for all employees who participated in the group medical benefits plan for 10 years immediately preceding early retirement at age 55 or later. A life insurance benefit of $5,000 is provided at no cost to retirees who maintained supplemental life insurance coverage for 10 years immediately preceding retirement at age 55 or later. There are no assets allocated to this plan.

The funded status of the plan for the Farmers P&C Companies as of December 31 is as follows (in thousands):

	2011	2010
Change in Benefit Obligation:		
Net benefit obligation at beginning of year	$ 95,207	$ 88,676
Service cost	7,045	7,298
Interest cost	4,796	4,810
Plan participants' contributions	2,020	3,236
Actuarial (gain)/loss	2,082	(3,704)
Transfer in	-	167
ERRP to be used to reduce future retiree premiums	657	-
Benefits paid	(4,268)	(5,276)
Net benefit obligation at end of year	$107,539	$ 95,207
Benefit obligation for nonvested employees at end of year	(32,115)	(30,102)
Benefit obligation for vested employees at end of year	$ 75,424	$ 65,105
Funded Status:		
Funded status at end of year	$ (75,424)	$ (65,105)
Unrecognized net actuarial loss/(gain)	(7,769)	(9,841)
Unrecognized prior service cost/(benefit)	(4,680)	(5,013)
Net amount recognized at end of year	$ (87,873)	$ (79,959)

The Farmers P&C Companies' total benefit obligation for vested employees at the end of 2011 and 2010 was $75.4 million and $65.1 million, respectively. The Company's share of this postretirement benefit obligation was $0.7 million and $0.6 million at December 31, 2011 and 2010, respectively. The total funded status for the Farmers P&C Companies was $87.9 million and $80.0 million, respectively. The Company's share was $0.9 million and $0.8 million at December 31, 2011 and 2010, respectively.

Components of the net periodic benefit cost recognized by the Farmers P&C Companies for the years ended December 31 are as follows (in thousands):

	2011	2010
Service cost	$ 7,052	$ 6,783
Interest cost	3,437	3,323
Net amortization of Prior Service Cost	(332)	(332)
Actuarial gain	(653)	(758)
Net periodic benefit cost	$ 9,504	$ 9,016

NOTES TO FINANCIAL STATEMENTS

The Company's share of the net periodic benefit cost recognized by the Farmers P&C Companies was $0.1 million in 2011 and $0.1 million in 2010.

The weighted average assumed discount rate used in the above benefit computations was 4.20% in 2011 and 5.00% in 2010. There was no weighted average rate of increase in future compensation levels in both 2011 and 2010 due to change in underlying plan.

The health care cost trend rate for participants retired before January 1, 1991 was 8% during 2011, graded down to 5% during 2017 by 0.5% per year.

A 1.00% increase or decrease in the assumed health care cost trend rate would have resulted in the following (in thousands):

	1% Increase	1% Decrease
Effect on 2011 service and interest components of net periodic postretirement healthcare benefit costs	$ 20	$ (19)
Effect on accumulated postretirement benefit obligation for health care benefits at December, 31, 2011	$ 386	$ (348)

Compensated Absences

The Company does not accrue for compensated absences due to immateriality.

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

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

(1-5) The Company had 10,000 shares of $100 par value common stock authorized, and 10,000 shares issued and outstanding at December 31, 2011 and 2010.

(6) No restrictions have been placed on unassigned funds.

(7) The Company does not have advances to surplus.

(8) The Company does not hold stock for special purposes.

(9) The Company does not have any special surplus funds balances.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) were $(135.7) thousand and $(63.9) thousand at December 31, 2011 and 2010, respectively.

(11) The Company has not issued any surplus notes.

(12-13) The Company has not undergone any quasi-reorganizations.

14. CONTINGENCIES

A. Contingent Commitments

Not applicable.

NOTES TO FINANCIAL STATEMENTS

B. Assessments

(1) The Company receives periodic assessments from certain states to reimburse policyholders and claimants of insolvent carriers. Depending on the guidelines established by each state, these assessments are expensed, recouped from policyholders, or utilized as credits against premium taxes. Premium tax credits are realized between 3 to 10 years depending on the guidelines established by each state.

The Company had no material guaranty fund assessment accrued in 2011 and 2010.

(2) Not applicable.

C. Gain Contingencies

None.

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

The Company paid the following amounts during 2011 to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

	Direct
Claims related ECO and bad faith losses paid	$47,017

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during 2011:

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

Per Claim [X] Per Claimant [ ]

E. Product Warranties

None.

F. All Other Contingencies

Litigation

Certain of the Farmers P&C Companies are defendants in certain lawsuits arising in the normal course of business, which are in various stages of development. Some of these matters seek punitive as well as compensatory damages. While it is not possible to predict the outcome of these matters with certainty, management believes that their ultimate disposition will not have a material effect on the Company's financial position or results of operations. In addition, certain of the Farmers P&C Companies are, from time to time, involved as parties in various governmental and administrative proceedings.

California Earthquake Authority

On December 1, 1996, Fire became a participant in the California Earthquake Authority ("CEA") on behalf of the Farmers P&C Companies. The CEA was established by the California Legislature to provide earthquake insurance to the owners of residential property in the state of California. Insurers who elect to participate in the program are liable for twelve years, for a portion of aggregate losses up to $2.4 billion, contingent on losses exceeding a specified limit. Effective March 22, 2011, the latest date for which information was available, the Farmers P&C Companies' residential earthquake insurance market share was 13.20%, and its respective share of this contingent liability was $303.1 million at December 31, 2011. In the case of a triggering event, and based on its intercompany reinsurance participation of 1.00%, the Company's share of this contingent liability before external reinsurance would be $3.0 million. As of December 31, 2011, a triggering event has not occurred, and, therefore, no provision has been made in the accompanying financial statements for any liability or loss that may result from a catastrophic earthquake event.

NOTES TO FINANCIAL STATEMENTS

Revolving Credit Agreement

On October 31, 2011, FGI entered into a new revolving credit agreement with certain financial institutions, which replaced the September 27, 2006 agreement. Under this new agreement, FGI has an aggregate borrowing capacity of EUR 200.00 million of the EUR 2.50 billion total borrowing capacity in the credit agreement. The proceeds of the facility are available to FGI for general corporate purposes. The EUR 2.50 billion revolving credit facility has a maturity date ending October 2016. An extension option of one year is available at the first anniversary of the date of the current agreement. A second extension of another year is also available at the second anniversary of the date of the current agreement. Facility fees are payable on the undrawn amount of the borrowing facility at a rate of 0.10% per annum. In the case of a draw on the facility, FGI will borrow at margin, which is 30.0 basis points per annum over the LIBOR/Euro Interbank Offered Rate (“EURIBOR”). FGI has not borrowed against the current or prior lines of credit on behalf of the Farmers P&C Companies, and had no outstanding borrowings under either agreement at December 31, 2011 and 2010. The Company’s share of fees paid by the Farmers P&C Companies in 2011 and 2010 for the right to access these facilities was $1,156 and $1,182, respectively.

15. LEASES

A. Lessee Operating Leases

Not applicable.

B. Lessor Leases

Not applicable.

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

Not applicable.

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

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

The Company had no wash sale transactions in the periods presented that require disclosure.

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

A. ASO Plans

Not applicable.

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. FAIR VALUE MEASUREMENTS

A. Inputs Used For Assets Measured At Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

The Company has categorized its assets that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. (in thousands)

Level 1 - are liquid investments traded in active markets and valued based on unadjusted quoted prices. Assets in this category are preferred and common stock securities.

Level 2 - The securities that fall into this category are bonds, preferred stocks, common stocks and call options which are not exchange traded. These securities are valued based upon models with observable inputs - for example market interest rates, credit spreads etc. They may have been determined by independent pricing services using observable inputs.

Level 3 - are investments valued based upon models with "significant“ non-observable inputs (assumptions). Such assumptions can be about loss severities, prepayment speed, interest rate volatilities, earnings forecast, comparables sales etc.

(1) Description	(2) Level 1	(3) Level 2	(4) Level 3	(5) Total
a. Assets at Fair Value				
Bonds	$ -	$ 350	$ 246	$ 596
Preferred Stock	-	-	-	-
Common Stock	-	-	-	-
Real Estate Joint Venture Interest - Unaff	-	-	-	-
Other Joint-Venture Interest - Unaff.	-	-	-	-
Total Assets at Fair Value	$ -	$ 350	$ 246	$ 596

2. Rollforward of Level 3 (in thousands)

	(1) Balance at 01/01/11	(2) Transfers into Level 3	(3) Transfers out of Level 3	(4) Gains / (Losses) included in Net Income	(5) Total Gains / (Losses) included in Surplus	(6) Purchases	(7) Issuances	(8) Sales	(9) Maturities	(10) Securities now reported at Fair Value	(11) Securities no longer reported at Fair Value	(12) Balance at 12/31/11
Residential mortgage backed securities	$ 666	$ -	$ (257)	$ (37)	$ (69)	$ 8	$ -	$ (65)	$ -	$ -	$ -	$ 246
Commercial mortgage backed securities	-	-	-	-	-	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-	-	-	-	-	-
Other Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-	-	-	-	-	-
Real estate joint venture interest - Unaff.	-	-	-	-	-	-	-	-	-	-	-	-
Other joint-venture interest - Unaff.	-	-	-	-	-	-	-	-	-	-	-	-
Total	$ 666	$ -	$ (257)	$ (37)	$ (69)	$ 8	$ -	$ (65)	$ -	$ -	$ -	$ 246

3. Policy on Transfers In 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 investment to be transferred in or out of Level 3.

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

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features that are inputs into the analysis included duration, credit quality, tax status and call and sinking fund features.

Bonds and/or Common stocks carried at fair value categorized as Level 3 were valued using unobservable inputs. These unobservable inputs reflect our own assumptions about the criteria that market participants would use in pricing these assets (including assumptions about risk). These assumptions were based on the best information available in the circumstances.

NOTES TO FINANCIAL STATEMENTS

5. Derivative Fair Values

None.

B. Other Fair Value Disclosures

None.

C. Reasons Not Practical to Estimate Fair Values

None.

21. OTHER ITEMS

A. Extraordinary Items

None.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Securities on Deposit

Investments with a carrying value of $.6 million and $.6 million at December 31, 2011 and 2010, respectively, were on deposit with regulatory authorities as required by law.

Auto Physical Damage Quota Share Agreement

Effective January 1, 2004, Farmers Reinsurance Company ("Farmers Re") assumes annually $200.0 million and Zurich Insurance Company ("Zurich") assumes $800.0 million of gross written premiums under an Auto Physical Damage ("APD") Quota Share reinsurance agreement with the Farmers P&C Companies. In addition, Farmers Re and Zurich assume a quota share percentage of ultimate net losses sustained by the Farmers P&C Companies in their APD lines of business. The agreement, which can be terminated after 30 days' notice by any of the parties, also provides for the Farmers P&C Companies to receive a ceding commission of 18.0% of premiums, with additional experience commissions that depend on loss experience. This experience commission arrangement limits Farmers Re and Zurich's potential underwriting gain on the assumed business to 2.5% of premiums assumed. The APD agreement was initially entered into on April 1, 2001, which replaced a January 1, 1998 reinsurance agreement.

The following are the significant changes to the 2004 APD agreement:

Effective January 1, 2006, the Farmers P&C Companies modified the terms of the APD agreement with Farmers Re and Zurich. The new agreement provides for annual ceded premiums of $1.0 billion of gross written premiums with 20.0% assumed by Farmers Re and 80.0% assumed by Zurich, a 25.8% ceding commission for acquisition expenses, and an 8.2% ceding commission for unallocated loss adjustment expense. The agreement also includes provisions for additional experience commissions that will depend on loss experience and recoveries below a specified ratio for each year. This experience commission arrangement limits Farmers Re and Zurich’s potential underwriting gain on the assumed business to 2.0% of premiums assumed plus 20.0% of the underwriting gain resulting from a combined ratio under 98.0%. The APD agreement, which can be cancelled after 90 days notice by any of the parties, terminated as of December 31, 2011 and was renewed thereafter effective January 1, 2012.

The Company’s share of ceded premiums was $10.0 million and $10.0 million for December 31, 2011 and 2010, respectively. Ceded incurred losses and loss adjustment expenses totaled $7.1 million and $6.5 million for the years ended December 31, 2011 and 2010, respectively. The Company’s share of the total experience commission income was $2.7 million and $3.1 million for the years ended December 31, 2011 and 2010, respectively.

All Lines Quota Share Reinsurance Agreement

Effective December 31, 2002, certain of the Farmers P&C Companies began participating in a 10.0% All Lines Quota Share reinsurance agreement (“All Lines agreement”) with Farmers Re and Zurich which has been amended over the years. The All Lines agreement provided for a cession of a quota share of the premiums written and the ultimate net losses sustained in all lines of business written by Farmers P&C Companies after the APD agreement has been applied. Loss recoveries are subjected to a maximum ratio. In addition, under this treaty the Farmers P&C Companies’ catastrophe losses are subject to a maximum of $800.0 million. The All Lines agreement also provided for the Farmers P&C Companies to receive a provisional ceding commission of 22.0% of premiums for acquisition expenses which are recognized as ceded premiums are written, and 8.8% of premiums for unallocated loss adjustment expenses and 5.3% of premiums for other expenses which are both recognized as premiums are earned, with additional experience commissions potentially payable depending on loss experience.

NOTES TO FINANCIAL STATEMENTS

The following are the significant changes to the 2002 All Lines agreement:

Effective December 31, 2004, the 10.0% All Lines agreement was amended and the quota share participation was increased by 2.0% to 12.0%;

Effective December 31, 2005, the quota share participation was decreased from 12.0% to 6.0%;

Effective December 31, 2007, the quota share participation was further reduced by 1.0 % to 5.0%. In addition, under this treaty the Farmers P&C Companies' catastrophe losses were changed from $800.0 million to a maximum of $1.0 billion;

Effective September 30, 2008, the quota share was modified and the participation was increased from 5.0% to 25.0%. In addition to this change, the ceding commission for acquisition expenses was increased from 22.0% to 25.0%.

Effective June 30, 2009, the All Lines agreement was amended and the quota share participation was increased by 12.5% to 37.5%.

Effective December 31, 2009, the All Lines agreement was modified and the participation ratio was decreased by 2.5% to 35.0%. In addition to this change, the provisional ceding commission for acquisition expenses was increased from 25.0% to 25.7%, and the ceding commission for unallocated loss adjustment expense increased from 8.8% to 9.0%. The ceding commission for other expenses remained at 5.3%.

Effective June 30, 2010, the All Lines agreement was amended and the quota share participation was decreased by 10.0% to 25.0%.

Effective December 31, 2010, the All Lines Quota Share reinsurance agreement was modified and the participation ratio was decreased by 13.0% to 12.0%. In addition to this change, the provisional ceding commissions for acquisition expenses increased by 1.0% from 25.7% to 26.7%, while the Farmers P&C Companies' catastrophe losses were changed from $1.0 billion to a maximum of $1.2 billion. The unallocated loss adjustment expense and other expenses remained unchanged at 9.0% and 5.3%, respectively.

Effective December 31, 2011, the All Lines agreement was amended subsequent to which Farmers Re and Zurich entered into a 20.0% All Lines agreement, under which each assumes a percentage of all lines of business written by the Farmers P&C Companies, prospectively. Under the All Lines agreement, which amended the 12.0% All Lines agreement in effect since December 31, 2010, Farmers Re and Zurich assume a 4.0% and 16.0% respective quota share of the premiums written and the ultimate net losses sustained in all lines of business written by the Farmers P&C Companies after the APD agreement has been applied. In addition, under the All Lines agreement, the Farmers P&C Companies catastrophe losses are subject to a maximum of $1.2 billion. As a result, Farmers Re and Zurich are subject to a maximum annual catastrophe loss of $48.0 million and $192.0 million, respectively. The All Lines agreement, which can be terminated after 90 days notice by any of the parties, also provides for the Farmers P&C Companies to receive a provisional ceding commission of 26.7% of premiums for acquisition expenses, 9.0% of premiums for unallocated loss adjustment expense and 5.3% of premiums for other expenses. Unearned premiums totaling $527.2 million were transferred from the Farmers P&C Companies to Farmers Re and Zurich as a result of their increased participation in the All Lines agreement through December 31, 2011. In addition, Farmers Re and Zurich remitted $140.8 million of reinsurance commissions to the Farmers P&C Companies for acquisition expenses due to the increased participation in the All Lines agreement. The Company’s share of the unearned premiums transferred and reinsurance commission was $5.3 million and $1.4 million, respectively.

Based on the results for 2011 and 2010, the Company's share of recoveries were $14.0 million and $30.6 million, respectively. For the years ended December 31, 2011 and 2010, the Company's share of ceded premiums earned were $19.8 million and $45.7 million, respectively. The Company's share of ceding commissions was $8.2 million and $14.2 million for the years ended December 31, 2011 and 2010, respectively.

Texas Attorney General Premium Litigation

On August 5, 2002, the Texas Attorney General and Texas Department of Insurance (“TDI”) initiated a legal action against FIE, Fire and certain of their affiliates, which alleged certain improprieties in the pricing of a portion of their homeowners insurance policies written in the state of Texas. On December 18, 2002, the parties executed a Settlement Agreement respecting this litigation, which, when approved by the court, will provide for certain rate reductions and refunds to Texas policyholders. No fines or penalties are included, and there is no admission of wrongdoing. The settlement also allows FIE and Fire, which had previously sent notices terminating all of their homeowner policies, to continue operating in the homeowner’s insurance market in Texas. The timetable for final court approval of the settlement is unclear. Certain additional parties intervened in the approval process, objecting to the settlement. The settlement did receive preliminary approval from the trial court, but the interveners sought and obtained a ruling from the Court of Appeals on January 21, 2005 that the settlement could not proceed as a class action settlement because the Attorney General did not have authority to settle the case in that manner. The Texas Supreme Court accepted review of this matter and held on April 27, 2007 that the Attorney General did have the necessary authority to settle the case as a class action. The matter was remanded to the Court of Appeals, which affirmed the certification of the settlement class and has remanded the matter to the trial court for final determination of the fairness of the settlement. Management has established a reserve based on applicable accounting procedures.

NOTES TO FINANCIAL STATEMENTS

Claim Adjusters Overtime Cases

FIE is involved in litigation regarding the claims adjuster employees' overtime classification in several states, all of which are in various stages of development. One of these cases in federal court in Portland, Oregon alleging that these employees were improperly classified as exempt from overtime, resulted in a judgment against FIE of approximately $54.0 million. In 2004, FIE established a provision based on management's best estimate of the potential resolution in all states. In 2006, the 9th Circuit court of appeals ruled in favor of FIE that all adjusters were exempt under Federal law. State law claims were remanded. On August 29, 2008, the court ruled in favor of FIE against employees in all but one state. This matter has been settled within the reserve which was established, a reserve based on applicable accounting procedures.

Prematic Service Company Billing Cases

Farmers Insurance Exchange and Farmers Group, Inc. were defendants in a class action lawsuit in California regarding the installment service fees billed to customers of Prematic Service Corporation. This matter has been tentatively settled within the provision which was established based upon applicable accounting procedures.

Similar cases were filed against affiliates of FIE in New Mexico which resulted in summary judgments in favor of plaintiffs. Defendants appealed. The appellate court reversed the trial court judgments, and ordered the plaintiff cases to be dismissed in favor of defendants. Plaintiffs sought further review by the New Mexico Supreme Court, which requests were denied. Plaintiffs have moved the New Mexico Supreme Court to reconsider. It is expected that the New Mexico Supreme Court will deny plaintiffs requests for reconsideration.

Droste Claims Overhead and Profit Cases

Farmers Insurance Exchange and other Farmers insuring entities were defendants in several class action lawsuits seeking damages for alleged failure to pay general contractor overhead and profit when adjusting property claims. The largest of these cases, was amended to be a nationwide class action and was settled within the reserve which was established based on applicable accounting procedures.

Mobbs FCRA Adverse Action Notice Cases

Farmers Insurance Exchange and other Farmers insuring entities are involved in multi district litigation pending in the United States District Court in Oklahoma. Plaintiffs in the litigation allege that certain prior notices sent by the defendants did not comply with requirements of the Fair Credit Reporting Act (FCRA). Plaintiffs allege a willful violation of the FCRA and seek statutory damages of $100 to $1,000 per violation. (A similar case that was pending in Oregon District Court was previously tried to a defense verdict.) This matter was settled in 2011 within the reserve previously established for this case.

Oliver Medical Payment Reimbursement Cases

Farmers Insurance Exchange and other Farmers insuring entities are defendants in several class action lawsuits seeking damages for alleged improper adjustment of medical reimbursement claims under automobile med pay coverage. The litigation has been tentatively settled within the reserve which was established, a reserve based on applicable accounting procedures.

Medical Payment Reimbursement Case

Truck Insurance Exchange, Mid-Century Insurance Company and Farmers Insurance Company of Oregon are defendants in an Oregon class action lawsuit seeking damages for alleged improper adjustment of medical reimbursement claims under automobile med pay coverage. The case went to trial in late 2003, resulting in a judgment against defendants. The judgment was appealed by defendants to the Oregon Court of Appeals. The Court of Appeal affirmed a portion of the judgment, but ruled that the punitive damage portion of the judgment was in error, and reduced it. Both parties appealed to the Oregon Supreme Court. The Oregon Supreme Court reversed the Court of Appeal, and reinstated the entire judgment amount. Defendants have filed a petition seeking review by the U.S. Supreme Court, which request is still pending. Management has established a provision based on applicable accounting procedures.

Notice of Cancellation Case

Farmers Insurance Exchange is a defendant in a class action pending in Oklahoma. Plaintiffs allege that certain prior issued Notices of Cancellation did not comply with Oklahoma law. Plaintiffs seek damages, or to otherwise require Farmers to reopen and readjust prior claims of class members who were sent the alleged defective Notice of Cancellation, and whose claims were denied payment because the policy was out of force. The case has been settled within the amount previously reserved.

NOTES TO FINANCIAL STATEMENTS

Farmers Agency Force Deferred Compensation Plan

On June 1, 2004, FIE and certain of the Farmers P&C Companies implemented a tax-deferred savings plan for their agents and district managers which allowed eligible participants to defer up to 50% of their auto new commissions into a deferred compensation program. To be eligible to participate in the plan, a full-time agent must have completed six months of service and qualifying participants are vested 100% on their accrued benefit at all times. This Plan is not subject to ERISA and is not intended to be a qualified plan.

The program is administered by TBG Financial, a third party administrator, and the maximum qualifying deferred amount allowed in any plan year per each participating Sponsor is $5.0 million. Fund balances are monitored monthly and investment earnings in the deferred compensation liability account are credited (or debited) to the account balances. The investment earnings in the deferred compensation liability account were ($18,000) and $44,000 at December 31, 2011 and 2010, respectively.

Business Owned Life Insurance

In conjunction with the Farmers Agency Force Deferred Compensation Plan, FIE and certain of the Farmers P&C Companies purchased a Variable Group Life insurance policy for certain employees, with FIE named as beneficiary. The policy provides a life insurance benefit of $50,000 at no cost to those qualifying officers and employees who voluntarily chose to become insured. There are no cash surrender values for the participating employees. The cash surrender value of the policy was reported as an asset on the balance sheet of FIE. At December 31, 2011, the investment losses and insurance expenses were $12,000 and $4,000 , respectively. At December 31, 2010, the investment earnings and insurance expenses were $39,000 and $3,000 , respectively.

There are no policyholders' funds allocated to the premiums of this group insurance policy.

Additional Schedule P Data

The following summary, as reported in columns 13 through 24 in the Company's 2011 Schedule P- Part I, presents net unpaid losses, defense and cost containment expense ("DCC") and adjusting and other expense ("AO") reserves for accident years 2001, 2000, 1999, 1998, 1997 and 1996 and prior for each line of business reported (in thousands):

Schedule P Part 1 - Summary

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ (0)	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	(0)	0
1999	219	360	5	78	44	706
2000	219	287	10	95	39	650
2001	327	411	13	92	60	903
Total	$ 765	$ 1,057	$ 28	$ 265	$ 143	$ 2,258

Schedule P Part 1A - Homeowners/Farmowners

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ (0)	$ 0	$ (0)
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	13	0	0	9	1	23
2000	20	2	0	1	2	25
2001	28	(3)	0	1	1	26
Total	$ 61	$ (1)	$ 0	$ 11	$ 3	$ 74

NOTES TO FINANCIAL STATEMENTS

Schedule P Part 1B - Private Passenger Auto Liability/Medical

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	(11)	13	0	(15)	2	(11)
2000	(26)	18	0	(9)	3	(13)
2001	(124)	(10)	0	(23)	5	(152)
Total	$ (161)	$ 21	$ 1	$ (47)	$ 10	$ (176)

Schedule P Part 1C - Commercial Auto/Truck Liability/Medical

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	2	0	1	1	5
2000	1	4	1	2	1	7
2001	2	5	2	2	0	10
Total	$ 3	$ 11	$ 3	$ 5	$ 2	$ 23

Schedule P Part 1D - Workers' Compensation

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	190	211	2	26	28	457
2000	176	193	3	30	25	427
2001	220	308	3	32	39	602
Total	$ 586	$ 712	$ 8	$ 88	$ 92	$ 1,486

NOTES TO FINANCIAL STATEMENTS

Schedule P Part 1E - Commerical Multiple Peril

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ 0	$ 0	$ (0)	$ (0)	$ (0)
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	1	62	3	44	6	117
2000	1	59	5	55	6	126
2001	1	110	5	77	7	200
Total	$ 3	$ 231	$ 14	$ 176	$ 19	$ 443

Schedule P Part 1F - Section 1 - Medical Malpractice - Occurrence

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	1	1	0	0	3
2000	4	1	1	0	0	7
2001	30	2	2	1	6	40
Total	$ 34	$ 4	$ 4	$ 1	$ 6	$ 50

Schedule P Part 1F - Section 2 - Medical Malpractice - Claims Made

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	52	(1)	0	4	56
2000	0	2	(1)	0	0	2
2001	5	1	1	0	3	10
Total	$ 5	$ 56	$ (1)	$ 1	$ 7	$ 67

NOTES TO FINANCIAL STATEMENTS

Schedule P Part G - Special Liability

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	13	2	0	3	0	17
2000	4	2	0	5	0	11
2001	59	14	0	12	0	85
Total	$ 76	$ 17	$ 0	$ 20	$ 0	$ 113

Schedule P Part 1H - Section 1 - Other Liability

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ (0)	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	(0)	14	0	3	1	18
2000	4	1	0	3	1	8
2001	1	(41)	0	(24)	0	(63)
Total	$ 4	$ (26)	$ 0	$ (17)	$ 2	$ (36)

Schedule P Part 1I - Special Property

Accident Year	Net Losses Unpaid Case	Net Losses Unpaid Bulk & IBNR	Net DCC Unpaid Case	Net DCC Unpaid Bulk & IBNR	AO Unpaid	Total Net Losses, DCC & AO Unpaid
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	(0)	(0)
1999	14	1	0	5	(0)	20
2000	35	5	0	8	0	48
2001	104	27	(0)	13	0	144
Total	$ 154	$ 33	$ 0	$ 25	$ 0	$ 212

NOTES TO FINANCIAL STATEMENTS

Schedule P - Part 1J - Auto Physical Damage

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ (0)	$ 0	$ 0	$ (0)	$ (0)
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	(1)	0	0	0	0	(0)
2000	(0)	0	(0)	0	0	0
2001	0	(2)	0	0	0	(1)
Total	$ (0)	$ (2)	$ (0)	$ 1	$ 0	$ (1)

Schedule P - Part 1K - Section 1 - Fidelity/Surety

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	0	0	0	0	0
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
Total	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Schedule P - Part 1R - Section 1 - Products Liability - Occurrence

Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
1996 & prior	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	1	0	0	0	1
2000	0	1	0	0	0	1
2001	0	0	0	0	0	1
Total	$ 0	$ 2	$ 0	$ 1	$ 0	$ 4

D. Uncollected Premium Balances and Amounts Due from Agents and Brokers

At December 31, 2011 and 2010, the Company had premiums receivable of $26.6 million and $37.6 million, respectively. The Company routinely assesses the collectability of these receivables.

E. Business Interruption Insurance Recoveries

None.

NOTES TO FINANCIAL STATEMENTS

F. State Transferable and Non-Transferable Tax Credits

None.

G. Subprime Mortgagee Related Risk Exposure

(1) Generally, direct and indirect subprime exposures were identified based upon consideration of the following types of features: 1) Interest rate above prime to borrowers that did not qualify for prime rate loans. 2) Borrowers with low credit ratings (FICO scores). 3) Interest only or negative amortizing loans. 4) Unconventionally high initial loan-to-value ratios. 5) Unusually low initial payments based on a fixed introductory rate that expires after a short initial period and then adjusts to an unusually high rate based upon a variable index rate plus a margin. 6) Borrowers with less than conventional documentation of their income and/or net assets. 7) Very high or no limits on how much the payment amount or the interest rate may increase or reset periods. 8) Include substantial prepayment penalties and or prepayment penalties that extend beyond the initial interest rate adjustment.

(2) The Company does not have direct exposure through investments in subprime mortgage loans.

(3) The Company has the following direct exposure through other investments as of December 31, 2011:

	Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-than-temporary impairment
a. Residential mortgage backed securities	$ 1,002,927	$ 1,001,519	$ 809,227	$ (309,394)
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	$ 1,002,927	$ 1,001,519	$ 809,227	$ (309,394)

(4) The Company does not have underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

22. EVENTS SUBSEQUENT

Subsequent events have been considered through February 15, 2012 for these statutory financial statements, which were issued on February 15, 2012. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables

The Company had unsecured aggregate recoverables for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with the following reinsurers, authorized or unauthorized, that exceeded 3% of the Company's policyholder surplus at December 31, 2011 (in thousands):

NAIC Group Code	Federal Identification Number	Reinsurer	2011	2010
0212	95-2575893	Farmers Insurance Exchange	116,060	164,936

B. Reinsurance Recoverable in Dispute

None.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

(1) The maximum amount of return commission which would have been due reinsurers if they, or the Company, or a receiver, had canceled all insurance assumed as of the end of the periods covered by this annual statement with the return of the unearned premiums is as follows (in thousands):

2011	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 59,023	$ 13,768	$ 46,635	$ 8,440	$ 12,388	$ 5,328
All other	0	0	0	0	0	0
Total	$ 59,023	$ 13,768	$ 46,635	$ 8,440	$ 12,388	$ 5,328
Direct unearned premium reserve			$ 46,635			

2010	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 62,899	$ 14,722	$ 42,137	$ 7,375	$ 20,762	$ 7,347
All other	0	0	0	0	0	0
Total	$ 62,899	$ 14,722	$ 42,137	$ 7,375	$ 20,762	$ 7,347
Direct unearned premium reserve			$ 42,137			

(2) The Company has no additional or return commissions, predicated on loss experience or any other form of profit sharing arrangements, in this annual statement as a result of existing contractual arrangements.

(3) The Company does not have protected cells.

D. Uncollectible Reinsurance

None.

E. Commutation of Ceded Reinsurance

None.

F. Retroactive Reinsurance

None.

G. Reinsurance Accounted for as a Deposit

None.

H. Run-off Agreements

None.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. Mid Century Insurance Company ("Mid Century"), one of the Farmers P&C Companies, has one workers' compensation policy with Farmers Group Inc. ("FGI"), which is subject to retrospective rating features. Mid Century estimates the accrued retrospective premium adjustment through the review of the individual retrospectively rated risk and by comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium. The total accrued retrospective premiums receivable was recorded at $1.9 million and $9.6 million for the years ended December 31, 2011 and 2010, respectively. The Company's share of the accrued retrospective premiums receivable totaled $19,000 and $96,000 for the years ended December 31, 2011 and 2010, respectively. This policy was cancelled effective January 1, 2011 and in run-off.

NOTES TO FINANCIAL STATEMENTS

B. The Company records accrued retrospective premium as an adjustment to written premium.

C. The amount of net premiums written subject to retrospective rating features for the years ended December 31, 2011 and 2010 for Mid Century was $4.7 million and $8.7 million, respectively. As of December 31, 2011, the Company's share was $47,000, which was 1.2% of the Company's total net workers' compensation premiums written of $411.4 million. As of December 31, 2010, the Company's share was $87,000, which was 2.5% of the Company's total net workers' compensation premiums written of $370.0 million.

D. The Company had no medical loss ratio rebates at both December 31, 2011 and 2010.

E. The Company had no non-admitted retrospective premiums at both December 31, 2011 and 2010.

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have decreased by $5.0 million as of December 31, 2011, as a result of reestimation of unpaid losses and loss adjustment expenses principally on the private passenger auto, homeowners, other liability and workers compensation lines of insurance. This was partially offset by an increase in special property, commercial auto lines of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased and decreased, as additional information becomes known regarding individual claims.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company and certain of the Farmers P&C Companies participate in an intercompany reinsurance program (the "Intercompany Program"), with FIE as the lead company, pursuant to which each participant assumes a proportionate share of the Farmers P&C Companies' results from FIE based on their respective participation percentages (see table below). FIE is also a participant in various other reinsurance contracts with affiliates, which occur prior to the Intercompany Program.

First, FIE under 100% quota share reinsurance agreements assumes the business written, net of non-affiliated reinsurance, by all of the Farmers P&C Companies, excluding Farmers Re. Next, FIE under a quota share auto physical damage ("APD") reinsurance agreement cedes APD business to Farmers Re and Zurich (see note 21C). Then, FIE under another quota share agreement retrocedes mobile home and recreational vehicle business to FIC, Grand Rapids. Subsequent to this, FIE cedes 12.0% of all lines of business to Farmers Re and Zurich under the All Lines agreement (20.0% effective December 31, 2011). Finally, FIE retrocedes the remaining business of the Farmers P&C Companies to the insurers participating in the Intercompany Program according to their respective participation percentages.

The reinsurance participants and their respective participation percentages are as follows:

NAIC Company Code	Participant	Participation Percentage	
		2011	2010
21652	Farmers Insurance Exchange	51.75%	51.75%
21660	Fire Insurance Exchange	7.50%	7.50%
21687	Mid-Century Insurance Company	16.00%	16.00%
21709	Truck Insurance Exchange	7.75%	7.75%
10806	Farmers New Century Insurance Company	0.75%	0.75%
21695	Texas Farmers Insurance Company	1.00%	1.00%
21679	Illinois Farmers Insurance Company	0.75%	0.75%
21628	Farmers Insurance Company, Inc.	0.75%	0.75%
21601	Farmers Insurance Company of Idaho	0.75%	0.75%
21636	Farmers Insurance Company of Oregon	7.00%	7.00%
21644	Farmers Insurance Company of Washington	2.00%	2.00%
36889	Farmers Insurance of Columbus, Inc.	1.00%	1.00%
10315	Civic Property and Casualty Company	1.00%	1.00%
10318	Exact Property and Casualty Company	1.00%	1.00%
10317	Neighborhood Spirit Property and Casualty Company	1.00%	1.00%

NOTES TO FINANCIAL STATEMENTS

There are certain Farmers P&C Companies that cede their business to FIE but do not participate in the Intercompany Program. These companies consist of: Farmers Insurance Company of Arizona, Mid-Century Insurance Company of Texas, Farmers Texas County Mutual Insurance Company, Coast National Insurance Company (effective 07/01/08), and FIC, Grand Rapids. Others are (effective July 1, 2009): 21st Century North America Insurance Company, 21st Century Centennial Insurance Company, 21st Century Premier Insurance Company, 21st Century Security Insurance Company, Farmers Insurance Hawaii, Inc., 21st Century Superior Insurance Company, 21st Century Advantage Insurance Company, 21st Century Preferred Insurance Company, 21st Century Pinnacle Insurance Company, 21st Century Indemnity Insurance Company, 21st Century National Insurance Company, 21st Century Auto Insurance Company of New Jersey, American Pacific Insurance Company, Inc., 21st Century Pacific Insurance Company, 21st Century Assurance Company, 21st Century Insurance Company, 21st Century Casualty Company, and 21st Century Insurance Company of the Southwest.

Additionally, certain Farmers P&C Companies that do not participate in the Intercompany Program but cede 90% of their business to FIE are: Bristol West Casualty Insurance Company, Bristol West Insurance Company, Bristol West Preferred Insurance Company, Coast National Insurance Company, and Security National Insurance Company. The subsidiaries of FIC, Grand Rapids: Foremost Property and Casualty Insurance Company, American Federation Insurance Company, Foremost Signature Insurance Company; and FIC, Grand Rapids' affiliates: Foremost County Mutual Insurance Company and Foremost Lloyds of Texas cede their business to FIC, Grand Rapids prior to FIC, Grand Rapids' cession to FIE. Finally, the affiliates of 21st Century North America Insurance Company ("21CNAI") cede their business to 21CNAI prior to 21CNAI's cession to FIE and entities involved are: 21st Century Centennial Insurance Company, 21st Century Premier Insurance Company, 21st Century Security Insurance Company, Farmers Insurance Hawaii, Inc.,21st Century Superior Insurance Company, 21st Century Advantage Insurance Company, 21st Century Preferred Insurance Company, 21st Century Pinnacle Insurance Company, 21st Century Indemnity Insurance Company, 21st Century National Insurance Company, 21st Century Auto Insurance Company of New Jersey, American Pacific Insurance Company, Inc., 21st Century Pacific Insurance Company, 21st Century Assurance Company, 21st Century Insurance Company, 21st Century Casualty Company.

Effective July 1, 2008, Coast National Insurance Company cedes all of its direct and assumed personal business and business insurance to FIE.

Effective January 1, 2010, FIE entered into a new quota share reinsurance agreement with Bristol West Casualty Insurance Company, an Ohio domiciled and affiliated company. Under this agreement, Bristol West Casualty Insurance Company agreed to cede 100% of its net business, as well as 100% of its net unearned premium reserves as of January 1, 2010. Prior to this agreement, Bristol West Casualty Insurance Company ceded 90% of its underlying business to FIE.

Effective January 1, 2010, FIE entered into a new quota share reinsurance agreement with Bristol West Insurance Company, an Ohio domiciled and affiliated company. Under this agreement, Bristol West Insurance Company agreed to cede 100% of its net business, as well as 100% of its net unearned premium reserves as of January 1, 2010. Prior to this agreement, Bristol West Insurance Company ceded 90% of its underlying business to FIE.

Effective December 31, 2010, FIE entered into a new quota share reinsurance agreement with Bristol West Preferred Insurance Company, a Michigan and affiliated company. Under this agreement, Bristol West Insurance Company agreed to cede 100% of its net business, as well as 100% of its net unearned premium reserves as of December 31, 2010. Prior to this agreement, Bristol West Preferred Insurance Company ceded 90% of its underlying business to FIE.

Effective December 31, 2010, FIE entered into a new quota share reinsurance agreement with Security National Insurance Company, a Florida domiciled and affiliated company. Under this agreement, Security National Insurance Company agreed to cede 100% of its net business, as well as 100% of its net unearned premium reserves as of December 31, 2010. Prior to this agreement, Security National Insurance Company ceded 90% of its underlying business to FIE.

Effective December 31, 2010, the 95% Retrocession reinsurance agreement between the Farmers Insurance Exchange and the Foremost Insurance Company, Grand Rapids was cancelled on a cut-off basis. Prior to this agreement, Foremost Insurance Company, Grand Rapids ceded 100% of its business to FIE and assumed 95% of the Specialty business from FIE.

The Company reported $7.0 million and $7.5 million at December 31, 2011 and 2010, respectively, as amounts due to and from affiliates respectively, resulting from its participation in the intercompany reinsurance pooling agreement.

27. STRUCTURED SETTLEMENTS

Not applicable.

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

NOTES TO FINANCIAL STATEMENTS

30. PREMIUM DEFICIENCY RESERVES

The Company utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. The Company evaluates the need for a premium deficiency reserve on a line of business level for all books. The Company evaluated the need to record a premium deficiency reserve as of the end of the current year and determined that no additional reserve was required. This evaluation was completed on February 11, 2012. As of December 31, 2011 and 2010, the Company had not established any premium deficiency reserves based on this calculation.

31. HIGH DEDUCTIBLES

Not applicable.

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

Case loss reserves for workers' compensation claims have been discounted on a tabular basis using the National Council on Compensation Insurance Table at 3.5%. The Company's share of the discounted reserves was $0.1 million and $0.1 million for years ended December 31, 2011 and 2010, respectively. In 2011 and 2010, the Company did not discount unpaid loss adjustment expenses.

33. ASBESTOS/ENVIRONMENTAL RESERVES

The Company has exposure to environmental, asbestos, and other toxic claims that arise from the sale of general liability insurance. The Company estimates the full impact of the asbestos and environmental exposures by establishing full case reserves on all known losses and computing incurred but not reported ("IBNR") losses based on previous experience.

A. The Company's asbestos-related losses (including coverage dispute costs) for each of the five most recent years were as follows:

Direct:

	2011	2010	2009	2008	2007
Beginning reserves	$ 57,440	$ 278,420	$ 421,070	$ 442,720	$ 53,650
Incurred losses and loss adjustment expenses	(24,000)	(219,710)	(143,080)	(18,580)	390,560
Calendar year payments for losses and loss adjustment expenses	(760)	(1,270)	430	(3,070)	(1,490)
Ending reserves	$ 32,680	$ 57,440	$ 278,420	$ 421,070	$ 442,720

Amounts represent the Company's pooled share of the total Farmers P&C Companies' exposure as per the terms of the intercompany reinsurance program.

Assumed Reinsurance:

The Company has no asbestos-related exposure resulting from the assumption of unaffiliated reinsurance.

Net of Ceded Reinsurance:

	2011	2010	2009	2008	2007
Beginning reserves	$ 57,440	$ 278,220	$ 420,510	$ 442,340	$ 53,180
Incurred losses and loss adjustment expenses	(24,000)	(219,510)	(142,730)	(18,760)	389,800
Calendar year payments for losses and loss adjustment expenses	(760)	(1,270)	440	(3,070)	(640)
Ending reserves	$ 32,680	$ 57,440	$ 278,220	$ 420,510	$ 442,340

NOTES TO FINANCIAL STATEMENTS

B. The Company recorded the following amounts for IBNR and/or bulk reserves related to asbestos claims at December 31, 2011:

	2011	2010
Direct	$ 29,470	$ 53,210
Assumed Reinsurance	None	None
Net of Ceded Reinsurance	$ 29,470	$ 53,210

C. The Company recorded the following amounts for loss adjustment expenses for case, IBNR and/or bulk reserves related to asbestos claims at December 31, 2011:

	2011	2010
Direct	$ 8,610	$ 10,840
Assumed Reinsurance	None	None
Net of Ceded Reinsurance	$ 8,610	$ 10,840

D. The Company's environmental-related losses (including coverage dispute costs) for each of the five most recent years were as follows:

Direct:

	2011	2010	2009	2008	2007
Beginning reserves	$ 718,600	$ 909,190	$ 1,117,500	$ 1,127,320	$ 1,140,470
Incurred losses and loss adjustment expenses	361,030	9,170	(54,190)	134,180	142,440
Calendar year payments for losses and loss adjustment expenses	(291,780)	(199,760)	(154,120)	(144,000)	(155,590)
Ending reserves	$ 787,850	$ 718,600	$ 909,190	$ 1,117,500	$ 1,127,320

Amounts represent the Company's pooled share of the total Farmers P&C Companies' exposure as per the terms of the intercompany reinsurance program.

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance:

The Company has no environmental-related exposure resulting from the assumption of unaffiliated reinsurance.

Net of Ceded Reinsurance:

	2011	2010	2009	2008	2007
Beginning reserves	$ 718,600	$ 909,190	$ 1,117,500	$ 1,127,320	$ 1,140,470
Incurred losses and loss adjustment expenses	361,030	9,170	(54,190)	134,180	142,440
Calendar year payments for losses and loss adjustment expenses	(291,780)	(199,760)	(154,120)	(144,000)	(155,590)
Ending reserves	$ 787,850	$ 718,600	$ 909,190	$ 1,117,500	$ 1,127,320

E. The Company recorded the following amounts for IBNR and/or bulk reserves related to environmental claims at December 31, 2011:

	2011	2010
Direct	$ 699,320	$ 638,010
Assumed Reinsurance	None	None
Net of Ceded Reinsurance	$ 699,320	$ 638,010

F. The Company recorded the following amounts for loss adjustment expenses for case, IBNR and/or bulk reserves related to environmental claims at December 31, 2011:

	2011	2010
Direct	$ 399,880	$ 360,890
Assumed Reinsurance	None	None
Net of Ceded Reinsurance	$ 399,880	$ 360,890

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

36. FINANCIAL GUARANTY INSURANCE

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/20/2011

3.4 By what department or departments?
Ohio

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,
7.21 State the percentage of foreign control; 100.0 %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
Switzerland	Corporation/Parent of Attorney-In-Fact of the parent of the Reporting Entity

GENERAL INTERROGATORIES

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

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
BFP Securities	St. Louis, Missouri					YES
Farmers Financial Solutions, LLC	Agoura Hills, California					YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Price Waterhouse Cooper LLP, 350 S. Grand Ave., Los Angeles, CA 90071

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

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

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

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
James Nutting, FCAS, MAAA, 4680 Wilshire Blvd., Los Angeles, CA 90010

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If, yes provide explanation:

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?
Not Applicable

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

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

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

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).

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

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

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

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 with the official duties of such person? Yes [X] No [ ]

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $
- 20.12 To stockholders not officers $
- 20.13 Trustees, supreme or grand (Fraternal Only) $

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $
- 20.22 To stockholders not officers $
- 20.23 Trustees, supreme or grand (Fraternal Only) $

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

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 21.22 Borrowed from others $
- 21.23 Leased from others $
- 21.24 Other $

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

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $
- 22.23 Other amounts paid $

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

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

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 [ ]

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 [ ]

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

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

GENERAL INTERROGATORIES

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	$
25.22	Subject to reverse repurchase agreements	$
25.23	Subject to dollar repurchase agreements	$
25.24	Subject to reverse dollar repurchase agreements	$
25.25	Pledged as collateral	$
25.26	Placed under option agreements	$
25.27	Letter stock or other securities restricted as to sale	$
25.28	On deposit with state or other regulatory body	$ 573,744
25.29	Other	$

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
JP Morgan Chase Bank N. A	4 New York Plaza - 12th Floor, New York, NY 10004

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)
N/A		

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
N/A			

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
104518	Deutsche Investment Management Americas, Inc.	345 Park Avenue, New York, NY 10154

GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		

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

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

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	210,070,758	220,970,541	10,899,783
30.2 Preferred stocks			
30.3 Totals	210,070,758	220,970,541	10,899,783

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

In determining fair value, for the majority of securities, quotes were obtained from third party sources. If quotes from these sources were not available, a broker estimate was utilized. Any few instances where a broker estimate was not available, the market value was analytically determined.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 90,698

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? $

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

1 Name	2 Amount Paid

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

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

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 Current Year	2 Prior Year
2.1	Premium Numerator		
2.2	Premium Denominator	145,434,456	106,584,450
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	5,451	
2.5	Reserve Denominator	148,076,869	141,663,139
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies $
- 3.22 Non-participating policies $

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]

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

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

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
- 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]

5.5 If yes, give full information

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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?
Purchase reinsurance protection for workers' compensation business or policies

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 licenses Catastrophe Modeling Software from outside vendors specializing in these products. Based on these models, California Earthquake, New Madrid Earthquake and Texas Hurricane have been identified as having the most significant potential for large losses

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?
In additon, various catastrophe mitigation actions including but not limited to joining the California Earthquake Authority, the Company has purchased catastrophe reinsurance protection

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has this 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 ratio cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions:

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

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

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. 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, Yes [ ] No [X]
(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 Yes [ ] No [X]
(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 [X] No [ ]

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other 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 asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 16,371

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 2,656

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

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [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 [ ] No [X]

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

12.61 Letters of credit $

12.62 Collateral and other funds $

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 100,000

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. 1

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

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

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

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

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

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:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 - P art 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 accounts? 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 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)	123,905,266	105,373,020	90,422,090	95,007,949	96,732,284
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	73,392,019	63,957,599	56,621,624	57,857,310	56,132,825
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	78,460,853	75,048,019	60,203,588	72,503,454	75,170,165
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	46,740	7,193	7,768	11,007	11,450
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	275,804,878	244,385,832	207,255,070	225,379,719	228,046,724
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)	59,999,560	53,120,711	44,599,433	51,871,760	57,542,240
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	29,429,554	26,537,391	20,420,786	22,424,121	25,508,828
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	52,082,765	47,770,563	31,992,753	43,576,774	45,071,671
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	46,740	7,193	7,768	11,007	11,450
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	141,558,619	127,435,858	97,020,740	117,883,662	128,134,189
Statement of Income (Page 4)					
13 Net underwriting gain (loss) (Line 8)	(10,908,412)	(6,144,777)	3,643,606	(5,614,582)	1,229,239
14. Net investment gain or (loss) (Line 11)	7,036,768	6,997,847	7,072,672	6,695,999	8,371,496
15. Total other income (Line 15)	691,682	(1,058,446)	(1,286,229)	327,383	680,910
16. Dividends to policyholders (Line 17)	4,383	10,603	17,418	15,786	25,632
17. Federal and foreign income taxes incurred (Line 19)	(1,986,841)	1,155,469	2,886,308	178,084	3,807,000
18. Net income (Line 20)	(1,197,504)	(1,371,448)	6,526,323	1,214,929	6,449,013
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	253,948,714	251,452,784	225,548,566	231,715,708	229,373,289
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	2,123,807	3,377,495	2,766,210	3,657,708	3,536,173
20.2 Deferred and not yet due (Line 15.2)	24,442,028	34,165,955	21,102,872	15,387,066	23,652,697
20.3 Accrued retrospective premiums (Line 15.3)	19,027	95,976	38,015	75,108	78,922
21. Total liabilities excluding protected cell business (Page 3, Line 26)	163,737,339	160,174,033	134,451,457	147,460,930	145,607,614
22. Losses (Page 3, Line 1)	62,979,761	55,259,412	54,771,496	60,789,106	59,734,293
23. Loss adjustment expenses (Page 3, Line 3)	17,844,017	16,554,342	16,187,534	16,508,360	15,483,555
24. Unearned premiums (Page 3, Line 9)	59,023,158	62,898,996	42,047,588	46,695,952	50,972,787
25. Capital paid up (Page 3, Lines 30 & 31)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	90,211,375	91,278,752	91,097,109	84,254,778	83,765,675
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	17,280,102	7,741,183	(11,757,335)	11,719,700	16,469,089
Risk-Based Capital Analysis					
28. Total adjusted capital	90,211,375	91,278,752	91,097,109	84,254,778	83,765,675
29. Authorized control level risk-based capital	12,360,479	10,889,329	8,990,252	10,256,707	11,488,461
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30. Bonds (Line 1)	99.0	90.0	95.0	78.9	92.9
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	1.0	10.0	5.0	21.1	7.1
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in 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					
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)					

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)	(71,851)	156,999	(220,879)		
51.	Dividends to stockholders (Line 35)					
52.	Change in surplus as regards policyholders for the year (Line 38)	(1,067,376)	181,642	6,842,332	489,102	7,087,734
	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)	64,747,461	53,533,596	53,651,387	56,130,132	51,463,514
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	48,327,568	31,217,803	31,692,226	36,692,004	31,533,176
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	51,050,546	35,238,503	45,469,136	61,194,325	46,819,707
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	18,579	884	2,845	3,487	3,807
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
58.	Total (Line 35)	164,144,154	119,990,786	130,815,594	154,019,948	129,820,204
	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)	31,476,717	27,235,232	27,399,783	30,681,538	29,609,912
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	17,355,657	10,614,199	11,600,432	15,857,124	13,823,615
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	31,643,628	18,025,354	21,968,531	29,268,340	22,385,541
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	18,579	884	2,845	3,487	3,807
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
64.	Total (Line 35)	80,494,581	55,875,669	60,971,590	75,810,489	65,822,875
	Operating Percentages (Page 4) (Line 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)	60.7	52.9	54.1	62.9	57.4
67.	Loss expenses incurred (Line 3)	12.4	12.1	11.2	11.9	10.8
68.	Other underwriting expenses incurred (Line 4)	34.5	40.8	31.1	29.8	30.8
69.	Net underwriting gain (loss) (Line 8)	(7.5)	(5.8)	3.6	(4.6)	1.0
	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)	34.9	34.9	34.0	30.6	29.1
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.0	65.0	65.3	74.8	68.2
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)	156.9	139.6	106.5	139.9	153.0
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(2,529)	(5,510)	(4,758)	(4,192)	(2,478)
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.8)	(6.0)	(5.6)	(5.0)	(3.2)
	Two Year Loss Development (000 omitted)					
75.	Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(6,907)	(7,825)	(5,490)	(4,819)	(359)
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)	(7.6)	(9.3)	(6.6)	(6.3)	(0.5)

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	276	73	65	8	23		19	283	XXX
2. 2002	126,647	23,537	103,110	77,134	13,027	5,992	136	9,275		3,581	79,238	XXX
3. 2003	128,667	44,302	84,365	69,616	24,722	4,239	906	8,696		3,221	56,922	XXX
4. 2004	129,982	36,889	93,093	63,081	18,393	3,271	669	8,562		3,401	55,850	XXX
5. 2005	132,033	27,416	104,617	69,038	15,060	3,483	597	9,633	1,256	3,904	65,241	XXX
6. 2006	134,335	20,425	113,910	68,358	10,059	2,772	256	10,205	1,459	4,146	69,561	XXX
7. 2007	144,225	20,787	123,438	78,190	10,686	2,862	241	11,918	1,498	4,757	80,544	XXX
8. 2008	150,604	28,444	122,160	95,169	22,493	3,103	971	12,660	2,033	4,535	85,436	XXX
9. 2009	163,520	61,851	101,669	82,237	31,552	2,487	935	13,437	5,008	4,692	60,666	XXX
10. 2010	167,595	61,010	106,584	77,428	28,731	1,527	555	14,666	4,937	5,617	59,397	XXX
11. 2011	181,228	35,794	145,434	68,805	13,415	547	87	13,483	2,605	4,112	66,728	XXX
12. Totals	XXX	XXX	XXX	749,331	188,211	30,347	5,361	112,556	18,796	41,985	679,867	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	937	173	1,079	22	28		266	1	143		9	2,258	XXX
2. 2002	84	(58)	434	2	9		131		34		3	746	XXX
3. 2003	408	172	409	39	11	1	112	13	47		5	761	XXX
4. 2004	226	25	460	107	11	4	158	12	61		7	766	XXX
5. 2005	371	67	456	57	19	4	215	32	53		11	955	XXX
6. 2006	496	35	603	41	28	2	313	20	92		20	1,435	XXX
7. 2007	1,015	144	1,009	95	41	(15)	495	42	155		99	2,449	XXX
8. 2008	2,455	771	1,876	140	19	24	1,006	251	291		106	4,461	XXX
9. 2009	4,303	1,178	3,428	1,064	116	38	1,699	482	600		225	7,385	XXX
10. 2010	8,720	2,337	6,810	1,617	111	33	2,910	853	1,356		597	15,067	XXX
11. 2011	16,060	1,918	25,110	3,822	90	11	4,017	534	5,550		2,606	44,541	XXX
12. Totals	35,075	6,762	41,674	7,007	483	102	11,323	2,242	8,381		3,688	80,824	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	1,821	436
2. 2002	93,092	13,108	79,984	73.5	55.7	77.6			1.0	573	173
3. 2003	83,537	25,854	57,683	64.9	58.4	68.4			1.0	606	155
4. 2004	75,829	19,212	56,617	58.3	52.1	60.8			1.0	554	213
5. 2005	83,269	17,073	66,196	63.1	62.3	63.3			1.0	703	251
6. 2006	82,867	11,872	70,995	61.7	58.1	62.3			1.0	1,023	411
7. 2007	95,684	12,692	82,993	66.3	61.1	67.2			1.0	1,785	664
8. 2008	116,580	26,683	89,897	77.4	93.8	73.6			1.0	3,419	1,042
9. 2009	108,308	40,256	68,052	66.2	65.1	66.9			1.0	5,490	1,896
10. 2010	113,527	39,063	74,464	67.7	64.0	69.9			1.0	11,576	3,491
11. 2011	133,661	22,392	111,269	73.8	62.6	76.5			1.0	35,429	9,111
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	62,980	17,844

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) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	26,719	31,737	35,635	36,937	38,056	38,374	39,010	39,088	38,282	38,114	(168)	(974)
2. 2002	67,407	65,104	69,053	70,301	70,640	70,735	70,933	70,873	70,762	70,681	(81)	(192)
3. 2003	XXX	52,313	49,296	49,058	49,245	49,163	49,191	49,163	48,974	48,947	(27)	(216)
4. 2004	XXX	XXX	50,736	49,461	48,751	48,420	48,107	47,999	48,022	47,996	(25)	(2)
5. 2005	XXX	XXX	XXX	60,678	60,244	59,385	57,941	57,961	57,842	57,771	(71)	(190)
6. 2006	XXX	XXX	XXX	XXX	65,850	64,231	62,784	62,527	62,150	62,160	11	(367)
7. 2007	XXX	XXX	XXX	XXX	XXX	75,476	73,625	72,684	72,483	72,428	(55)	(257)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	84,028	80,567	79,280	78,991	(289)	(1,576)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62,169	59,726	59,035	(691)	(3,134)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	64,522	63,390	(1,132)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	94,842	XXX	XXX
										12. Totals	(2,529)	(6,907)

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) 1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	16,881	26,092	30,466	32,767	33,955	34,759	35,400	35,728	35,988	XXX	XXX
2. 2002	33,677	52,295	60,938	65,566	67,788	68,843	69,386	69,715	69,861	69,963	XXX	XXX
3. 2003	XXX	24,119	37,020	42,372	45,388	46,788	47,485	47,883	48,100	48,227	XXX	XXX
4. 2004	XXX	XXX	24,828	37,556	42,192	44,822	46,072	46,724	47,089	47,289	XXX	XXX
5. 2005	XXX	XXX	XXX	31,278	46,512	51,654	54,499	55,925	56,578	56,864	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	33,723	50,039	55,590	58,633	60,076	60,815	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	40,878	59,452	65,274	68,543	70,125	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	48,419	65,608	71,399	74,808	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34,479	47,707	52,237	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,190	49,669	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55,850	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	11,907	6,115	4,502	3,320	3,205	2,824	2,962	2,655	1,669	1,323
2. 2002	23,104	5,596	3,757	2,200	1,589	1,217	1,119	899	605	562
3. 2003	XXX	20,410	7,087	3,516	2,031	1,341	1,050	783	587	469
4. 2004	XXX	XXX	18,742	7,062	3,862	2,223	1,312	846	612	498
5. 2005	XXX	XXX	XXX	21,061	8,187	4,782	2,067	1,290	841	583
6. 2006	XXX	XXX	XXX	XXX	22,967	8,723	4,052	2,315	1,256	854
7. 2007	XXX	XXX	XXX	XXX	XXX	24,282	8,053	4,411	2,202	1,368
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	23,733	9,180	4,590	2,491
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,293	6,587	3,581
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,768	7,250
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,771

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	1	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama AL	N								
2. Alaska AK	N								
3. Arizona AZ	N								
4. Arkansas AR	N								
5. California CA	Q								
6. Colorado CO	N								
7. Connecticut CT	N								
8. Delaware DE	N								
9. District of Columbia DC	N								
10. Florida FL	N								
11. Georgia GA	N								
12. Hawaii HI	N								
13. Idaho ID	N								
14. Illinois IL	N								
15. Indiana IN	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N								
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	L								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	N								
28. Nebraska NE	N								
29. Nevada NV	N								
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	N								
33. New York NY	N								
34. North Carolina NC	N								
35. North Dakota ND	N								
36. Ohio OH	L	134,246,259	129,747,810		83,649,574	90,759,138	50,195,498	866,876	
37. Oklahoma OK	N								
38. Oregon OR	N								
39. Pennsylvania PA	N								
40. Rhode Island RI	N								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	N								
44. Texas TX	N								
45. Utah UT	N								
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	N								
49. West Virginia WV	N								
50. Wisconsin WI	N								
51. Wyoming WY	N								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate other alien OT	XXX								
59. Totals	(a) 2	134,246,259	129,747,810		83,649,574	90,759,138	50,195,498	866,876	
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX								

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

Explanation of basis of allocation of premiums by states, etc.

Premiums are assigned to the states in which the risk is located.

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

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

PLEASE REFER TO SCHEDULE Y PART 1A

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP
PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
20th Century Insurance Services, Inc.	95-4723863	NA	NV	21st Century Insurance Group	100.00
21st Century Advantage Insurance Company	22-3398993	25232	MN	21st Century North America Insurance Company	100.00
21st Century Assurance Company	13-3551577	44245	DE	Farmers Insurance Exchange	80.00
21st Century Assurance Company	13-3551577	44245	DE	Fire Insurance Exchange	10.00
21st Century Assurance Company	13-3551577	44245	DE	Truck Insurance Exchange	10.00
21st Century Auto Insurance Company of New Jersey	22-3337475	10184	NJ	21st Century Centennial Insurance Company	100.00
21st Century Casualty Company	95-4136306	36404	CA	21st Century Insurance Group	100.00
21st Century Centennial Insurance Company	23-2044095	34789	PA	Farmers Insurance Exchange	80.00
21st Century Centennial Insurance Company	23-2044095	34789	PA	Fire Insurance Exchange	10.00
21st Century Centennial Insurance Company	23-2044095	34789	PA	Truck Insurance Exchange	10.00
21st Century Indemnity Insurance Company	13-1967524	43974	PA	21st Century Premier Insurance Company	100.00
21st Century Insurance and Financial Services, Inc.	51-0283170	NA	DE	Farmers Insurance Exchange	80.00
21st Century Insurance and Financial Services, Inc.	51-0283170	NA	DE	Fire Insurance Exchange	10.00
21st Century Insurance and Financial Services, Inc.	51-0283170	NA	DE	Truck Insurance Exchange	10.00
21st Century Insurance Company	95-2565072	12963	CA	21st Century Insurance Group	100.00
21st Century Insurance Company of the Southwest	86-0812982	10245	TX	21st Century Insurance Group	100.00
21st Century Insurance Group	95-1935264	NA	DE	Farmers Insurance Exchange	80.00
21st Century Insurance Group	95-1935264	NA	DE	Fire Insurance Exchange	10.00
21st Century Insurance Group	95-1935264	NA	DE	Truck Insurance Exchange	10.00
21st Century National Insurance Company	13-3801089	36587	NY	21st Century Security Insurance Company	100.00
21st Century North America Insurance Company	13-3333609	32220	NY	Farmers Insurance Exchange	80.00
21st Century North America Insurance Company	13-3333609	32220	NY	Fire Insurance Exchange	10.00
21st Century North America Insurance Company	13-3333609	32220	NY	Truck Insurance Exchange	10.00
21st Century Pacific Insurance Company	02-0226203	23795	CO	Farmers Insurance Exchange	80.00
21st Century Pacific Insurance Company	02-0226203	23795	CO	Fire Insurance Exchange	10.00
21st Century Pacific Insurance Company	02-0226203	23795	CO	Truck Insurance Exchange	10.00
21st Century Pinnacle Insurance Company	13-3922232	10710	NJ	21st Century North America Insurance Company	100.00
21st Century Preferred Insurance Company	95-2743473	22225	PA	21st Century Centennial Insurance Company	100.00
21st Century Premier Insurance Company	22-1721971	20796	PA	21st Century Centennial Insurance Company	100.00
21st Century Security Insurance Company	02-0227294	23833	PA	Farmers Insurance Exchange	80.00
21st Century Security Insurance Company	02-0227294	23833	PA	Fire Insurance Exchange	10.00
21st Century Security Insurance Company	02-0227294	23833	PA	Truck Insurance Exchange	10.00
21st Century Superior Insurance Company	95-4232263	43761	CA	21st Century North America Insurance Company	100.00
50th State Risk Management Services, Inc.	99-0215429	NA	HI	Hawaii Insurance Consultants, Ltd.	100.00
American Federation Insurance Company	59-2326047	43699	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00
American Pacific Insurance Company, Inc.	13-3953213	10805	HI	Farmers Insurance Hawaii, Inc.	100.00

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP
PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Apex Adjustment Bureau, Inc.	59-2029544	N/A	FL	Bristol West Holdings, Inc.	100.00
Bayview Adjustment Bureau, Inc.	65-0221990	N/A	CA	Bristol West Holdings, Inc.	100.00
Bristol West Casualty Insurance Company	34-1893500	11034	OH	Coast National Insurance Company	100.00
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Farmers Insurance Exchange	42.00
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Fire Insurance Exchange	03.75
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Truck Insurance Exchange	06.75
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Mid-Century Insurance Company	47.50
Bristol West Insurance Company	38-1865162	19658	OH	Coast National Insurance Company	100.00
Bristol West Insurance Services Inc., of Florida	65-0616769	N/A	FL	Bristol West Holdings, Inc.	100.00
Bristol West Insurance Services of California, Inc.	65-0880876	N/A	CA	Bristol West Holdings, Inc.	100.00
Bristol West Insurance Services of Georgia, Inc.	65-0956634	N/A	GA	Bristol West Holdings, Inc.	100.00
Bristol West Insurance Services of Pennsylvania, Inc.	65-0935354	N/A	PA	Bristol West Holdings, Inc.	100.00
Bristol West Insurance Services of Texas, Inc.	75-2791620	N/A	TX	Bristol West Holdings, Inc.	100.00
Bristol West Preferred Insurance Company	86-1174452	12774	MI	Bristol West Holdings, Inc.	100.00
BWIS of Nevada, Inc.	65-0919338	N/A	NV	Bristol West Holdings, Inc.	100.00
Civic Property & Casualty Co.	95-4528269	10315	CA	Fire Insurance Exchange	80.00
Civic Property & Casualty Co.	95-4528269	10315	CA	Truck Insurance Exchange	20.00
Coast National General Agency, Inc.	76-0543593	N/A	TX	Bristol West Holdings, Inc.	100.00
Coast National Holding Company	33-0246699	N/A	CA	Bristol West Holdings, Inc.	100.00
Coast National Insurance Company	33-0246701	25089	CA	Coast National Holding Company	100.00
Exact Property & Casualty Co.	95-4528266	10318	CA	Fire Insurance Exchange	80.00
Exact Property & Casualty Co.	95-4528266	10318	CA	Truck Insurance Exchange	20.00
Farmers Family Fund	45-3561769	N/A	CA	Farmers Group, Inc.	100.00
Farmers Financial Solutions, LLC	77-0530616	N/A	NV	FFS Holding, LLC	100.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Farmers Insurance Exchange	70.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Truck Insurance Exchange	20.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Fire Insurance Exchange	10.00
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Farmers Insurance Exchange	80.00
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Truck Insurance Exchange	13.30
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Fire Insurance Exchange	06.70
Farmers Insurance Co. of Oregon	95-2655893	21636	OR	Farmers Insurance Exchange	80.00
Farmers Insurance Co. of Oregon	95-2655893	21636	OR	Truck Insurance Exchange	20.00
Farmers Insurance Co. of Washington	95-2655894	21644	WA	Fire Insurance Exchange	80.00
Farmers Insurance Co. of Washington	95-2655894	21644	WA	Truck Insurance Exchange	20.00
Farmers Insurance Co. Inc.	48-0609012	21628	KS	Farmers Insurance Exchange	90.00
Farmers Insurance Co. Inc.	48-0609012	21628	KS	Fire Insurance Exchange	10.00

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP
PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Farmers Insurance Exchange	95-2575893	21652	CA	Interinsurance Exchange (See Note 1)	
Farmers Insurance Hawaii, Inc.	22-2640040	28487	HI	Farmers Insurance Exchange	80.00
Farmers Insurance Hawaii, Inc.	22-2640040	28487	HI	Fire Insurance Exchange	10.00
Farmers Insurance Hawaii, Inc.	22-2640040	28487	HI	Truck Insurance Exchange	10.00
Farmers Insurance of Columbus, Inc.	31-0956373	36889	OH	Farmers Insurance Exchange	100.00
Farmers New Century Insurance Company	36-4165395	10806	IL	Illinois Farmers Insurance Co.	100.00
Farmers Services Insurance Agency	95-6048990	N/A	CA	Truck Insurance Exchange	100.00
Farmers Texas County Mutual Insurance Company	74-1067657	24392	TX	County Mutual Company (See Note 2)	
FCOA, LLC	27-0342907	N/A	DE	Foremost Insurance Company Grand Rapids, Michigan	100.00
FFS Holding, LLC	77-0530617	N/A	NV	Mid Century Ins. Co.	100.00
Fire Insurance Exchange	95-6235715	21660	CA	Interinsurance Exchange (See Note 3)	
Foremost County Mutual Insurance Company	38-1721730	29254	TX	County Mutual Company (See Note 4)	
Foremost Express Insurance Agency, Inc.	38-2505922	NA	MI	FCOA, LLC	100.00
Foremost Financial Services Corporation	73-0462770	NA	DE	FCOA, LLC	100.00
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Farmers Insurance Exchange	80.00
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Fire Insurance Exchange	10.00
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Truck Insurance Exchange	10.00
Foremost Lloyds of Texas	75-1779175	41688	TX	Lloyds Company (See Note 5)	
Foremost Property and Casualty Insurance Company	35-1604635	11800	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00
Foremost Signature Insurance Company	38-2430150	41513	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00
GP, LLC	65-1142050	N/A	DE	Bristol West Holdings, Inc.	100.00
Hawaii Insurance Consultants, Ltd.	99-0083322	NA	HI	Farmers Insurance Exchange	80.00
Hawaii Insurance Consultants, Ltd.	99-0083322	NA	HI	Fire Insurance Exchange	10.00
Hawaii Insurance Consultants, Ltd.	99-0083322	NA	HI	Truck Insurance Exchange	10.00
i21 Insurance Services	61-1420182	NA	CA	21st Century Insurance Group	100.00
Illinois Farmers Insurance Co.	36-2661515	21679	IL	Farmers Insurance Exchange	100.00
Insurance Data Systems, G.P.	65-0881673	N/A	FL	Bristol West Holdings, Inc.	99.90
Insurance Data Systems, G.P.	65-0881673	N/A	FL	GP, LLC	00.10
Kraft Lake Insurance Agency, Inc.	38-2336672	NA	MI	FCOA, LLC	100.00
Mid Century Insurance Company	95-6016640	21687	CA	Farmers Insurance Exchange	80.00
Mid Century Insurance Company	95-6016640	21687	CA	Fire Insurance Exchange	12.50
Mid Century Insurance Company	95-6016640	21687	CA	Truck Insurance Exchange	07.50
Mid Century Insurance Company of Texas	74-2448744	28673	TX	Farmers Insurance Exchange	100.00
Neighborhood Spirit Property & Casualty Co.	95-4528264	10317	CA	Fire Insurance Exchange	80.00
Neighborhood Spirit Property & Casualty Co.	95-4528264	10317	CA	Truck Insurance Exchange	20.00
Security National Insurance Company	65-0109120	33120	FL	Bristol West Holdings, Inc. - See Note 6	75.00

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP
PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Security National Insurance Company	65-0109120	33120	FL	Insurance Data Systems, G.P.	25.00
Texas Farmers Insurance Co.	94-1663548	21695	TX	Farmers Insurance Exchange	86.30
Texas Farmers Insurance Co.	94-1663548	21695	TX	Mid Century Insurance Company	13.70
Truck Insurance Exchange	95-2575892	21709	CA	Interinsurance Exchange - See Note 7	
Veyond Pacific Technology Solutions, LLC	20-3821099	NA	HI	Farmers Insurance Hawaii, Inc.	99.92
Veyond Pacific Technology Solutions, LLC	20-3821099	NA	HI	American Pacific Insurance Company, Inc.	00.08
Veyond Pacific Technology, Inc.	20-3821011	NA	HI	Veyond Pacific Technology Solutions, LLC	100.00
Veyond Technology Solutions, LLC	04-3726591	NA	HI	Farmers Insurance Hawaii, Inc.	92.22
Veyond Technology Solutions, LLC	04-3726591	NA	HI	American Pacific Insurance Company, Inc.	7.78
Veyond Technology, Inc.	04-3682284	NA	HI	Veyond Technology Solutions, LLC	100.00
Western Star Underwriters, Inc.	74-1593853	NA	TX	FCOA, LLC	100.00

Note 1: Farmers Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Farmers Group, Inc., dba Farmers Underwriters Association, which is a subsidiary of Zurich Financial Services Ltd. (See also Schedule Y, Part 1A)

Note 2: Farmers Texas County Mutual Insurance Company, formed and organized pursuant to Chapter 912 of the Texas Insurance Code, is managed by Farmers Group, Inc., dba Farmers Underwriters Association

Note 3: Fire Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Fire Underwriters Association, which is a subsidiary of Zurich Financial Services Ltd. (See also Schedule Y, Part 1A)

Note 4: Foremost County Mutual Insurance Company is managed by Foremost Insurance Company Grand Rapids, Michigan.

Note 5: Foremost Lloyds of Texas underwriters are officers and/or directors of Foremost Insurance Company Grand Rapids, Michigan.

Note 6: Security National Insurance Company shares held by Bristol West Holdings, Inc. are voting shares, while those held by Insurance Data Systems, G.P. are non-voting shares.

Note 7: Truck Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Truck Underwriters Association, which is a subsidiary of Zurich Financial Services Ltd. (See also Schedule Y, Part 1A)

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Statement of Income Line 14

	1 Current Year	2 Prior Year
1404. Pooled share of restructuring charges		
1497. Summary of remaining write-ins for Line 14 from overflow page		

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Miscellaneous investment expenses			1,632	1,632
2497. Summary of remaining write-ins for Line 24 from overflow page			1,632	1,632

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