



ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

Century Surety Company

NAIC Group Code.....0748, 0748
(Current Period) (Prior Period)

Organized under the Laws of OH

Incorporated/Organized.... June 22, 1978

Statutory Home Office

NAIC Company Code..... 36951

Employer's ID Number..... 31-0936702

State of Domicile or Port of Entry OH

Country of Domicile US

Commenced Business.... August 11, 1978

Main Administrative Office

465 Cleveland Avenue..... Westerville OH 43082
(Street and Number) (City or Town, State and Zip Code)

614-895-2000

(Area Code) (Telephone Number)

Mail Address

465 Cleveland Avenue..... Westerville OH 43082
(Street and Number) (City or Town, State and Zip Code)

Primary Location of Books and Records

465 Cleveland Avenue..... Westerville OH 43082
(Street and Number) (City or Town, State and Zip Code)

248-358-1100

(Area Code) (Telephone Number)

Internet Web Site Address

26255 American Drive..... Southfield MI 48034
(Street and Number) (City or Town, State and Zip Code)

248-358-1100-8102

Statutory Statement Contact

Kimberlee A. Arnold
(Name)
karnold@meadowbrook.com
(E-Mail Address)

(Area Code) (Telephone Number) (Extension)

248-358-1614

(Fax Number)

OFFICERS

Name	Title	Name	Title
1. Christopher John Timm	President	2. Michael Gerard Costello	Secretary
3. Steven Christopher Divine	Treasurer	4.	

Michael Gerard Costello	Sr. VP & General Counsel	Robert Samuel Cubbin	Chairman
Steven Christopher Divine	Vice President	Karen Marwell Spaun	Vice President
Nathan Karl Voorhis	Vice President	Angelo Lovell Williams	Vice President

OTHER

Robert Samuel Cubbin-Chairman
Karen Marwell Spaun

James Michael Mahoney
Christopher John Timm

Joseph Earl Mattingly
Nathan Karl Voorhis

Archie Stephen McIntyre
Angelo Lovell Williams

DIRECTORS OR TRUSTEES

State of..... Ohio
County of.... Delaware

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

(Signature)
Christopher John Timm
1. (Printed Name)
President
(Title)

(Signature)
Michael Gerard Costello
2. (Printed Name)
Secretary
(Title)

(Signature)
Steven Christopher Divine
3. (Printed Name)
Treasurer
(Title)

Subscribed and sworn to before me

This _____ day of _____ 2012

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).....	376,482,837		376,482,837	347,889,976
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	13,847,329	9,200	13,838,129	14,643,649
2.2 Common stocks.....	50,477,509		50,477,509	48,307,314
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....4,277,629, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....12,383,894, Sch. DA).....	16,661,523		16,661,523	5,062,332
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	275,000		275,000	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	457,744,198	9,200	457,734,998	415,903,271
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	4,051,741		4,051,741	3,765,284
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	61,961,245	729,816	61,231,429	59,775,615
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	709,695		709,695	1,006,615
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	35,900,501		35,900,501	27,467,940
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	3,959,021		3,959,021	3,281,240
18.2 Net deferred tax asset.....	18,887,792	5,614,843	13,272,949	13,124,592
19. Guaranty funds receivable or on deposit.....	505		505	744
20. Electronic data processing equipment and software.....	336,933	336,926	7	3
21. Furniture and equipment, including health care delivery assets (\$.....0).....	16,553	16,553	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	5,587		5,587	30,383
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	2,292,768	0	2,292,768	2,504,573
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	585,866,540	6,707,338	579,159,202	526,860,259
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	585,866,540	6,707,338	579,159,202	526,860,259

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Miscellaneous Receivable.....	1,839,861		1,839,861	1,496,239
2502. Goodwill.....	172,906		172,906	223,510
2503. Security Deposits.....	280,000		280,000	281,452
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	503,372
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,292,768	0	2,292,768	2,504,573

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	196,222,321	176,153,096
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	32,798,154	23,893,133
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	56,910,319	51,814,429
4. Commissions payable, contingent commissions and other similar charges.....	902,080	1,476,871
5. Other expenses (excluding taxes, licenses and fees).....	74,295	136,478
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	783,048	666,315
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....100,883,633 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	102,615,735	94,296,218
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	27,415,359	28,615,390
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	2,594,469	2,693,387
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.....	1,919,971	1,807,261
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	691,345	1,167,099
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	422,927,095	382,719,678
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	422,927,095	382,719,678
29. Aggregate write-ins for special surplus funds.....	3,235,047	3,408,985
30. Common capital stock.....	3,000,000	3,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	104,914,779	104,914,779
35. Unassigned funds (surplus).....	45,082,281	32,816,818
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	156,232,107	144,140,581
38. TOTALS (Page 2, Line 28, Col. 3).....	579,159,202	526,860,259

DETAILS OF WRITE-INS

2501. Miscellaneous Payables.....	601,263	970,836
2502. Deferred Income.....		47,124
2503. Escheat Claims.....	90,082	149,139
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	691,345	1,167,099
2901. Additional admitted deferred tax assets – SSAP 10R.....	3,235,047	3,408,985
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	3,235,047	3,408,985
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	214,803,237	191,815,354
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	110,092,676	91,646,721
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	31,371,164	24,476,462
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	73,546,610	68,215,555
5. Aggregate write-ins for underwriting deductions.....	.0	0
6. Total underwriting deductions (Lines 2 through 5).....	215,010,450	184,338,738
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(207,213)	7,476,616
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	16,676,299	16,290,705
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	1,969,324	391,451
11. Net investment gain (loss) (Lines 9 + 10).....	18,645,623	16,682,156
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....815,518).....	(815,518)	(818,620)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	.62,240	.65,599
15. Total other income (Lines 12 through 14).....	(753,278)	(753,021)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	17,685,132	23,405,751
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	17,685,132	23,405,751
19. Federal and foreign income taxes incurred.....	.5,322,219	7,694,613
20. Net income (Line 18 minus Line 19) (to Line 22).....	12,362,913	15,711,139
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	144,140,581	144,811,890
22. Net income (from Line 20).....	12,362,913	15,711,139
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(149,131).....	2,433,770	5,767,788
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	1,069,570	2,285,053
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	(500,790)	1,292,269
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.....	(3,100,000)	(26,622,273)
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.....	(173,938)	894,716
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	12,091,525	(671,309)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	156,232,107	144,140,581

DETAILS OF WRITE-INS

0501.....		
0502.....		
0503.....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	0
1401. Miscellaneous Income.....	.62,240	.65,599
1402.....		
1403.....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	.62,240	.65,599
3701. Miscellaneous surplus adjustment from merger integration rollover.....		
3702. Additional admitted deferred tax assets – SSAP 10R.....	(173,938)	894,716
3703.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	.0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(173,938)	894,716

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	220,743,351	195,470,234
2. Net investment income.....	18,382,050	17,390,213
3. Miscellaneous income.....	(753,278)	(753,021)
4. Total (Lines 1 through 3).....	238,372,123	212,107,426
5. Benefit and loss related payments.....	89,550,992	64,824,031
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	100,341,886	86,999,906
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$....637,270 tax on capital gains (losses).....	6,000,000	6,277,447
10. Total (Lines 5 through 9).....	195,892,878	158,101,383
11. Net cash from operations (Line 4 minus Line 10).....	42,479,246	54,006,043
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	47,823,153	37,393,529
12.2 Stocks.....	700,000	2,147,503
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).....	48,523,153	39,541,032
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	76,168,313	76,720,464
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	275,000	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	76,443,313	76,720,464
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(27,920,160)	(37,179,432)
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.....	3,100,000	26,622,273
16.6 Other cash provided (applied).....	140,106	1,380,910
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(2,959,894)	(25,241,363)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	11,599,191	(8,414,752)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	5,062,332	13,477,083
19.2 End of year (Line 18 plus Line 19.1).....	16,661,523	5,062,332

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

20.0001
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Century Surety Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	5,516,361	2,545,538	2,381,578	5,680,321
2. Allied lines.....	1,065,004	602,669	561,776	1,105,897
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....				0
5. Commercial multiple peril.....	31,756,327	18,357,962	19,336,253	30,778,036
6. Mortgage guaranty.....				0
8. Ocean marine.....	1,384,222	387,032	518,878	1,252,375
9. Inland marine.....	3,512,800	1,282,667	1,398,940	3,396,527
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....	309,685	177,091	179,554	307,222
11.2 Medical professional liability - claims-made.....	3,233,270	2,030,301	1,891,421	3,372,151
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....	88,794,533	34,109,775	33,918,818	88,985,490
17.1 Other liability - occurrence.....	31,255,523	12,487,256	15,015,064	28,727,714
17.2 Other liability - claims-made.....	4,689,754	1,820,702	2,502,345	4,008,112
17.3 Excess workers' compensation.....	12,858,785	4,164,665	6,712,098	10,311,352
18.1 Products liability - occurrence.....	964,365	357,722	475,987	846,099
18.2 Products liability - claims-made.....	116,619	14,829	19,690	111,758
19.1, 19.2 Private passenger auto liability.....	560,947	277,636	256,238	582,345
19.3, 19.4 Commercial auto liability.....	26,168,453	12,024,399	12,153,917	26,038,935
21. Auto physical damage.....	7,039,159	3,153,701	3,095,178	7,097,681
22. Aircraft (all perils).....	2,919,376	161,712	1,742,320	1,338,767
23. Fidelity.....	4,472	3,365	3,592	4,244
24. Surety.....	921,570	337,199	418,591	840,177
26. Burglary and theft.....				0
27. Boiler and machinery.....	51,529		33,496	18,033
28. Credit.....				0
29. International.....				0
30. Warranty.....				0
31. Reinsurance - nonproportional assumed property.....				0
32. Reinsurance - nonproportional assumed liability.....				0
33. Reinsurance - nonproportional assumed financial lines.....				0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	223,122,754	94,296,218	102,615,735	214,803,237

DETAILS OF WRITE-INS

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

Century Surety Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	2,381,578				2,381,578
2. Allied lines.....	561,776				561,776
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....	19,336,253				19,336,253
6. Mortgage guaranty.....					0
8. Ocean marine.....	518,878				518,878
9. Inland marine.....	1,398,940				1,398,940
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....	179,554				179,554
11.2 Medical professional liability - claims-made.....	1,711,573	179,848			1,891,421
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	33,918,818				33,918,818
17.1 Other liability - occurrence.....	15,015,064				15,015,064
17.2 Other liability - claims-made.....	2,502,345				2,502,345
17.3 Excess workers' compensation.....	6,712,098				6,712,098
18.1 Products liability - occurrence.....	475,987				475,987
18.2 Products liability - claims-made.....	19,690				19,690
19.1, 19.2 Private passenger auto liability.....	256,238				256,238
19.3, 19.4 Commercial auto liability.....	12,153,917				12,153,917
21. Auto physical damage.....	3,095,178				3,095,178
22. Aircraft (all perils).....	1,742,320				1,742,320
23. Fidelity.....	3,592				3,592
24. Surety.....	418,591				418,591
26. Burglary and theft.....					0
27. Boiler and machinery.....	33,496				33,496
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	102,435,887	179,848	0	0	102,615,735
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					102,615,735

DETAILS OF WRITE-INS

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

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

Century Surety Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	20,216,919	5,516,361		20,216,919		5,516,361
2. Allied lines.....	3,963,766	1,065,004		3,963,766		1,065,004
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....	50,916,290	31,756,327		50,916,290		31,756,327
6. Mortgage guaranty.....						0
8. Ocean marine.....	2,437,908	1,384,222		2,437,908		1,384,222
9. Inland marine.....	1,718,584	3,512,800		1,718,584		3,512,800
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....		309,685				309,685
11.2 Medical professional liability - claims-made.....		3,233,270				3,233,270
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....		88,794,533				88,794,533
17.1 Other liability - occurrence.....	82,845,267	31,255,523		82,845,267		31,255,523
17.2 Other liability - claims-made.....	8,815,691	4,689,754		8,815,691		4,689,754
17.3 Excess workers' compensation.....		12,858,785				12,858,785
18.1 Products liability - occurrence.....	653,317	964,365		653,317		964,365
18.2 Products liability - claims-made.....	5,320	116,619		5,320		116,619
19.1, 19.2 Private passenger auto liability.....		560,947				560,947
19.3, 19.4 Commercial auto liability.....	16,555,017	26,168,453		16,555,017		26,168,453
21. Auto physical damage.....	5,423,219	7,039,159		5,423,219		7,039,159
22. Aircraft (all perils).....		2,919,376				2,919,376
23. Fidelity.....	4,161	4,472		4,161		4,472
24. Surety.....	154,121	921,570		154,121		921,570
26. Burglary and theft.....						0
27. Boiler and machinery.....	238,207	51,529		238,207		51,529
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	193,947,787	223,122,754	0	193,947,787	0	223,122,754

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 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 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	5,831,536	1,778,938	5,831,536	1,778,938	517,714	1,028,064	1,268,588	22.3
2. Allied lines.....	5,791,134	1,766,723	5,791,134	1,766,723	740,920	550,094	1,957,549	177.0
3. Farmowners multiple peril.....					0		0	
4. Homeowners multiple peril.....		.544		.544	2,085	14,948	(12,318)	
5. Commercial multiple peril.....	29,427,766	18,956,906	29,427,766	18,956,906	29,259,120	28,263,281	19,952,745	64.8
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....	122,959	221,268	122,959	221,268	753,271	740,525	234,014	18.7
9. Inland marine.....	253,233	1,723,464	253,233	1,723,464	462,193	449,642	1,736,015	51.1
10. Financial guaranty.....				0			0	
11.1 Medical professional liability - occurrence.....		352,619		352,619	640,827	681,677	311,769	101.5
11.2 Medical professional liability - claims-made.....		141,716		141,716	1,566,418	1,331,565	376,570	11.2
12. Earthquake.....				0			0	
13. Group accident and health.....				0			0	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....				0			0	
16. Workers' compensation.....		34,536,800		34,536,800	88,164,020	73,857,474	48,843,346	54.9
17.1 Other liability - occurrence.....	21,927,439	6,726,083	21,927,439	6,726,083	32,708,127	32,377,458	7,056,753	24.6
17.2 Other liability - claims-made.....	2,463,462	1,201,866	2,463,462	1,201,866	2,615,003	2,978,095	.838,775	20.9
17.3 Excess workers' compensation.....		884,825		884,825	10,384,257	6,612,694	4,656,388	45.2
18.1 Products liability - occurrence.....		31,250		31,250	358,701	.277,250	112,702	13.3
18.2 Products liability - claims-made.....				0	.48,882	.60,508	(11,626)	(10.4)
19.1, 19.2 Private passenger auto liability.....		449,502		449,502	392,066	.259,396	.582,172	100.0
19.3, 19.4 Commercial auto liability.....	9,898,621	14,507,194	9,898,621	14,507,194	25,818,598	24,721,687	15,604,104	59.9
21. Auto physical damage.....	2,689,288	5,139,574	2,689,288	5,139,574	1,267,539	1,315,486	.5,091,626	71.7
22. Aircraft (all perils).....		437,812		437,812	.666,205	.17,039	1,086,979	81.2
23. Fidelity.....				0	.531		.531	12.5
24. Surety.....	1,579,676	1,171,313	1,579,676	1,171,313	(144,157)	.616,215	.410,941	48.9
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....		2,110	(4,946)	2,110	(4,946)		(4,946)	(27.4)
28. Credit.....				0			0	
29. International.....				0			0	
30. Warranty.....				0			0	
31. Reinsurance - nonproportional assumed property.....	XXX			0			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35. TOTALS.....	79,987,223	90,023,451	79,987,223	90,023,451	196,222,320	176,153,096	.110,092,676	51.3

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (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.....	5,666,343	320,223	5,666,343	320,223	1,113,299	197,491	1,113,299	517,714	101,430
2. Allied lines.....	2,470,649	693,233	2,470,649	693,233	551,879	47,687	551,879	740,920	150,737
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....		1,194		1,194		891		2,085	.497
5. Commercial multiple peril.....	14,717,871	14,916,056	14,717,871	14,916,056	19,814,340	14,343,063	19,814,340	29,259,120	9,812,107
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	139,473	477,690	139,473	477,690	968,507	275,581	968,507	753,271	252,252
9. Inland marine.....	488,511	326,246	488,511	326,246	111,933	135,946	111,933	462,193	77,472
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....		213,667		213,667		427,161		640,827	295,803
11.2 Medical professional liability - claims-made.....		832,871		832,871		733,547		1,566,418	701,444
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a).....	0
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a).....	0
16. Workers' compensation.....	69,177	48,517,983	69,177	48,517,983		39,646,037		88,164,020	18,666,812
17.1 Other liability - occurrence.....	27,735,500	9,656,088	27,735,500	9,656,088	80,455,892	23,082,827	80,486,679	32,708,127	15,503,282
17.2 Other liability - claims-made.....	2,948,343	1,001,367	2,948,343	1,001,367	4,236,168	1,613,636	4,236,168	2,615,003	1,469,195
17.3 Excess workers' compensation.....			2,642,511	2,642,511		7,741,746		10,384,257	3,681,313
18.1 Products liability - occurrence.....	6,000	64,245	6,000	64,245	67,271	294,456	67,271	358,701	159,268
18.2 Products liability - claims-made.....				0	1,053	48,882	1,053	48,882	31,844
19.1, 19.2 Private passenger auto liability.....		284,434		284,434		107,632		392,066	35,546
19.3, 19.4 Commercial auto liability.....	10,143,312	12,617,234	10,143,312	12,617,234	11,255,855	13,210,197	11,264,688	25,818,598	5,486,799
21. Auto physical damage.....	532,539	755,157	532,539	755,157	320,043	512,382	320,043	1,267,539	227,821
22. Aircraft (all perils).....		397,346		397,346		268,859		666,205	173,284
23. Fidelity.....				0	1,828	531	1,828	531	126
24. Surety.....	(905,768)	(315,246)	(905,768)	(315,246)	420,873	200,830	450,615	(144,157)	83,168
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	3,501		3,501	0	8,740		8,740	0	.118
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX.....			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX.....			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX.....			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	64,015,450	93,402,301	64,015,450	93,402,301	119,327,679	102,889,382	119,397,042	196,222,320	56,910,319

DETAILS OF WRITE-INS

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

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

Century Surety Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	15,542,616			15,542,616
1.2 Reinsurance assumed.....	21,162,187			21,162,187
1.3 Reinsurance ceded.....	15,480,873			15,480,873
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	21,223,930	0	0	21,223,930
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		46,738,507		46,738,507
2.2 Reinsurance assumed, excluding contingent.....		2,609,731		2,609,731
2.3 Reinsurance ceded, excluding contingent.....		4,594,064		4,594,064
2.4 Contingent - direct.....		1,506,802		1,506,802
2.5 Contingent - reinsurance assumed.....		57,999		57,999
2.6 Contingent - reinsurance ceded.....		(156,330)		(156,330)
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	46,475,306	0	46,475,306
3. Allowances to manager and agents.....				0
4. Advertising.....	14,767	62,810		77,577
5. Boards, bureaus and associations.....		1,890,076		1,890,076
6. Surveys and underwriting reports.....		279,198		279,198
7. Audit of assureds' records.....		658,155		658,155
8. Salary and related items:				
8.1 Salaries.....	7,083,635	9,197,865		16,281,499
8.2 Payroll taxes.....	402,606	737,881		1,140,488
9. Employee relations and welfare.....	978,553	1,249,323		2,227,876
10. Insurance.....	16,268	88,842		105,110
11. Directors' fees.....				0
12. Travel and travel items.....	585,615	632,733		1,218,348
13. Rent and rent items.....	352,830	803,036		1,155,865
14. Equipment.....	93,334	1,574,764		1,668,098
15. Cost or depreciation of EDP equipment and software.....		1,480,388		1,480,388
16. Printing and stationery.....	134,685	229,144		363,829
17. Postage, telephone and telegraph, exchange and express.....	413,302	238,499		651,802
18. Legal and auditing.....	41,628	664,025		705,652
19. Totals (Lines 3 to 18).....	10,117,222	19,786,738	0	29,903,961
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		4,359,763		4,359,763
20.2 Insurance department licenses and fees.....		252,689		252,689
20.3 Gross guaranty association assessments.....		587		587
20.4 All other (excluding federal and foreign income and real estate).....		(9,644)		(9,644)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	4,603,395	0	4,603,395
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	30,012	2,681,170	527,773	3,238,955
25. Total expenses incurred.....	31,371,164	73,546,610	527,773	(a) 105,445,548
26. Less unpaid expenses - current year.....	56,910,319	1,759,423		58,669,742
27. Add unpaid expenses - prior year.....	51,814,429	2,279,663		54,094,093
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	26,275,275	74,066,850	527,773	100,869,899

DETAILS OF WRITE-INS

2401. Policy Processing Expense.....		1,561,541		1,561,541
2402. Consulting Expense.....	5,265	898,607		903,872
2403. Miscellaneous Expense.....	24,747	221,022	527,773	773,542
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	30,012	2,681,170	527,773	3,238,955

(a) Includes management fees of \$....24,384,052 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....481,075	.....484,044
1.1 Bonds exempt from U.S. tax.....	(a).....6,214,889	.....6,268,829
1.2 Other bonds (unaffiliated).....	(a).....8,037,228	.....8,266,694
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....1,037,148	.....1,037,148
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....1,119,376	.....1,119,376
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).....27,898	.....27,980
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....16,917,615	.....17,204,072
11. Investment expenses.....	(g).....526,974	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	.....
13. Interest expense.....	(h).....800	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....527,773
17. Net investment income (Line 10 minus Line 16).....	.....	.....16,676,299

DETAILS OF WRITE-INS

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

(a) Includes \$....246,617 accrual of discount less \$....2,238,825 amortization of premium and less \$....281,090 paid for accrued interest on purchases.
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....6,632	.....	.....6,632	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....447,602	.....	.....447,602	.....	.....
1.2 Other bonds (unaffiliated).....	.....1,376,640	.....	.....1,376,640	.....409,017	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....138,450	.....	.....138,450	.....(243,969)	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....(591,138)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....2,761,333	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....(50,604)	.....0
10. Total capital gains (losses).....	.....1,969,324	.....0	.....1,969,324	.....2,284,640	.....0

DETAILS OF WRITE-INS

0901. Goodwill - PIC.....	.....	.....	.....0	.....(50,604)	.....
0902.....	.....	.....	.....0	.....	.....
0903.....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....(50,604)	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....		17	17
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	9,200	9,200	0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	9,200	9,217	17
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	729,816	709,340	(20,476)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	5,614,843	4,544,499	(1,070,344)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	336,926	739,858	402,932
21. Furniture and equipment, including health care delivery assets.....	16,553	29,696	13,143
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other than invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	6,707,338	6,032,610	(674,728)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	6,707,338	6,032,610	(674,728)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501.			0
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0

NOTES TO FINANCIAL STATEMENTS**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Practices**

The accompanying financial statements of Century Surety Company ("Company") have been completed in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual except to the extent that Ohio state laws and regulations differ. Effective January 1, 2001, the state of Ohio required that insurance companies domiciled in the state of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures manual – Effective January 1, 2001* (NAIC SAP), subject to any deviations prescribed or permitted by the state of Ohio Insurance Commissioner. The Company has no such deviations as of December 31, 2011.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the scientific method. Bonds with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.
3. Common stocks are stated at fair market value, except for investments in stocks of unconsolidated subsidiaries and affiliates in which the Company has an interest of 10% or more which are reported in accordance with Note 1C-7 below.
4. Redeemable preferred stocks are stated at amortized cost. Perpetual preferred stocks are stated at fair value. Redeemable and perpetual preferred stocks with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.
5. The Company has no mortgage loans.
6. Loan-backed securities are stated at amortized cost. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.

The carrying value and final NAIC designation for non-agency residential mortgage backed securities and commercial mortgage backed securities are determined using a special two-step NAIC process. In the first step, those assigned a NAIC designation of 1 or 2 are stated at amortized cost and those assigned a 3 through 6 designation are stated at the lower of amortized cost or fair value. The NAIC designation assigned under the second step of the process is reported for those securities in Schedule D and is used in the risk-based capital calculation.

7. The Company owns 100% of the common stock of ProCentury Insurance Company. All aforementioned stock is valued at the statutory net worth of the underlying insurance company. Affiliated investments are reported in accordance with SSAP 97-Investment in Subsidiary, Controlled and Affiliated Entities.
8. The Company does not have any ownership interests in joint ventures, partnerships, or limited liability companies.
9. The Company does not hold or issue derivative financial instruments.
10. The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. Capitalization Policy - Not Applicable.
13. Pharmaceutical Rebate Receivables – Not Applicable.
14. The reserve for extended period claims coverage is recorded during the term of the original claims-made policy, in amounts believed to be adequate to pay for estimated future claims reported subsequent to a current policyholders' death, disability or retirement. The net amount of this reserve is \$179,848 at December 31, 2011, and is included in unearned premium on the balance sheet.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The Company has no material changes in accounting principles and/or corrections of errors.

3. BUSINESS COMBINATIONS AND GOODWILL

- A. On June 1, 2005, the Company purchased ProCentury Insurance Company (ProCentury), formerly known as Fireman's Fund Insurance Company of Texas from Fireman's Fund Insurance Company.

The cost of acquisition was as follows:

Statutory surplus	\$ 5,400,000
Purchase price above surplus	300,000
Finder's fee	50,000
Direct legal fees	<u>156,049</u>
Total cost	<u>\$5,906,049</u>

Total goodwill is calculated as follows:

Total cost	\$5,906,049
Less statutory book value	<u>5,400,000</u>
Total positive goodwill	<u>\$ 506,049</u>

Amortization as of December 31, 2011	<u>\$ 333,143</u>
Unamortized balance as of December 31, 2011	<u>\$ 172,906</u>

The total positive goodwill is considered to be admitted and is being amortized to unrealized gain/loss over a ten year period.

- B. Statutory Mergers - Not applicable.
- C. Impairment Loss - Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

NOTES TO FINANCIAL STATEMENTS**5. INVESTMENTS**

A. The Company has no mortgage loans, including mezzanine real estate loans.
 B. The Company has not entered into any debt restructuring agreements.
 C. The Company has no reverse mortgages.
 D. Loan-backed securities

1. Our asset manager uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities; inputs come from major third party data providers. The effect of interest rates, volatility, and prepayment speeds are derived using Monte Carlo simulation. Credit loss analysis, resulting effective analytics (spreads, duration, convexity) and cash-flows are reported to clients on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
2. Securities where the Company has either the intent to sell or lacks the ability to retain the securities - Not applicable.
3. Loan-backed securities with a recognized other-than-temporary impairment ("OTTI"), currently held by the reporting entity where the present value of the discounted cash flows was/is less than the amortized cost basis of the securities.

CUSIP	Book/Adj Carry Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized OTTI	Amortized cost after OTTI	Fair Value at time of OTTI	Date of Financial Statement Where Reported
00441RAJ6	\$ 422,063	\$ 355,309	\$ 66,754	\$ 355,309	\$ 151,156	12/31/2009
05951KAX1	\$ 415,185	\$ 469,438	\$ (54,253)	\$ 469,438	\$ 442,296	9/30/2009
05951KAX1	\$ 374,662	\$ 291,695	\$ 82,967	\$ 291,695	\$ 249,632	3/31/2010
05951KAX1	\$ 271,197	\$ 265,483	\$ 5,714	\$ 265,483	\$ 239,361	6/30/2010
12628KAA0	\$ 175,417	\$ 129,228	\$ 46,189	\$ 129,228	\$ 108,752	12/31/2009
12628KAA0	\$ 99,596	\$ 89,216	\$ 10,380	\$ 89,216	\$ 77,774	3/31/2010
233046AB7	\$ 292,480	\$ 343,204	\$ (50,724)	\$ 343,204	\$ 336,344	9/30/2009
301965CH0	\$ 660,244	\$ 647,951	\$ 12,293	\$ 647,951	\$ 274,451	12/31/2009
393505VY5	\$ 303,167	\$ 368,021	\$ (64,854)	\$ 368,021	\$ 375,262	9/30/2009
589962CV9	\$ 707,042	\$ 683,785	\$ 23,257	\$ 683,785	\$ 651,084	12/31/2009
BCC00H341	\$ 989,799	\$ 1,208,847	\$ (219,048)	\$ 1,208,847	\$ 940,572	9/30/2009
	XXX	XXX	\$ (141,325)	XXX	XXX	XXX

4. All impaired securities for which an OTTI has not been recognized in earnings as a realized loss including securities with a recognized OTTI for non-interest related declines when a non-recognized interest related impairment remains.

	Book Value	Market Value	Unrealized Loss
Less than 12 Months	\$ 1,398,518	\$ 1,355,127	\$ (63,392)
Greater than 12 Months	\$ 4,919,095	\$ 3,097,514	\$ (1,821,581)
Total	\$ 6,317,613	\$ 4,432,641	\$ (1,884,972)

5. There are a number of factors that are considered in determining if there is not an OTTI on an investment, including but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.

E. The Company has no repurchase agreements, reverse repurchase agreements and/or security lending transactions.
 F. The Company does not recognize any impairment loss on real estate, nor does the Company engage in retail land sales operations.
 G. The Company has no investments in low-income housing tax credits.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

7. INVESTMENT INCOME**A. Accrued Investment Income**

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

B. Amounts Nonadmitted

Not applicable.

8. DERIVATIVE INSTRUMENTS

The Company does not hold or issue derivative instruments.

9. INCOME TAXES

A. The components of the Company's Net Deferred Tax Assets are as follows:

	12/31/2011			12/31/2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$18,609,590	6,623,163	\$25,232,753	\$17,095,739	7,775,802	\$24,871,541
Statutory valuation allowance adjustment	0	(5,394,173)	(5,394,173)	0	(5,417,701)	(5,417,701)
Adjusted gross deferred tax assets	18,609,590	1,228,990	19,838,580	17,095,739	2,358,101	19,453,840
Gross deferred tax liabilities	950,788	0	950,788	1,784,749	0	1,784,749
Net deferred tax asset	17,658,802	1,228,990	18,887,792	15,310,990	2,358,101	17,669,091
Nonadmitted deferred tax assets	4,662,254	952,589	5,614,843	2,911,849	1,632,650	4,544,499
Net admitted deferred tax assets	12,996,548	276,401	13,272,949	12,399,141	725,451	13,124,592
Increase (decrease) in nonadmitted deferred tax assets			\$1,070,344			\$(723,646)

The Company has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e) for the years ended December 31, 2011 and 2010.

The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10e:

	12/31/2011	12/31/2010
Ordinary	\$ 3,051,499	\$ 2,927,239
Capital	183,548	481,746
Total increase in admitted adjusted gross DTAs	\$ 3,235,047	\$ 3,408,985

NOTES TO FINANCIAL STATEMENTS

The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii., 10c.:

	12/31/2011			12/31/2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10a.)	\$9,945,049	0	\$9,945,049	\$9,471,902	243,705	\$9,715,607
Lesser of:						
Expected to be recognized within one year (10bi.)	0	92,853	92,853	0	0	0
Ten percent of adjusted capital and surplus (10bii.)			13,792,360			13,769,278
Adjusted gross DTAs offset against existing DTLs (10c.)	950,788	0	950,788	1,784,749	0	1,784,749
Risk-based capital level used in paragraph 10d.:						
Total adjusted capital			152,997,060			140,731,596
Authorized control level			33,756,129			28,801,364

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a.), 10eii(b.), 10eiii.:

	12/31/2011			12/31/2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10ei.)	\$3,051,499	0	\$3,051,499	\$53,260	0	\$53,260
Lesser of:						
Expected to be recognized within three years (10eii(a))	0	183,548	183,548	2,873,979	481,746	3,355,725
Fifteen percent of adjusted capital and surplus (10eii(b))			20,688,540			20,653,916
Adjusted gross DTAs offset against existing DTLs (10eiii.)	0	0	0	0	0	0
Risk-based capital level used in paragraph 10d.:						
Total adjusted capital			152,997,060			140,731,596
Authorized control level			33,756,129			28,801,364

Impact of Tax Planning Strategies	12/31/2011			12/31/2010		
	Ordinary %	Capital %	Total %	Ordinary %	Capital %	Total %
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	50%	3%	0%	69%	8%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	100%	2%	0%	100%	6%

The following amounts result from the calculation in paragraphs 10a., 10b., and 10c.:

	12/31/2011	12/31/2010
Admitted DTAs	\$10,037,902	\$ 9,715,607
Admitted Assets	575,924,155	523,451,274
Statutory Surplus	152,997,060	140,731,596
Total Adjusted Capital	152,997,060	140,731,596

The following amounts result from the calculation in paragraphs 10ei., 10eii(a.), 10eii(b.), and 10eiii.:

	12/31/2011	12/31/2010
Admitted DTAs	\$13,272,949	\$13,124,592
Admitted Assets	579,159,202	526,860,259
Statutory Surplus	156,232,107	144,140,581
Total Adjusted Capital	156,232,107	144,140,581

B. The Company has no unrecognized deferred income tax liabilities.

C. Current tax and change in Deferred tax:

1. Current income taxes incurred consist of the following major components for the years ended December 31:

Description	2011	2010
Current income tax expense	6,108,345	8,392,666
Prior year (overaccrual)	(786,126)	(698,053)
Current income taxes incurred	5,322,219	7,694,613

NOTES TO FINANCIAL STATEMENTS

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

Deferred Tax Assets	12/31/2011	12/31/2010	Change
Discount of unpaid losses and LAE	\$10,653,396	\$9,648,858	\$1,004,538
20% of unearned premiums	7,183,101	6,600,735	582,366
Other than temporary impairments	4,749,833	5,049,927	(300,094)
Capital Loss Carry Forward	616,552	1,618,228	(1,001,676)
Nonadmitted assets	382,373	520,839	(138,466)
Net unrealized capital losses	1,256,778	1,107,647	149,131
Other	390,720	325,307	65,413
Total deferred tax assets	25,232,753	24,871,541	361,212
Statutory valuation allowance adjustment	(5,394,173)	(5,417,701)	23,528
Adjusted gross deferred tax assets	19,838,580	19,453,840	384,740
Nonadmitted deferred tax assets	(5,614,843)	(4,544,499)	(1,070,344)
Admitted deferred tax assets	14,223,737	14,909,341	(685,604)
Deferred Tax Liabilities			
Bond market discount	0	1,562,291	(1,562,291)
Discount of accrued salvage and subrogation	165,284	130,968	34,316
Other	785,504	91,490	694,014
Total deferred tax liabilities	950,788	1,784,749	(833,961)
Net admitted deferred tax assets	\$13,272,949	\$13,124,592	148,357

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the "change in nonadmitted assets" is reported separately from the "change in net deferred income tax" in the surplus section of the Annual Statement):

Change in Net Deferred Taxes	12/31/2011	12/31/2010	Change
Total gross deferred tax assets	\$25,232,753	\$24,871,541	\$ 361,212
Statutory valuation allowance adjustment	(5,394,173)	(5,417,701)	23,528
Adjusted gross deferred tax assets	19,838,580	19,453,840	384,740
Total gross deferred tax liabilities	(950,788)	(1,784,749)	833,961
Net deferred tax asset	\$18,887,792	\$17,669,091	1,218,701
Deferred tax on change in net unrealized capital losses			(149,131)
Change in net deferred income tax			\$ 1,069,570

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

Description	Amount	Tax Effect at 35%	Effective Tax Rate
Provision computed at statutory rate	\$17,685,132	\$ 6,189,796	35.00%
Tax exempt income deduction, net of proration	(5,328,015)	(1,864,805)	-10.55%
Dividends received deduction, net of proration	(584,705)	(204,647)	-1.16%
Change in nonadmitted assets	395,616	138,466	0.78%
Non-deductible regulatory penalties	20,794	7,278	0.04%
Non-deductible lobbying expenses	30,701	10,745	0.06%
Statutory valuation allowance adjustment	(67,223)	(23,528)	-0.13%
Prior year return to provision permanent difference true up	(1,875)	(656)	0.00%
Taxable Income	\$12,150,425	\$4,252,649	24.04%
Federal income taxes incurred		5,322,219	30.09%
Change in net deferred income taxes		(1,069,570)	-6.05%
Total statutory income taxes		\$4,252,649	24.04%

E. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2011 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
 2. The following is income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

Year	Amount
2011	\$6,108,345
2010	\$7,508,288

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

F. The Company's federal income tax return is consolidated with the following entities: Meadowbrook Insurance Group, Inc., Meadowbrook, Inc., Preferred Insurance Agency, Inc., Preferred Comp Insurance Agency of New Hampshire, TPA Insurance Agency, Inc., TPA Insurance Agency of New Hampshire, Inc., Florida Preferred Administrators, Inc., Meadowbrook Intermediaries, Inc., Meadowbrook Risk Management, Ltd., Meadowbrook of Nevada, Inc., Meadowbrook Insurance Agency, Inc., Meadowbrook of Florida, Inc., Meadowbrook Insurance, Inc., Medical Professional Liability Risk Purchasing Group, Inc., MarketPlus Insurance Agency, Inc., Crest Financial Corporation, Commercial Carriers Insurance Agency, Inc., Interline Insurance Services, Inc., Liberty Premium Finance, Inc., American Highway Carriers Association, Star Insurance Company, Savers Property & Casualty Insurance Company, Williamsburg National Insurance Company, Ameritrust Insurance Corporation, ProCentury Corporation, ProCentury Risk Partners Insurance Company, EnStar Underwriters, Inc., ProCentury Insurance Company, and CSC Insurance Agency, Inc.

The method of tax allocation between the companies is subject to a tax allocation agreement, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return.

NOTES TO FINANCIAL STATEMENTS**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

A. The Company is a wholly owned subsidiary of ProCentury Corporation, which is wholly owned by Meadowbrook Insurance Group, Inc. ("MIGI"), a company domiciled in the State of Michigan.

B. The following is a list of transactions between the Company and its affiliates on a pre-pooled basis, excluding reinsurance transactions and any non-insurance transactions which involve less than $\frac{1}{2}$ of 1% of total assets of the reporting entity:

Affiliate	Date of Transaction	Explanation	Amount Paid (From)/To Company
Meadowbrook, Inc.	Various	Internal Admin. Costs	\$ (25,873,776)

C. The Management Services Agreement ("Agreement") currently is effective July 1, 2011 through June 30, 2014. If the Agreement is not terminated by the parties, it automatically extends for additional three (3) year periods thereafter. The terms of the Intercompany Loan Agreement were changed effective August 1, 2011 to include Meadowbrook Insurance Group, Inc. ("MIGI") and all of its insurance affiliates.

D. At December 31, 2011, the Company reported \$5,587 due from parent, subsidiaries and affiliates and \$1,919,971 due to parent, subsidiaries and affiliates pursuant to the Intercompany Loan Agreement. Intercompany balances between parent, subsidiaries and affiliates are settled on a monthly basis.

E. Guarantees or Undertakings for Related Parties - Not applicable (see Note 14A).

F. The Company does not directly hire employees. Rather, the Company entered into the Agreement with Meadowbrook, Inc. and affiliates, which provides the accounting, financial reporting, underwriting, compliance, reinsurance, sales, claims, loss prevention, and general management services for the Company. Fees paid to Meadowbrook, Inc. and affiliates are determined on a monthly basis, based on the actual costs associated with overall administration of all programs. On a pre-pooled basis, the Company directly incurred \$25,873,776 of such expenses as of December 31, 2011.

Effective October 1, 2009 the Company entered into a new Agency Agreement with Meadowbrook, Inc. and its affiliates or subsidiaries (the "Agent") whereby the Company pays the Agent a commission for the production of premium. As of December 31, 2011, the Company has paid the Agent \$323,672 in commissions.

In addition, the Company's federal income tax return is consolidated with the entities referenced in Note 9(F) above. Pursuant to the Tax Allocation Agreement, the Company incurred \$5,322,219 of tax expense during the year, to be remitted to the ultimate parent, MIGI.

G. All outstanding shares of the Company are owned by MIGI, a Michigan corporation.

H. The Company does not own any shares of stock of its ultimate parent, MIGI. Therefore, there are no amounts to deduct for investment in an upstream company.

I. The Company owns 100% of the common stock of ProCentury Insurance Company. The Company's investment in each of the aforementioned companies does not individually exceed 10% of admitted assets as of December 31, 2011.

J. Investments in SCA Entities - Not applicable.

K. Investments in Foreign SCA Entities - Not applicable.

L. Valuation of Downstream Holding Companies - Not applicable.

11. DEBT

A. The Company has no capital note obligations, debentures, commercial paper, bank loans or lines of credit outstanding at December 31, 2011.

B. Funding Agreements issued to Federal Home Loan Bank (FHLB) - Not applicable.

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

Not applicable.

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

A. The Company has 500 shares authorized common stock (with par value of \$10,000.00), 300 shares which are issued and outstanding.

B. The Company has no preferred shares authorized, issued, or outstanding.

C. Dividends on common stock are paid as declared by the Board of Directors of the Company. Without prior approval of its domiciliary commissioner, Ohio law limits dividends to shareholders to the greater of 10% of the prior year policyholders' surplus less dividends paid in the prior twelve months or the prior year net income (excluding realized capital gains) less dividends paid in the prior twelve months. These dividends are further limited by a clause in the Ohio law, which prohibits an insurer from declaring dividends unless the value of assets remaining is at least equal to the aggregate amount of debts and liabilities, including capital.

D. The Company paid ordinary dividends, not requiring regulatory approval, of \$3,100,000 to ProCentury Corporation on July 14, 2011.

E. Within the limitations of (C) above, the maximum ordinary dividend payment allowed to shareholders as of December 31, 2011, without prior regulatory approval, is \$12,356,696 after considering the ordinary dividend payment per (D) above.

F. Unassigned surplus funds are held for the benefit of the Company's shareholders.

G. The Company has no advances to surplus not repaid.

H. There is no stock held by the Company, including stock of affiliated companies, for special purposes.

I. With the exception of the required reporting related to SSAP 10R, the Company does not have any special surplus funds.

J. The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$3,106,265.

K. The Company has no surplus debentures outstanding.

L and M. The Company has not been involved in any quasi-reorganizations.

14. CONTINGENCIES

A. The Company has no material contingent commitments to a SCA entity, joint venture, partnership, or limited liability company, nor any contingent commitments attributable to low income housing tax credit properties as of December 31, 2011.

B. Guaranty Fund and Other Assessments**1. Liability and related Assets**

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of the insolvencies. These assessments do not have a material impact on the financial statements. Other assessments should be accrued either at the time the assessments are levied or in the case of premium-based assessments, at the time the premiums are written, or in the case of loss-based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$15,250 and a related premium tax benefit asset of \$505. The liability is included in the taxes, licenses and fees liability and is typically paid within 1 to 3 years. The asset is included in the guaranty funds receivable asset and is typically recovered within 10 years. The amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

NOTES TO FINANCIAL STATEMENTS

2. Rollforward of related asset

1 Description	2 Amount
a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 744
b. Decreases current year:	
Premium tax offsets applied	239
Premium tax offsets charged off	
Policy surcharges collected	
Policy surcharges charged off	
c. Increases current year:	
Premium tax offsets accrued	
Policy surcharges accrued	
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 505

- C. The Company is unaware of any gain contingencies that could have a material financial effect.
- D. The Company is unaware of any extra contractual obligation and bad faith losses that could have a material financial effect.
- E. Product warranties - Not applicable.
- F. The Company has not encountered any contingent liabilities arising from litigation, income taxes or other matters, nor has any impairment of an asset, that would be considered material in relation to the financial position of the Company.

15. LEASES**A. Lessee Leasing Arrangements**

- 1. The Company leases one office facility under a noncancelable operating lease that will expire October 2013.
- 2. At December 31, 2011, future minimum rental payments are as follows:

Year	Amount
2012	615,960
2013	513,300
Total	\$ 1,129,260

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

B. Lessor Leasing Arrangements

Not applicable.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND 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. Transfers and Servicing of Financial Assets - Not applicable.
- C. There are no wash sales as of December 31, 2011.

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

Not applicable.

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

Not applicable.

20. FAIR VALUE MEASUREMENT**A. Inputs Used for Assets and Liabilities Measured at Fair Value****1. Fair Value Measurements at Reporting Date**

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the following table.

Level 1 - Valuations that are based on unadjusted quoted market prices in active markets for identical securities. The fair value of exchange-traded equities and mutual funds included in the Level 1 category were based on quoted prices that are readily and regularly available in an active market and are thus classified as Level 1.

Level 2 - Valuations that are based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The fair value of securities included in the Level 2 category were based on market values obtained from a third-party pricing service. They were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other observable market information. The third-party service monitors market indicators as well as industry and economic events. The Level 2 category includes corporate bonds, government and agency bonds, asset-backed, residential mortgage-backed and commercial mortgage-backed securities and municipal bonds.

Level 3 - Valuations that are derived from techniques in which one or more of the significant inputs are unobservable and/or involve management judgment and/or are based on non-binding broker quotes.

NOTES TO FINANCIAL STATEMENTS

Description	Quoted Prices in Active Mkts for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value as of 12/31/11
Assets at Fair Value				
Perpetual Preferred Stock Industrial and Misc.	\$ 7,949,442	\$ 574,754	\$ 0	\$ 8,524,196
Total Perpetual Preferred Stock	\$ 7,949,442	\$ 574,754	\$ 0	\$ 8,524,196
Redeemable Preferred Stock Industrial and Misc.	\$ 1,287,384	\$ 0	\$ 0	\$ 1,287,384
Total Redeemable Preferred Stock	\$ 1,287,384	\$ 0	\$ 0	\$ 1,287,384
Bonds Industrial and Misc.	\$ 0	\$ 358,618	\$ 253,718	\$ 612,336
MBS/CMO Industrial and Misc.	\$ 0	\$ 1,479,307	\$ 1,192,832	\$ 2,672,139
Total Bonds	\$ 0	\$ 1,837,925	\$ 1,446,550	\$ 3,284,475
Common Stock Industrial and Misc.	\$ 8,827,596	\$ 0	\$ 0	\$ 8,827,596
Mutual Funds	\$ 5,964,340	\$ 0	\$ 0	\$ 5,964,340
Total Common Stock	\$ 14,791,936	\$ 0	\$ 0	\$ 14,791,936
Total Assets at Fair Value	\$ 24,028,762	\$ 2,412,679	\$ 1,446,550	\$ 27,887,991

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels. During the current year, no transfers into or out of Levels 1 and 2 were required.

2. Rollforward of Fair Value Measurements in Level 3

	Industrial & Misc.	Mortgage- Backed Securities	Asset-Backed Securities	Commercial Mortgage -Backed Securities	Total
Beginning Balance Transfer into or out of Level 3 (End of Period)	\$ 266,334	\$ 0	\$ 955,822 326	\$ 0	\$ 1,222,156 326
Total gains or losses Included in Net Income Included in Surplus	106 63,820	0 0	(61,241) 224,534	0 0	(61,135) 288,354
Purchases, issuances, sales and settlements Purchases (End of Period) Sales (End of Period)	0 (3,151)	0 0	0 0	0 0	0 (3,151)
Ending Balance	\$ 327,109	\$ 0	\$ 1,119,441	\$ 0	\$ 1,446,550

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

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

The estimated fair values of the Company's investments are based on prices provided by a third party pricing service and a third party investment manager. The prices provided by these services are based on quoted market prices, when available; non-binding broker quotes, or matrix pricing. The Company has not historically adjusted security prices.

For corporate, government and municipal bonds, the third party pricing service utilizes a pricing model with standard inputs that include benchmark yields, reported trades, issuer spreads, two-sided markets, benchmark securities, market bids / offers, and other reference data observable in the marketplace. The model uses the option adjusted spread methodology and is a multi-dimensional relational model. All bonds valued under these techniques are classified as Level 2.

For asset-backed, residential mortgage-backed and commercial mortgage-backed securities, the third party pricing service valuation methodology includes consideration of interest rate movements, new issue data, monthly remittance reports and other pertinent data that is observable in the marketplace. This information is used to determine the cash flows for each tranche and identifies the inputs to be used such as benchmark yields, prepayment assumptions and collateral performance. All asset-backed, residential mortgage-backed and commercial mortgage-backed securities valued under these methods are classified as Level 2.

For all assets where readily observable pricing methods are not available the third party investment manager will price the asset using a combination of non-binding broker / dealer quotes, benchmarking techniques, and sector specific knowledge. All assets priced by using this methodology are classified as Level 3.

5. Derivative Fair Values - Not applicable

B. Other Fair Value Disclosures - Not applicable.

C. Reasons Not Practical to Estimate Fair Values - Not applicable.

NOTES TO FINANCIAL STATEMENTS**21. OTHER ITEMS**

- A. The Company has no extraordinary events or transactions that were unusual or occur infrequently for the year ended December 31, 2011.
- B. The Company has no debt with restructured terms as of December 31, 2011.
- C. The Company elected to use rounding in reporting amounts in the Annual Statement.
- D. At December 31, 2011, the Company had admitted assets of \$26,836,381 for amounts due from agents, and \$382 for amounts due from insureds. The Company routinely assesses the collectibility of these receivables and, where necessary, establishes an allowance for estimated uncollectible accounts. The potential loss associated with uncollectible accounts in excess of amounts non-admitted or otherwise provided for through an allowance for estimated uncollectible accounts is not believed to be material to the Company's financial position.
- E. The Company had no business interruption insurance recoveries in 2011.
- F. State Transferable and Non-Transferable Tax Credits - Not applicable.
- G. The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contains structured securities collateralized by mortgages that have the characteristics of subprime lending such as adjustable rate mortgages and alternative documentation mortgages. The total carrying value of these investments is approximately \$2.1 million comprising approximately 0.57% of the Company's total fixed maturity portfolio.

The following table presents the Company's exposure to fixed maturity investments collateralized by subprime residential mortgages as of December 31, 2011.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses "OTTI"
Residential mortgage backed securities	\$1,873,322	\$1,684,492	\$1,666,169	\$(270,442)
Structured securities	\$1,286,132	\$ 449,752	\$ 854,455	\$(2,563,179)
Total	\$3,159,454	\$2,134,244	\$2,520,624	\$(2,833,621)

22. EVENTS SUBSEQUENT**A. Type I - Recognized Subsequent Events:**

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

B. Type II - Nonrecognized Subsequent Events:

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

23. REINSURANCE**A. Unsecured Reinsurance Recoverables**

The Company's unsecured reinsurance balances in excess of 3% of policyholder surplus with any one reinsurer are estimated at December 31, 2011 are as follows:

Reinsurer Name	NAIC Code	Federal ID#	Amount
Star Insurance Company	18023	38-2626205	368,835,630

This amount due from Star is related to the Intercompany Reinsurance Agreement noted in Note 26.

B. Reinsurance Recoverables in Dispute

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

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2011.

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$ 102,616,000	\$ 0	\$ 100,884,000	\$ 0	\$ 1,732,000	\$ 0
b. All other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
c. Totals	\$ 102,616,000	\$ 0	\$ 100,884,000	\$ 0	\$ 1,732,000	\$ 0
d. Direct Unearned Premium Reserve:	\$ 100,884,000					

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

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ 591,980	\$ 0	\$ 0	\$ 591,980
b. Sliding Scale Commission	0	0	0	0
c. Other Profit Commission Arrangements	239,769	0	0	239,769
d. Total	\$ 831,749	\$ 0	\$ 0	\$ 831,749

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

D. Uncollectible Reinsurance

The Company did not have any uncollectible reinsurance written off during 2011.

E. Commutation of Ceded Reinsurance

The Company did not have any commutations of ceded reinsurance as of December 31, 2011.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance as of December 31, 2011.

G. Reinsurance Accounted for as a Deposit

The Company has no reinsurance agreements that have been accounted for as deposits as of December 31, 2011.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. Accrued retrospective premiums reported as an asset on the balance sheet have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have determined by or allocated to individual policyholder accounts.
- B. The Company records accrued retrospective premiums through written premium.
- C. Net written premiums for the current year on retrospective Other Liability - claims made policies were \$342,940 or 3.89% of total Other Liability - claims made net premiums written.
- D. Medical loss ratio rebates - Not applicable.

NOTES TO FINANCIAL STATEMENTS

E. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been non-admitted.

a. Total accrued retro premium	\$ (500,861)
b. Unsecured amount	0
c. Less: Non-admitted amount (10%)	N/A
d. Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted.	N/A
e. Admitted amount (a)-(c)-(d)	\$ (500,861)

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Net incurred losses and loss adjustment expenses attributable to insured events of prior accident years increased \$2.1 million during calendar year 2011 as a result of re-estimation of unpaid loss and loss adjustment expenses. This increase recognizes additional paid loss and loss adjustment expenses of \$78.5 million, offset by a decrease in reserves on prior accident years of \$76.3 million. Original estimates of ultimate losses are increased or decreased as additional information becomes known regarding individual claims.

26. INTERCOMPANY POOLING ARRANGEMENTS

A. Effective January 1, 2009, the Company and its United States affiliates (Star Insurance Company ("Star"), Savers Property and Casualty Insurance Company, Williamsburg National Insurance Company, Ameritrust Insurance Corporation and ProCentury Insurance Company) are participants in an Intercompany Reinsurance Agreement, whereby each participating affiliate cedes 100% of its business to Star. Thereafter, Star cedes to each participating affiliate, which have agreed to reinsure Star for their respective participation. The participants and their respective participations effective January 1, 2009 through current are as follows:

Name of Insurer	NAIC Code	Percentage Participation
Star Insurance Co. (Lead insurer)	18023	35.83%
Century Surety Co.	36951	29.07%
Savers Property and Casualty Ins. Co.	16551	13.04%
ProCentury Insurance Co.	21903	9.44%
Williamsburg National Ins. Co.	25780	6.72%
Ameritrust Insurance Corp.	10665	5.90%

B. All business written by each participant is subject to the Intercompany Reinsurance Agreement.

C. After pooling and before redistribution, the Company has the following reinsurance ceded with nonaffiliated reinsurers:

1. For Liability Lines (\$6,000,000 xs of \$1,000,000 retention)
2. For Workers Compensation Lines (\$104,000,000 xs \$1,000,000 retention)
3. For Public Entity Liability Lines (\$9,000,000 xs \$1,000,000 retention)
4. For Property Per Risk Coverage (\$9,000,000 xs \$1,000,000 retention)
5. For Property Catastrophe Coverage (\$59,000,000 xs \$6,000,000 retention)
6. For Medical Professional Liability Lines (\$700,000 xs \$300,000 retention)
7. For Commercial Truck Liability Lines (\$1,500,000 xs \$500,000 retention)
8. For Other Liability Lines (\$750,000 xs \$250,000 retention)
9. For Agriculture Lines –Property (\$9,500,000 xs \$500,000 retention)
10. For Agriculture Lines- Liability (\$500,000 xs \$500,000 retention)
11. For Awards Lines (\$10,000,000 xs \$5,000,000 retention)
12. For Clash Lines (\$3,000,000 xs \$0 retention)
13. For Ocean Marine lines (variable quota share maximum retained line \$1,000,000 part of \$5,000,000)
14. Various quota share treaties all lines
15. Various Facultative Agreements all lines
16. Various Umbrella agreements

D. Under the Intercompany Reinsurance Agreement, only Star has contractual rights of direct recovery from the excess of loss, catastrophe, quota share, facultative and umbrella agreements noted above.

E. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants.

F. Under the Intercompany Reinsurance Agreement, only Star establishes a provision for reinsurance and write-off of uncollectible reinsurance relating to the above noted reinsurance agreements.

G. Amounts due to/from lead entity and pool participants as of December 31, 2011:

Name of Insurer	Amounts Receivable	Amounts Payable	Net Receivable/(Payable)
Star Insurance Co. (Lead insurer)	\$ 119,359,076	\$ 132,689,873	\$ (13,330,797)
Century Surety Co.	\$ 71,003,867	\$ 60,213,513	\$ 10,790,354
Savers Property and Casualty Ins. Co.	\$ 20,251,232	\$ 21,394,188	\$ (1,142,956)
ProCentury Insurance Co.	\$ 15,714,499	\$ 14,575,150	\$ 1,139,349
Williamsburg National Ins. Co.	\$ 17,024,391	\$ 15,689,929	\$ 1,334,462
Ameritrust Insurance Corp.	\$ 8,695,884	\$ 7,486,296	\$ 1,209,588

27. STRUCTURED SETTLEMENTS

The Company does not own any structured settlements as of December 31, 2011.

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING ACCIDENT AND HEALTH POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2011, the Company has no liability for premium deficiency reserves. The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

31. HIGH DEDUCTIBLES

The Company has no high deductibles as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS**32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES AND UNPAID LOSS ADJUSTMENT EXPENSES**

Not applicable.

33. ASBESTOS AND ENVIRONMENTAL RESERVES

The Company currently writes and/or assumes coverage in lines of business such as general liability and workers compensation which are often associated with the property and casualty industry's exposure to asbestos and environmental claims. However, with the exception of the business underwritten through our Environmental division, the Company's policies exclude coverage for asbestos and limit environmental exposure. The Company wrote Environmental business from 1990 to 1999 then began writing it again through an Environmental division started in 2008. The Company's environmental division underwrites liability coverage, including pollution liability, for a wide range of environmental and non-environmental contractors and environmental engineers and consultants. These risks are tightly underwritten by specialized underwriters who have a long history of success in writing environmental liability coverage. Therefore such liabilities assumed by the company are anticipated, underwritten, engineered and priced for. In addition, policies are issued with policy provisions intended to limit the coverage trigger and exposure to such liabilities. The Company is aware of a minimal amount of past insureds for which exposure exists due to these types of claims. The Company has disclosed the loss or loss adjustment expense reserves for these asbestos or environmental liabilities. The Company estimates the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?Yes X No

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving both reported and IBNR losses, and complete the following information.

The Company's exposure to asbestos losses arises from the sale of general liability insurance, particularly within an Environmental program. The Company estimates the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

	<u>December 31,</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
(1) Asbestos, Direct Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,122
b. Incurred losses and loss adjustment expenses:	0	0	0	7,122	(7,122)
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 7,122	\$ 0
(2) Asbestos, Assumed Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Incurred losses and loss adjustment expenses:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(3) Asbestos, Net of Ceded Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,122
b. Incurred losses and loss adjustment expenses:	0	0	0	7,122	(7,122)
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 7,122	\$ 0

B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis:	\$ 0
(2) Assumed Reinsurance Basis:	0
(3) Net of Ceded Reinsurance Basis:	\$ 0

C. State the amount of ending reserves for loss adjustment expenses included in A (Loss & LAE):

(1) Direct Basis:	\$ 6,105
(2) Assumed Reinsurance Basis:	0
(3) Net of Ceded Reinsurance Basis:	\$ 6,105

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?Yes X No

The Company's exposure to environmental losses arises from the sale of general liability insurance, particularly within an Environmental program. The Company estimates the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

For environmental losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

	<u>December 31,</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
(1) Environmental, Direct Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,796
b. Incurred losses and loss adjustment expenses:	0	0	0	76,416	(25,415)
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	43,621	7,380
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 32,796	\$ 0

NOTES TO FINANCIAL STATEMENTS

(2) Environmental, Assumed Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Incurred losses and loss adjustment expenses:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(3) Environmental, Net of Ceded Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,796
b. Incurred losses and loss adjustment expenses:	0	0	0	76,416	(25,415)
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	43,621	7,380
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ 0	\$ 0	\$ 0	\$ 32,796	\$ 0

E. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis:	\$ 0
(2) Assumed Reinsurance Basis:	0
(3) Net of Ceded Reinsurance Basis:	\$ 0

F. State the amount of ending reserves for loss adjustment expenses included in A (Loss & LAE):

(1) Direct Basis:	\$ 31,778
(2) Assumed Reinsurance Basis:	0
(3) Net of Ceded Reinsurance Basis:	\$ 31,778

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

36. FINANCIAL GUARANTY INSURANCE

- A1. Unrecorded installment premiums and expected earnings - Not applicable.
- A2. Recorded non-installment premiums and expected earnings - Not applicable.
- A3. Changes in claims liability and discount rate used - Not applicable.
- A4. Risk management activities - Not applicable.
- B. The Company has no insured financial obligations.

Century Surety Company

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: N/A
12/31/2010

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

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. 12/31/2010

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). 01/31/2012

3.4 By what department or departments? Ohio Department of Insurance

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
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 Co. Code	3 State of Domicile
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6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information:

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

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

1 Nationality	2 Type of Entity
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8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 777 Woodward Ave., Suite 1000, Detroit, MI 48226

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 answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Milliman USA, 1550 Liberty Ridge Dr., Suite 200, Wayne, PA 19087-5572
Affiliation: Christopher Tait, Actuary/consultant associated with an actuarial consulting firm.

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.

Century Surety Company

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
Code of Conduct revised as of 02/28/2011

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [] 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	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

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

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

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

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

Century Surety Company**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

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

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

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

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

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

25.21 Subject to repurchase agreements	\$.....0
25.22 Subject to reverse repurchase agreements	\$.....0
25.23 Subject to dollar repurchase agreements	\$.....0
25.24 Subject to reverse dollar repurchase agreements	\$.....0
25.25 Pledged as collateral	\$.....0
25.26 Placed under option agreements	\$.....0
25.27 Letter stock or securities restricted as to sale	\$.....0
25.28 On deposit with state or other regulatory body	\$.....8,035,671
25.29 Other	\$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

If no, attach a description with this statement.

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

27.2 If yes, state the amount thereof at December 31 of the current year:
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase Bank, N.A.	P.O. Box 710634, Columbus, OH 43271-0634

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
107423	Conning Inc.	One Financial Plaza, Hartford, CT 06103-2627	

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107423	Conning Inc.	One Financial Plaza, Hartford, CT 06103-2627
106810	Munder Capital Management	480 Pierce Street, Birmingham, MI 48009

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
045419 10 8	AMF ULTRA SHORT MORTGAGE FD	63,451
045419 50 4	AMF US GOVT MORTGAGE FUND	4,351,890
04543R 10 6	AMF ULTRA SHORT FUND	47,459
4812C0 80 3	JPMORGAN HIGH YIELD BOND-SEL	8,827,596
552727 10 9	MFS CHARTER INCOME TRUST	91,500
561911 10 8	MANAGED HI YIELD PLUS FUND INC	159,575
67072C 10 5	NUVEEN QUALITY-PREFERRED II	505,035
67073D 10 2	NUVEEN MULTI-ST INC & GTH 2	483,000
95766J 10 2	WESTERN ASSET HIGH INC FD II	262,430
29.2999. TOTAL		14,791,936

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae 995137, 2.73, 09/01/2038	3,512	11/30/2011
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae 995142, 2.54, 06/01/2037	3,185	11/30/2011
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae Whole Loan 2005-W3 SA	2,827	11/30/2011
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae Remic 2011-70 CQ	2,747	11/30/2011
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae 888398, 2.495, 09/01/2036	2,404	11/30/2011
AMF US GOVT MORTGAGE FUND	Fannie Mae Remic 2006-114 HE	689,775	11/30/2011
AMF US GOVT MORTGAGE FUND	Freddie Mac Remic 2778 CR	598,951	11/30/2011
AMF US GOVT MORTGAGE FUND	Fannie Mae AI 8934, 3.00, 09/01/26	570,750	11/30/2011
AMF US GOVT MORTGAGE FUND	Fannie Mae 995121 2.639, 07/01/2037	536,936	11/30/2011
AMF US GOVT MORTGAGE FUND	Fannie Mae Remic 2007-6 FC	410,905	11/30/2011
AMF ULTRA SHORT FUND	Freddie Mac, 3.00, 02/15/2023	10,566	11/30/2011
AMF ULTRA SHORT FUND	Fannie Mae, 2.73, 09/01/2038	6,884	11/30/2011
AMF ULTRA SHORT FUND	Freddie Mac, 2.573, 08/01/2031	6,702	11/30/2011
AMF ULTRA SHORT FUND	Fannie Mae, 2.30, 07/01/2033	4,359	11/30/2011
AMF ULTRA SHORT FUND	Freddie Mac, 2.95, 01/01/2029	4,138	11/30/2011
JPMORGAN HIGH YIELD BOND-SEL	JPMorgan Liquid Assets	332,447	09/30/2011
JPMORGAN HIGH YIELD BOND-SEL	Liberty Mutual 10.75%	87,746	09/30/2011
JPMORGAN HIGH YIELD BOND-SEL	Claire's Stores	69,561	09/30/2011
JPMORGAN HIGH YIELD BOND-SEL	GMAC LLC 8%	66,030	09/30/2011
JPMORGAN HIGH YIELD BOND-SEL	Nextel Communications 7.375%	61,528	09/30/2011
MFS CHARTER INCOME TRUST	US Treasury N/B 3.125% 05/15/2019	1,559	11/30/2011
MFS CHARTER INCOME TRUST	Japan Government 10-Year 1.6875%	1,544	11/30/2011
MFS CHARTER INCOME TRUST	Japan Government 20-Year 2.1875%	1,506	11/30/2011
MFS CHARTER INCOME TRUST	Wachovia Bank Commerical Mortgage Trust 2007-C33 A4	1,343	11/30/2011
MFS CHARTER INCOME TRUST	Buoni Poliennali Del Tes 4.75%	1,183	11/30/2011
MANAGED HI YIELD PLUS FUND INC	Residential Capital LL	3,830	08/31/2009
MANAGED HI YIELD PLUS FUND INC	Ford Motor Credit	3,351	08/31/2009
MANAGED HI YIELD PLUS FUND INC	Harland Clarke	3,192	08/31/2009
MANAGED HI YIELD PLUS FUND INC	Sungard Data Systems	3,192	08/31/2009
MANAGED HI YIELD PLUS FUND INC	Xerox Capital Trust	2,872	08/31/2009
NUVEEN QUALITY PREFERRED II	Wachovia Pfd Fund 7.25%	17,919	11/30/2011
NUVEEN QUALITY PREFERRED II	Centaur Funding 9.09%	13,621	11/30/2011
NUVEEN QUALITY PREFERRED II	Aegon NV 6.375%	13,338	11/30/2011
NUVEEN QUALITY PREFERRED II	Vornado Realty LP 7.875%	11,520	11/30/2011
NUVEEN QUALITY PREFERRED II	DB Capital Trust II 6.56%	9,828	11/30/2011
NUVEEN MULTI-ST INC & GTH 2	Wachovia Pfd Fund 7.25%	9,095	11/30/2011
NUVEEN MULTI-ST INC & GTH 2	Comcast Corp 7%	6,801	11/30/2011
NUVEEN MULTI-ST INC & GTH 2	DB Capital Trust II 6.56%	6,598	11/30/2011
NUVEEN MULTI-ST INC & GTH 2	Aegon NV 6.375%	6,361	11/30/2011
NUVEEN MULTI-ST INC & GTH 2	Centaur Funding 9.09%	6,071	11/30/2011
WESTERN ASSET HIGH INC FD II	Charter Communications	3,506	10/31/2011
WESTERN ASSET HIGH INC FD II	GMAC Capital Trust I 8.125%	2,837	10/31/2011
WESTERN ASSET HIGH INC FD II	DAE Aviation 11.25%	2,451	10/31/2011
WESTERN ASSET HIGH INC FD II	CRC Health Corp 10.75%	2,446	10/31/2011
WESTERN ASSET HIGH INC FD II	Sprint Capital Corp 8.75%	2,412	10/31/2011

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	388,866,732	417,268,346	28,401,614
30.2 Preferred stocks.....	13,838,129	14,256,775	418,646
30.3 Totals.....	402,704,861	431,525,121	28,820,260

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

The fair value of bonds was determined from quotations received from a nationally recognized pricing service (IDC), broker dealer quotes, or calculations based on a matrix using quality rating, treasury spreads and duration.

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. Prices are obtained from the dealers / market makers for these securities. These prices are non-binding but represent the best estimate of fair value per market conditions.

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$650,673

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

1 Name	2 Amount Paid
Insurance Services Office, Inc.	603,987

34.1 Amount of payments for legal expenses, if any? \$13,680

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
Lugenbuhl Wheaton Peck Rankin and Hubbard	7,905

PART 1 - COMMON INTERROGATORIES - OTHER

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....28,043

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
Property Casualty Insurers Associations of America	27,112

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.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....0	\$.....0
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....0	\$.....0
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company is part of an Intercompany Reinsurance Agreement. See Note 26 for details on the coverages under this Agreement.

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 is part of an Intercompany Reinsurance Agreement. See Note 26 for details on the coverages under this Agreement.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company is part of an Intercompany Reinsurance Agreement. See Note 26 for details on the coverages under this Agreement.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
 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:
The Company is part of an Intercompany Reinsurance Agreement. See Note 26 for details on the coverages under this Agreement.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

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

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

8.2 If yes, give full information:

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

- (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [] 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 control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [] No [X]

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

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

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

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

Yes [] No [X]

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

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

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

Yes [] No [X]

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

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

11.2 If yes, give full information:

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

12.11 Unpaid losses \$.....0
12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
\$.....0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0

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

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

12.41 From%
12.42 To%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

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

12.61 Letters of credit
12.62 Collateral and other funds
\$.....290,700

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....290,700
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

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

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:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5?

Yes [] No [X]

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

Provide the following information for this exemption:

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

.....

17.12 Unfunded portion of Interrogatory 17.11

.....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

.....

17.14 Case reserves portion of Interrogatory 17.11

.....

17.15 Incurred but not reported portion of Interrogatory 17.11

.....

17.16 Unearned premium portion of Interrogatory 17.11

.....

17.17 Contingent commission portion of Interrogatory 17.11

.....

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

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

.....

17.19 Unfunded portion of Interrogatory 17.18

.....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

.....

17.21 Case reserves portion of Interrogatory 17.18

.....

17.22 Incurred but not reported portion of Interrogatory 17.18

.....

17.23 Unearned premium portion of Interrogatory 17.18

.....

17.24 Contingent commission portion of Interrogatory 17.18

.....

18.1 Do you act as a custodian for health savings account?

Yes [] No [X]

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

.....

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

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

.....

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	277,826,547	255,864,251	237,282,835	129,595,667	121,640,286
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	48,455,812	53,476,703	47,475,320	38,017,488	44,854,280
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	89,703,859	78,986,305	73,073,477	52,603,225	66,420,068
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,084,323	1,139,471	1,659,935	4,062,780	5,431,533
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	417,070,542	389,466,730	359,491,567	224,279,160	238,346,167
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).....	168,951,935	152,640,415	125,968,518	103,011,229	96,161,434
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	17,133,324	17,823,410	16,257,761	28,078,983	33,433,034
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	36,111,454	30,353,182	25,668,789	40,285,169	49,798,623
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	926,041	812,298	716,197	2,348,741	4,030,190
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	223,122,754	201,629,305	168,611,264	173,724,122	183,423,281
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(207,213)	7,476,616	7,670,536	(2,360,862)	20,364,817
14. Net investment gain (loss) (Line 11).....	18,645,623	16,682,156	17,946,510	871,858	20,029,446
15. Total other income (Line 15).....	(753,278)	(753,021)	(255,303)	(190,437)	241,963
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	5,322,219	7,694,613	(1,260,531)	3,401,565	13,273,000
18. Net income (Line 20).....	12,362,913	15,711,139	26,622,274	(5,081,006)	27,363,226
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	579,159,202	526,860,259	479,771,344	489,790,357	515,917,213
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	61,231,429	59,775,615	52,199,900	22,656,770	28,721,984
20.2 Deferred and not yet due (Line 15.2).....	709,695	1,006,615	742,660	1,255,253	736,856
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	422,927,095	382,719,678	334,959,454	366,848,990	362,462,076
22. Losses (Page 3, Line 1).....	196,222,321	176,153,096	151,134,210	157,222,000	163,203,364
23. Loss adjustment expenses (Page 3, Line 3).....	56,910,319	51,814,429	47,232,525	71,048,922	59,029,097
24. Unearned premiums (Page 3, Line 9).....	102,615,735	94,296,218	84,482,267	90,386,780	89,829,751
25. Capital paid up (Page 3, Lines 30 & 31).....	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	156,232,107	144,140,581	144,811,890	122,941,367	153,455,137
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	42,479,246	54,006,043	(18,246,954)	19,161,730	46,156,655
Risk-Based Capital Analysis					
28. Total adjusted capital.....	156,232,107	144,140,581	144,811,890	122,941,367	153,455,137
29. Authorized control level risk-based capital.....	33,756,129	28,801,364	24,271,062	33,917,943	31,121,145
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	82.2	83.6	80.9	82.0	81.4
31. Stocks (Lines 2.1 & 2.2).....	14.1	15.1	15.6	12.6	15.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	3.6	1.2	3.5	5.4	3.0
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....			XXX	XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....	0.1				0.0
39. Securities lending reinvested collateral assets (Line 10).....			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	35,685,573	32,924,240	29,095,656	31,552,989	29,886,534
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	35,685,573	32,924,240	29,095,656	31,552,989	29,886,534
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).....	22.8	22.8	20.1	25.7	19.5

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2011	2	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	2,433,770	5,767,788	2,972,413	(391,129)	(4,798,878)
51. Dividends to stockholders (Line 35).....	(3,100,000)	(26,622,273)	(12,294,137)	(27,363,226)	(5,000,000)
52. Change in surplus as regards policyholders for the year (Line 38).....	12,091,525	(671,309)	21,870,523	(30,513,771)	15,940,513
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).....	93,121,377	74,655,007	71,175,675	30,570,198	28,943,126
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	24,973,890	24,103,610	26,935,775	24,309,246	25,951,959
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	49,164,420	41,427,198	44,498,490	37,581,475	26,263,324
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	2,750,989	9,459	(7,119)	3,338	(79,526)
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	170,010,674	140,195,274	142,602,821	92,464,257	81,078,883
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).....	58,831,855	41,120,092	33,502,197	26,360,306	24,488,855
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	10,408,699	9,431,013	8,274,474	17,623,874	21,194,217
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	19,611,585	16,066,820	16,676,943	30,564,029	22,633,867
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,171,313	9,909	(5,107)	3,544	(5,061)
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	90,023,451	66,627,834	58,448,508	74,551,753	68,311,878
Operating Percentages					
(Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	51.3	47.8	45.8	39.6	42.2
67. Loss expenses incurred (Line 3).....	14.6	12.8	14.9	25.1	15.6
68. Other underwriting expenses incurred (Line 4).....	34.2	35.6	34.3	36.7	31.8
69. Net underwriting gain (loss) (Line 8).....	(0.1)	3.9	4.9	(1.4)	10.4
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).....	33.3	34.2	32.1	36.7	33.8
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	65.9	60.5	60.8	64.7	57.8
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).....	142.8	139.9	116.4	141.3	119.5
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).....	1,390	(9,773)	(6,868)	(7,938)	(3,948)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	1.0	(6.7)	(5.6)	(5.2)	(2.9)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(9,454)	(16,386)	(10,580)	(5,149)	3,472
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).....	(6.5)	(13.3)	(6.9)	(3.7)	2.9

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

Yes No

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	....2,444	....1,717	....699	....257	....284	.....	....13	....1,453	....XXX.....
2. 2002.....	....89,673	....26,471	....63,202	....49,343	....18,553	....9,413	....2,658	....4,105	....211	....2,479	....41,439	....XXX.....
3. 2003.....	....99,324	....24,235	....75,089	....43,123	....10,142	....9,427	....1,009	....4,290	....212	....1,203	....45,478	....XXX.....
4. 2004.....	....134,017	....28,442	....105,575	....53,617	....14,308	....11,948	....1,806	....5,008	....199	....1,485	....54,260	....XXX.....
5. 2005.....	....153,545	....29,245	....124,300	....63,997	....13,860	....13,252	....1,091	....5,652	....374	....1,647	....67,576	....XXX.....
6. 2006.....	....166,602	....30,190	....136,412	....64,756	....14,052	....11,084	....1,148	....6,277	....97	....3,017	....66,820	....XXX.....
7. 2007.....	....171,048	....29,838	....141,210	....58,643	....8,972	....11,423	....1,006	....6,525	....59	....1,659	....66,554	....XXX.....
8. 2008.....	....171,058	....30,702	....140,357	....63,935	....10,709	....9,862	....892	....6,801	....98	....1,485	....68,900	....XXX.....
9. 2009.....	....187,460	....30,598	....156,862	....61,505	....7,844	....9,201	....488	....7,488	....122	....1,718	....69,741	....XXX.....
10. 2010.....	....225,360	....33,544	....191,815	....59,636	....6,346	....6,973	....383	....6,770	....134	....652	....66,516	....XXX.....
11. 2011.....	....252,869	....38,065	....214,803	....33,776	....2,718	....2,122	....136	....4,871	....78	....230	....37,836	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....554,776	....109,220	....95,405	....10,873	....58,072	....1,585	....15,588	....586,574	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....10,166	....8,143	....3,283	....2,127	....772	....434	....933	....550	....488	....10	....230	....4,378	....XXX.....
2. 2002.....	....1,233	....949	....769	....347	....77	....41	....203	....87	....125	.....	....36	....983	....XXX.....
3. 2003.....	....1,434	....583	....1,513	....780	....179	....50	....407	....194	....169	.....	....55	....2,095	....XXX.....
4. 2004.....	....5,216	....2,424	....2,598	....1,160	....430	....272	....851	....387	....215	.....	....151	....5,066	....XXX.....
5. 2005.....	....3,143	....551	....3,392	....1,397	....319	....52	....1,057	....449	....256	.....	....130	....5,718	....XXX.....
6. 2006.....	....5,204	....790	....4,211	....1,517	....367	....69	....1,393	....506	....272	.....	....220	....8,565	....XXX.....
7. 2007.....	....6,732	....914	....6,064	....2,365	....789	....96	....2,086	....867	....388	.....	....299	....11,817	....XXX.....
8. 2008.....	....9,677	....1,908	....10,606	....4,149	....1,538	....115	....3,747	....1,494	....674	.....	....675	....18,575	....XXX.....
9. 2009.....	....17,604	....2,697	....19,589	....7,927	....3,170	....220	....6,705	....2,782	....1,141	.....	....1,617	....34,583	....XXX.....
10. 2010.....	....27,844	....3,285	....33,249	....11,284	....5,346	....335	....10,141	....3,588	....1,764	.....	....1,541	....59,851	....XXX.....
11. 2011.....	....32,204	....4,810	....66,770	....16,167	....5,182	....476	....19,080	....4,899	....4,619	.....	....2,287	....101,503	....XXX.....
12. Totals.....	....120,456	....27,054	....152,042	....49,221	....18,169	....2,159	....46,603	....15,803	....10,110	....10	....7,242	....253,133	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....	.....	....XXX.....	....3,178	....1,200
2. 2002.....	....65,268	....22,846	....42,422	....72.8	....86.3	....67.1	.....	.....	....29.07	....705	....278
3. 2003.....	....60,543	....12,970	....47,573	....61.0	....53.5	....63.4	.....	.....	....29.07	....1,584	....511
4. 2004.....	....79,882	....20,556	....59,326	....59.6	....72.3	....56.2	.....	.....	....29.07	....4,229	....837
5. 2005.....	....91,068	....17,774	....73,294	....59.3	....60.8	....59.0	.....	.....	....29.07	....4,587	....1,131
6. 2006.....	....93,564	....18,179	....75,385	....56.2	....60.2	....55.3	.....	.....	....29.07	....7,108	....1,457
7. 2007.....	....92,651	....14,279	....78,371	....54.2	....47.9	....55.5	.....	.....	....29.07	....9,517	....2,300
8. 2008.....	....106,840	....19,365	....87,475	....62.5	....63.1	....62.3	.....	.....	....29.07	....14,225	....4,350
9. 2009.....	....126,402	....22,078	....104,324	....67.4	....72.2	....66.5	.....	.....	....29.07	....26,569	....8,014
10. 2010.....	....151,723	....25,356	....126,367	....67.3	....75.6	....65.9	.....	.....	....29.07	....46,523	....13,328
11. 2011.....	....168,624	....29,285	....139,339	....66.7	....76.9	....64.9	.....	.....	....29.07	....77,997	....23,505
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....196,223	....56,910

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of

Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year
1. Prior.....	45,465	52,386	56,453	58,624	62,371	63,658	65,640	65,380	64,751	64,912	161	(467)
2. 2002.....	35,634	35,690	37,046	38,199	38,615	38,545	38,636	38,814	38,655	38,403	(252)	(411)
3. 2003.....	XXX.....	41,283	40,434	41,619	42,341	42,202	42,226	42,609	42,854	43,325	471	716
4. 2004.....	XXX.....	XXX.....	57,656	55,762	53,514	53,453	53,409	54,040	53,645	54,303	658	263
5. 2005.....	XXX.....	XXX.....	XXX.....	71,821	69,726	68,230	67,666	66,544	66,901	67,759	858	1,215
6. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....	79,011	76,289	72,220	71,096	68,901	68,934	33	(2,162)
7. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	81,324	78,759	74,638	72,550	71,517	(1,033)	(3,120)
8. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	86,959	85,526	80,871	80,098	(773)	(5,428)
9. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	95,876	95,621	95,817	196	(59)
10. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	116,895	117,967	1,072	XXX.....
11. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	129,928	XXX.....	XXX.....
										12. Totals.....	1,390	(9,454)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011		
1. Prior.....	000.....	21,728	33,965	42,950	49,788	53,317	56,362	58,673	59,844	61,013	XXX.....	XXX.....
2. 2002.....	10,767	20,256	27,161	32,259	34,617	35,647	36,410	36,915	37,000	37,545	XXX.....	XXX.....
3. 2003.....	XXX.....	11,099	21,111	27,939	33,107	36,066	38,127	39,567	40,319	41,400	XXX.....	XXX.....
4. 2004.....	XXX.....	XXX.....	13,856	26,631	34,908	41,176	45,065	47,560	48,706	49,451	XXX.....	XXX.....
5. 2005.....	XXX.....	XXX.....	XXX.....	15,388	31,962	43,286	52,336	57,078	59,869	62,297	XXX.....	XXX.....
6. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....	20,339	34,965	45,959	53,698	57,560	60,641	XXX.....	XXX.....
7. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	19,656	35,711	46,512	54,768	60,088	XXX.....	XXX.....
8. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	22,807	41,522	52,114	62,197	XXX.....	XXX.....
9. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	23,478	45,442	62,375	XXX.....	XXX.....
10. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	27,752	59,880	XXX.....	XXX.....
11. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	33,044	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.....	16,793	10,506	8,708	5,977	5,613	4,941	4,645	3,424	2,142	1,539
2. 2002.....	15,757	7,068	4,035	2,463	1,852	1,521	1,020	1,005	840	538
3. 2003.....	XXX.....	19,828	10,688	6,196	4,404	2,935	2,146	1,696	1,318	945
4. 2004.....	XXX.....	XXX.....	30,837	17,168	10,124	6,265	3,813	3,082	2,521	1,902
5. 2005.....	XXX.....	XXX.....	XXX.....	38,968	22,284	13,483	7,826	4,764	3,691	2,603
6. 2006.....	XXX.....	XXX.....	XXX.....	XXX.....	41,813	28,016	15,870	9,643	5,389	3,580
7. 2007.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	45,295	28,890	16,535	9,080	4,918
8. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	47,171	28,811	16,461	8,708
9. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	53,434	29,253	15,585
10. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	57,647	28,517
11. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	64,785

Century Surety Company
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL ..E.....	2,964,307	2,718,789		772,288	.884,551	2,103,714		
2. Alaska.....	AK ..E.....	968,746	.895,388		174,218	.....(13,324)	.581,168		
3. Arizona.....	AZ ..L.....	1,476,958	1,415,725		2,030,442	.841,092	1,667,026		
4. Arkansas.....	AR ..E.....	1,062,664	1,046,268		758,242	.701,545	.624,892		
5. California.....	CA ..E.....	30,267,727	33,326,978		12,782,568	.16,333,518	.42,352,024		.837
6. Colorado.....	CO ..E.....	1,567,528	1,499,794		338,212	.246,771	2,310,234		
7. Connecticut.....	CT ..E.....	1,205,734	.995,087		142,882	.288,394	.710,244		
8. Delaware.....	DE ..E.....	385,695	.366,840		120,586	.172,212	.212,912		
9. District of Columbia.....	DC ..E.....	206,464	.225,447		.21,390	.888	.317,219		
10. Florida.....	FL ..E.....	45,318,911	44,500,397		15,745,877	.10,786,761	.33,886,975		
11. Georgia.....	GA ..E.....	3,736,243	.3,441,608		1,314,827	.809,532	.2,386,319		
12. Hawaii.....	HI ..E.....	529,791	.370,910		7,514	.23,236	.279,136		
13. Idaho.....	ID ..E.....	362,765	.309,427		31,410	.63,345	.218,875		
14. Illinois.....	IL ..E.....	4,216,358	4,091,453		1,467,674	.1,231,335	.2,804,999		.231,795
15. Indiana.....	IN ..L.....	306,456	.329,229		639,571	.....(26,839)	.594,320		
16. Iowa.....	IA ..E.....	213,821	.163,256		.57,921	.52,661	.92,050		
17. Kansas.....	KS ..E.....	882,942	.886,020		322,191	.353,314	.695,896		.101,945
18. Kentucky.....	KY ..E.....	1,286,622	1,211,557		338,336	.388,352	.1,171,159		
19. Louisiana.....	LA ..E.....	11,339,503	11,316,789		3,720,436	.3,275,278	.10,397,380		
20. Maine.....	ME ..E.....	287,530	.312,457		.42,874	.43,177	.59,224		.20,824
21. Maryland.....	MD ..E.....	935,506	.771,273		.93,673	.150,201	.509,298		
22. Massachusetts.....	MA ..E.....	1,769,483	1,778,379		956,801	.1,491,862	.1,453,293		.380,590
23. Michigan.....	MI ..E.....	3,112,976	.3,087,916		1,228,097	.901,862	.2,926,835		
24. Minnesota.....	MN ..E.....	559,838	.494,912		195,121	.....(15,479)	.594,004		
25. Mississippi.....	MS ..E.....	2,005,130	.2,042,529		1,578,393	.1,374,159	.1,224,163		
26. Missouri.....	MO ..E.....	3,352,669	.3,387,232		4,272,649	.4,246,397	.4,198,365		.177,555
27. Montana.....	MT ..E.....	547,437	.460,171		(620)	.1,015	.288,470		
28. Nebraska.....	NE ..E.....	618,626	.522,081		.85,251	.272,459	.377,628		
29. Nevada.....	NV ..E.....	1,703,912	.1,617,700		2,045,200	.843,808	.868,026		
30. New Hampshire.....	NH ..E.....	433,983	.409,902		.15,786	.52,053	.172,570		
31. New Jersey.....	NJ ..E.....	4,008,159	4,033,792		1,150,100	.874,420	.3,644,465		
32. New Mexico.....	NM ..E.....	633,307	.1,094,659		.559,366	.496,413	.2,140,351		
33. New York.....	NY ..E.....	10,268,946	.9,622,330		4,749,759	.7,880,973	.15,302,501		
34. North Carolina.....	NC ..E.....	3,150,580	.3,054,037		.608,401	.....(544,046)	.1,401,143		
35. North Dakota.....	ND ..E.....	271,773	.197,202			.55,484	.169,810		
36. Ohio.....	OH ..L.....	2,243,954	.2,304,927			414,124	.....(157,408)	.1,827,905	
37. Oklahoma.....	OK ..E.....	2,995,858	.2,583,212			1,129,329	.1,314,025	.1,862,635	
38. Oregon.....	OR ..E.....	2,439,716	.2,296,320			694,141	.1,243,007	.2,708,191	
39. Pennsylvania.....	PA ..E.....	4,081,898	.3,933,057			1,435,505	.1,850,767	.4,055,667	
40. Rhode Island.....	RI ..E.....	183,492	.122,925			.49,386	.57,644	.34,850	
41. South Carolina.....	SC ..E.....	1,995,884	.2,009,467			1,204,924	.1,060,968	.1,431,481	
42. South Dakota.....	SD ..E.....	104,367	.115,790			.1,003	.32,630	.100,265	
43. Tennessee.....	TN ..E.....	1,198,416	.1,119,473			.516,092	.....(161,634)	.1,279,673	
44. Texas.....	TX ..E.....	28,719,479	.26,457,697			12,766,265	.13,467,109	.19,547,349	
45. Utah.....	UT ..E.....	585,799	.544,897			.26,233	.103,674	.746,824	
46. Vermont.....	VT ..E.....	253,113	.289,489			.4,343	.....(39,855)	.221,833	
47. Virginia.....	VA ..E.....	1,134,112	.1,027,104			217,936	.204,862	.1,789,254	
48. Washington.....	WA ..E.....	5,370,887	.5,485,214			2,842,552	.3,604,220	.7,422,078	
49. West Virginia.....	WV ..L.....	718	.5,889			(4,123)	.....(103,863)	.27,602	
50. Wisconsin.....	WI ..L.....	180,352	.193,416			.45,122	.....(43,394)	.269,525	
51. Wyoming.....	WY ..E.....	500,652	.458,000			.276,954	.619,809	.1,281,309	
52. American Samoa.....	AS ..N.....								
53. Guam.....	GU ..N.....								
54. Puerto Rico.....	PR ..N.....								
55. US Virgin Islands.....	VI ..N.....								
56. Northern Mariana Islands.....	MP ..N.....								
57. Canada.....	CN ..N.....								
58. Aggregate Other Alien.....	OT ..XXX.....	0	0	0	0	0	0	0	0
59. Totals.....	(a) ..XXX.....	193,947,787	.190,944,411	0	79,987,223	.77,589,941	.183,343,130	0	.913,546

DETAILS OF WRITE-INS

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

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

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

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

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

Location of property: Fire, Allied lines, Commercial multiple peril, Inland marine, Boiler and machinery

Location of risk: Other liability

Location of primary garage: Auto liability, Auto physical damage

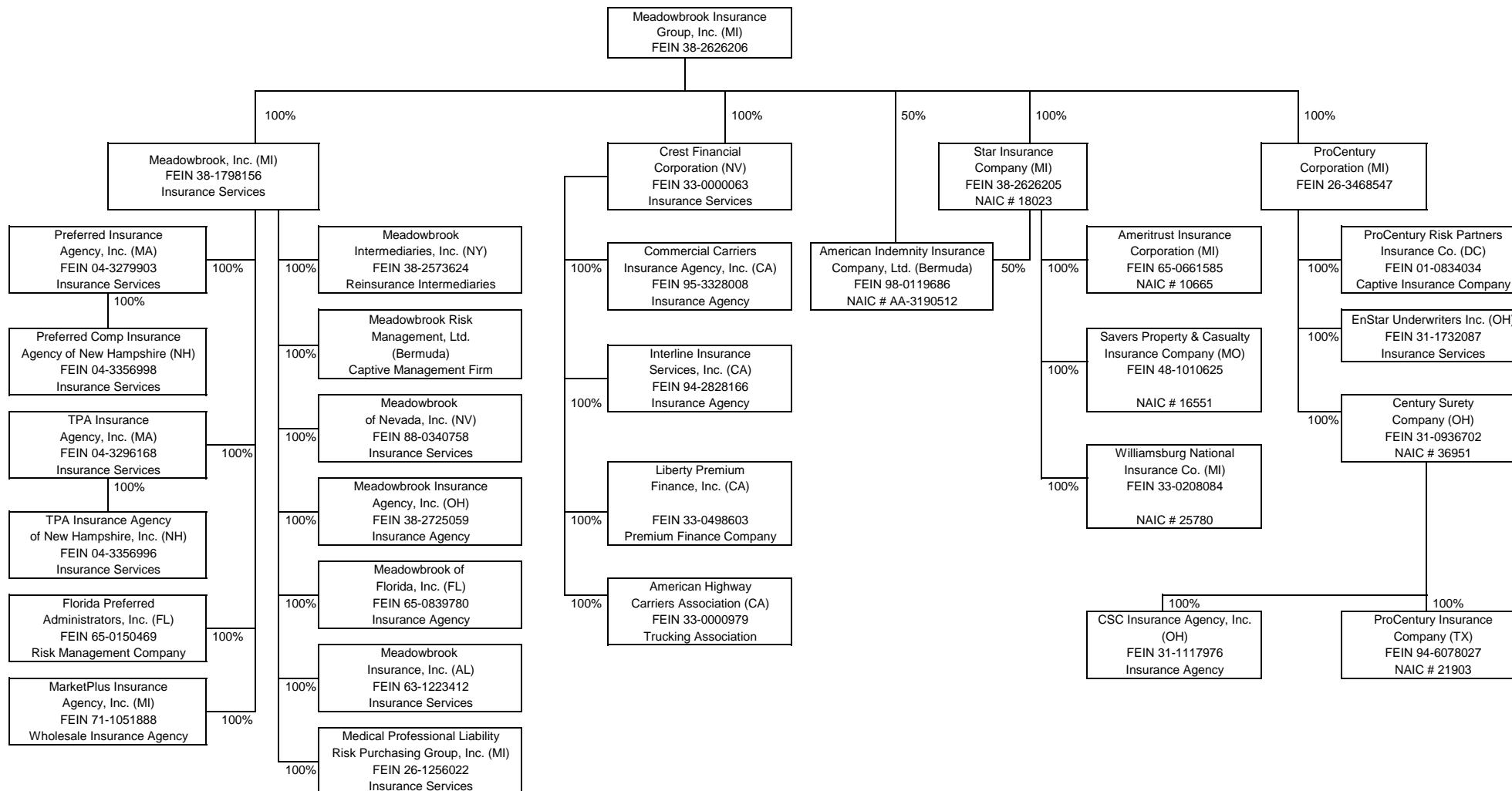
Location of contractor: Surety - contract bonds

Location of court: Surety - judicial bonds, license and permit bonds

Location of insured: Ocean marine, Fidelity

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



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