



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Permanent General Assurance Corporation

| | | | | | | |
|---------------------------------------|---------------------------------|----------------|-------------------|--|----------------------|--------------------------------|
| NAIC Group Code | 3638 | 3638 | NAIC Company Code | 37648 | Employer's ID Number | 13-2960609 |
| | (Current Period) | (Prior Period) | | | | |
| Organized under the Laws of | Ohio | | | State of Domicile or Port of Entry | | Ohio |
| Country of Domicile | | | | United States | | |
| Incorporated/Organized | 09/28/1994 | | | Commenced Business | | 09/28/1994 |
| Statutory Home Office | 9700 Rockside Road, Suite 250 | | | Valley View, OH 44125 | | |
| | (Street and Number) | | | (City or Town, State and Zip Code) | | |
| Main Administrative Office | 2636 Elm Hill Pike, Suite 510 | | | Nashville, TN 37214 | | 615-242-1961 |
| | (Street and Number) | | | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) |
| Mail Address | P.O. Box 305054 | | | Nashville, TN 37230-5054 | | |
| | (Street and Number or P.O. Box) | | | (City or Town, State and Zip Code) | | |
| Primary Location of Books and Records | 2636 Elm Hill Pike, Suite 510 | | | Nashville, TN 37214 | | 615-744-1221 |
| | (Street and Number) | | | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) |
| Internet Website Address | | | | www.pgac.com | | |
| Statutory Statement Contact | R Burton Barnes Jr | | | 615-744-1221 | | |
| | (Name) | | | (Area Code) (Telephone Number) (Extension) | | |
| | bbarnes@pgac.com | | | 615-744-1608 | | |
| | (E-mail Address) | | | (Fax Number) | | |

OFFICERS

| Name | Title | Name | Title |
|---------------------|--|-----------------------|--------------------------------------|
| RANDY PHILIP PARKER | Chairman, President & CEO | BRIAN MICHAEL DONOVAN | CFO, Treasurer & Assistant Secretary |
| DAVID LEE HETTINGER | Sr. V.P., Chief Administrative Officer | | |

OTHER OFFICERS

| | | | |
|--------------------------|--|------------------------------|--------------------------------|
| SHERRILL CLEEK KAISER | Secretary | EILEEN MARY MANNERS | Assistant V.P., Claims |
| ALLISON WALKER GARRETSON | V.P., Underwriting & Premium Finance | BARRY SCOT DICE | V.P., Direct Sales & Marketing |
| KENTON LEE FOURMAN | V.P., Chief Information Officer | CHARLES WESLEY KIRKLAND, JR. | V.P., Claims |
| ERIC WILLIAM BUR | V.P., IA Sales & Distribution | JOHN ALLEN HOLLAR | V.P., Product Management |
| ANDREW PETER MARTIN | Sr. V.P. Company-wide Sales&Distribution | ROBERT EUGENE NELSON | Assistant Secretary |
| ELIZABETH ANN ROBERTS | V.P., Human Resources | TODD RAYMOND HAKALA | V.P., Actuary Services |

DIRECTORS OR TRUSTEES

| | | | |
|-----------------------|---------------------|---------------------|-----------------------|
| BRIAN MICHAEL DONOVAN | DAVID LEE HETTINGER | ANDREW PETER MARTIN | ELIZABETH ANN ROBERTS |
| RANDY PHILIP PARKER | | | |

State ofTennessee.....

County ofDavidson..... ss

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

| | | |
|--|---|---|
| RANDY PHILIP PARKER Chairman, President & CEO | BRIAN MICHAEL DONOVAN CFO, Treasurer & Assistant Secretary | ROBERT EUGENE NELSON Assistant Secretary |
| Subscribed and sworn to before me this 24th day of February, 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 |
| Susan Hawk Notary Public May 5, 2015 | | |

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|--------------------|--------------------------------------|------------------------|
| | 1 | 2 | 3 | 4 |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 120,819,559 | | 120,819,559 | 110,678,145 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 0 | | 0 | 0 |
| 2.2 Common stocks | 17,034 | 17,034 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances)..... | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$0 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$11,740,367 , Schedule DA)..... | 11,740,367 | | 11,740,367 | 14,860,820 |
| 6. Contract loans (including \$premium notes)..... | | | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | | | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | | 0 | 0 |
| 9. Receivables for securities | | | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 15,171 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 132,576,960 | 17,034 | 132,559,926 | 125,554,136 |
| 13. Title plants less \$charged off (for Title insurers only)..... | | | 0 | 0 |
| 14. Investment income due and accrued | 1,258,987 | | 1,258,987 | 1,212,248 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 13,520,660 | 61,765 | 13,458,895 | 11,538,715 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)..... | 47,343,617 | | 47,343,617 | 49,939,951 |
| 15.3 Accrued retrospective premiums | | | 0 | 0 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 2,204,901 | | 2,204,901 | 162,267 |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 2,893,310 | | 2,893,310 | 2,100,678 |
| 18.2 Net deferred tax asset | 7,474,222 | 330,893 | 7,143,329 | 5,725,205 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 6,625 |
| 20. Electronic data processing equipment and software | | | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets (\$) | | | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 1,438,312 | | 1,438,312 | 458,720 |
| 24. Health care (\$) and other amounts receivable..... | | | 0 | 0 |
| 25. Aggregate write-ins for other than invested assets | 0 | 0 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 208,710,969 | 409,692 | 208,301,277 | 196,698,545 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 208,710,969 | 409,692 | 208,301,277 | 196,698,545 |
| DETAILS OF WRITE-INS | | | | |
| 1101. Income due on security..... | | | 0 | 15,171 |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) | 0 | 0 | 0 | 15,171 |
| 2501. | | | | |
| 2502. | | | | |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) | 0 | 0 | 0 | 0 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) | 43,429,066 | 36,537,302 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | | 239,181 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) | 10,550,706 | 6,624,134 |
| 4. Commissions payable, contingent commissions and other similar charges | | 105,444 |
| 5. Other expenses (excluding taxes, licenses and fees) | | 0 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 1,134,908 | 839,775 |
| 7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)) | | 0 |
| 7.2 Net deferred tax liability | | 0 |
| 8. Borrowed money \$ and interest thereon \$ | | 0 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$44,725,082 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$for medical loss ratio rebate per the Public Health Service Act) | 64,360,301 | 65,797,420 |
| 10. Advance premium | 275,205 | 1,580,851 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | | 0 |
| 11.2 Policyholders | | 0 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 3,001,319 | 1,878,744 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) | | 0 |
| 14. Amounts withheld or retained by company for account of others | | 0 |
| 15. Remittances and items not allocated | | 0 |
| 16. Provision for reinsurance (Schedule F, Part 7) | 0 | 0 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | 0 |
| 18. Drafts outstanding | | 0 |
| 19. Payable to parent, subsidiaries and affiliates | | 0 |
| 20. Derivatives | | 0 |
| 21. Payable for securities | 3,984 | 0 |
| 22. Payable for securities lending | | 0 |
| 23. Liability for amounts held under uninsured plans | | 0 |
| 24. Capital notes \$and interest thereon \$ | | 0 |
| 25. Aggregate write-ins for liabilities | 0 | 0 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 122,755,489 | 113,602,851 |
| 27. Protected cell liabilities | | 0 |
| 28. Total liabilities (Lines 26 and 27) | 122,755,489 | 113,602,851 |
| 29. Aggregate write-ins for special surplus funds | 0 | 0 |
| 30. Common capital stock | 5,000,000 | 5,000,000 |
| 31. Preferred capital stock | | 0 |
| 32. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 33. Surplus notes | | 0 |
| 34. Gross paid in and contributed surplus | 34,274,183 | 33,574,183 |
| 35. Unassigned funds (surplus) | 46,271,605 | 44,521,511 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 \$) | | 0 |
| 36.2 shares preferred (value included in Line 31 \$) | | 0 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | 85,545,788 | 83,095,694 |
| 38. Totals (Page 2, Line 28, Col. 3) | 208,301,277 | 196,698,545 |
| DETAILS OF WRITE-INS | | |
| 2501. | | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 0 | 0 |
| 2901. | | |
| 2902. | | |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 0 |
| 3201. | | |
| 3202. | | |
| 3203. | | |
| 3298. Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. Totals (Lines 3201 through 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) | 166,676,286 | 154,427,984 |
| DEDUCTIONS: | | |
| 2. Losses incurred (Part 2, Line 35, Column 7) | 107,933,651 | 95,459,106 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 19,928,554 | 13,978,211 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 66,784,541 | 61,806,303 |
| 5. Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5) | 194,646,746 | 171,243,620 |
| 7. Net income of protected cells | 0 | 0 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | (27,970,460) | (16,815,636) |
| INVESTMENT INCOME | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) | 5,692,410 | 5,914,624 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)) | 3,331,192 | (787,966) |
| 11. Net investment gain (loss) (Lines 9 + 10) | 9,023,602 | 5,126,658 |
| OTHER INCOME | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$) | 0 | 0 |
| 13. Finance and service charges not included in premiums | 18,925,725 | 18,317,070 |
| 14. Aggregate write-ins for miscellaneous income | 172,929 | 450,012 |
| 15. Total other income (Lines 12 through 14) | 19,098,654 | 18,767,082 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 151,796 | 7,078,104 |
| 17. Dividends to policyholders | 0 | 0 |
| 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) | 151,796 | 7,078,104 |
| 19. Federal and foreign income taxes incurred | (473,007) | 2,184,098 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | 624,803 | 4,894,006 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 83,095,694 | 76,907,172 |
| 22. Net income (from Line 20) | 624,803 | 4,894,006 |
| 23. Net transfers (to) from Protected Cell accounts | 0 | 0 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (958,695) | | 3,101,954 |
| 25. Change in net unrealized foreign exchange capital gain (loss) | 0 | 0 |
| 26. Change in net deferred income tax | 229,903 | (368,397) |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) | 2,854,083 | (1,435,067) |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | 0 | 0 |
| 29. Change in surplus notes | 0 | 0 |
| 30. Surplus (contributed to) withdrawn from protected cells | 0 | 0 |
| 31. Cumulative effect of changes in accounting principles | 0 | 0 |
| 32. Capital changes: | | |
| 32.1 Paid in | 0 | 0 |
| 32.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| 32.3 Transferred to surplus | 0 | 0 |
| 33. Surplus adjustments: | | |
| 33.1 Paid in | 700,000 | 0 |
| 33.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 33.3 Transferred from capital | 0 | 0 |
| 34. Net remittances from or (to) Home Office | 0 | 0 |
| 35. Dividends to stockholders | (1,000,000) | 0 |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | 0 | 0 |
| 37. Aggregate write-ins for gains and losses in surplus | 0 | (3,974) |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37) | 2,450,094 | 6,188,522 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 85,545,788 | 83,095,694 |
| 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 through 0503 plus 0598) (Line 5 above) | 0 | 0 |
| 1401. FINANCE ROYALTY INCOME | 508 | 37,875 |
| 1402. OTHER INTEREST (EXPENSE) | 172,421 | 361,656 |
| 1403. OTHER INCOME | 0 | 0 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 50,481 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 172,929 | 450,012 |
| 3701. OTHER INCREASES / (DECREASES) | | (3,974) |
| 3702. | | 0 |
| 3703. | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | 0 | (3,974) |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance..... | 165,876,722 | 148,622,618 |
| 2. Net investment income..... | 6,242,394 | 6,319,884 |
| 3. Miscellaneous income..... | 19,098,654 | 18,767,082 |
| 4. Total (Lines 1 through 3)..... | 191,217,770 | 173,709,584 |
| 5. Benefit and loss related payments..... | 103,323,702 | 96,618,494 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 82,596,834 | 77,970,625 |
| 8. Dividends paid to policyholders..... | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)..... | 319,625 | 4,460,324 |
| 10. Total (Lines 5 through 9)..... | 186,240,161 | 179,049,443 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | 4,977,609 | (5,339,859) |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 57,560,016 | 36,429,661 |
| 12.2 Stocks..... | 7,101,863 | 0 |
| 12.3 Mortgage loans..... | 0 | 0 |
| 12.4 Real estate..... | 0 | 0 |
| 12.5 Other invested assets..... | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | 0 | 0 |
| 12.7 Miscellaneous proceeds..... | 3,984 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 64,665,863 | 36,429,661 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 66,511,349 | 27,561,519 |
| 13.2 Stocks..... | 4,994,781 | 1,150,000 |
| 13.3 Mortgage loans..... | 0 | 0 |
| 13.4 Real estate..... | 0 | 0 |
| 13.5 Other invested assets..... | 0 | 0 |
| 13.6 Miscellaneous applications..... | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 71,506,130 | 28,711,519 |
| 14. Net increase (decrease) in contract loans and premium notes..... | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)..... | (6,840,267) | 7,718,142 |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes..... | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock..... | 700,000 | 0 |
| 16.3 Borrowed funds..... | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | 0 | 0 |
| 16.5 Dividends to stockholders..... | 1,000,000 | 0 |
| 16.6 Other cash provided (applied)..... | (957,795) | 8,068,214 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (1,257,795) | 8,068,214 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)..... | (3,120,453) | 10,446,497 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 14,860,820 | 4,414,323 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 11,740,367 | 14,860,820 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business | | 1 Net Premiums Written per Column 6, Part 1B | 2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1 | 3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A | 4 Premiums Earned During Year (Cols. 1 + 2 - 3) |
|----------------------|--|---|---|---|--|
| 1. | Fire | 0 | 0 | 0 | 0 |
| 2. | Allied lines | 0 | 0 | 0 | 0 |
| 3. | Farmowners multiple peril | 0 | 0 | 0 | 0 |
| 4. | Homeowners multiple peril | 0 | 0 | 0 | 0 |
| 5. | Commercial multiple peril | 0 | 0 | 0 | 0 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 0 | 0 | 0 | 0 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 0 | 0 | 0 | 0 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 0 | 0 | 0 | 0 |
| 17.1 | Other liability - occurrence | 0 | 0 | 0 | 0 |
| 17.2 | Other liability - claims-made | 0 | 0 | 0 | 0 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 0 | 0 | 0 | 0 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 |
| 19.1,19.2 | Private passenger auto liability | 126,783,056 | 49,648,615 | 48,812,185 | 127,619,486 |
| 19.3,19.4 | Commercial auto liability | 0 | 0 | 0 | 0 |
| 21. | Auto physical damage | 38,456,111 | 16,148,805 | 15,548,116 | 39,056,800 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 0 | 0 | 0 | 0 |
| 24. | Surety | 0 | 0 | 0 | 0 |
| 26. | Burglary and theft | 0 | 0 | 0 | 0 |
| 27. | Boiler and machinery | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | 0 | 0 | 0 | 0 |
| 32. | Reinsurance - nonproportional assumed liability | 0 | 0 | 0 | 0 |
| 33. | Reinsurance - nonproportional assumed financial Lines | 0 | 0 | 0 | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 165,239,167 | 65,797,420 | 64,360,301 | 166,676,286 |
| DETAILS OF WRITE-INS | | | | | |
| 3401. | ..... |  |  |  |  |
| 3402. | ..... |  |  |  |  |
| 3403. | ..... |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 |

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 | | | | | .0 |
| 2. | Allied lines | | | | | .0 |
| 3. | Farmowners multiple peril | | | | | .0 |
| 4. | Homeowners multiple peril | | | | | .0 |
| 5. | Commercial multiple peril | | | | | .0 |
| 6. | Mortgage guaranty | | | | | .0 |
| 8. | Ocean marine | | | | | .0 |
| 9. | Inland marine | | | | | .0 |
| 10. | Financial guaranty | | | | | .0 |
| 11.1 | Medical professional liability - occurrence | | | | | .0 |
| 11.2 | Medical professional liability - claims-made | | | | | .0 |
| 12. | Earthquake | | | | | .0 |
| 13. | Group accident and health | | | | | .0 |
| 14. | Credit accident and health (group and individual) | | | | | .0 |
| 15. | Other accident and health | | | | | .0 |
| 16. | Workers' compensation | | | | | .0 |
| 17.1 | Other liability - occurrence | | | | | .0 |
| 17.2 | Other liability - claims-made | | | | | .0 |
| 17.3 | Excess workers' compensation | | | | | .0 |
| 18.1 | Products liability - occurrence | | | | | .0 |
| 18.2 | Products liability - claims-made | | | | | .0 |
| 19.1,19.2 | Private passenger auto liability | 48,812,185 | | | | 48,812,185 |
| 19.3,19.4 | Commercial auto liability | | | | | .0 |
| 21. | Auto physical damage | 15,548,116 | | | | 15,548,116 |
| 22. | Aircraft (all perils) | | | | | .0 |
| 23. | Fidelity | | | | | .0 |
| 24. | Surety | | | | | .0 |
| 26. | Burglary and theft | | | | | .0 |
| 27. | Boiler and machinery | | | | | .0 |
| 28. | Credit | | | | | .0 |
| 29. | International | | | | | .0 |
| 30. | Warranty..... | | | | | .0 |
| 31. | Reinsurance - nonproportional assumed property | | | | | .0 |
| 32. | Reinsurance - nonproportional assumed liability | | | | | .0 |
| 33. | Reinsurance - nonproportional assumed financial lines | | | | | .0 |
| 34. | Aggregate write-ins for other lines of business | .0 | .0 | .0 | .0 | .0 |
| 35. | TOTALS | 64,360,301 | 0 | 0 | 0 | 64,360,301 |
| 36. | Accrued retrospective premiums based on experience | | | | | |
| 37. | Earned but unbilled premiums | | | | | |
| 38. | Balance (Sum of Lines 35 through 37) | | | | | 64,360,301 |
| DETAILS OF WRITE-INS | | | | | | |
| 3401. | ..... |  |  |  |  |  |
| 3402. | ..... |  |  |  |  |  |
| 3403. | ..... |  |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | .0 | .0 | .0 | .0 | .0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

(a) State here basis of computation used in each case . Daily Pro-Rata.....

UNDERWRITING AND INVESTMENT EXHIBIT

| 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 | | | | | | 0 |
| 2. | Allied lines | | | | | | 0 |
| 3. | Farmowners multiple peril | | | | | | 0 |
| 4. | Homeowners multiple peril | | | | | | 0 |
| 5. | Commercial multiple peril | | | | | | 0 |
| 6. | Mortgage guaranty | | | | | | 0 |
| 8. | Ocean marine | | | | | | 0 |
| 9. | Inland marine | | | | | | 0 |
| 10. | Financial guaranty | | | | | | 0 |
| 11.1 | Medical professional liability - occurrence | | | | | | 0 |
| 11.2 | Medical professional liability - claims-made | | | | | | 0 |
| 12. | Earthquake | | | | | | 0 |
| 13. | Group accident and health | | | | | | 0 |
| 14. | Credit accident and health (group and individual) | | | | | | 0 |
| 15. | Other accident and health | | | | | | 0 |
| 16. | Workers' compensation | | | | | | 0 |
| 17.1 | Other liability - occurrence | | | | | | 0 |
| 17.2 | Other liability - claims-made | | | | | | 0 |
| 17.3 | Excess workers' compensation | | | | | | 0 |
| 18.1 | Products liability - occurrence | | | | | | 0 |
| 18.2 | Products liability - claims-made | | | | | | 0 |
| 19.1,19.2 | Private passenger auto liability | 140,139,632 | 74,746,903 | | 88,103,479 | | 126,783,056 |
| 19.3,19.4 | Commercial auto liability | | | | | | 0 |
| 21. | Auto physical damage | 41,855,986 | 23,323,864 | | 26,723,739 | | 38,456,111 |
| 22. | Aircraft (all perils) | | | | | | 0 |
| 23. | Fidelity | | | | | | 0 |
| 24. | Surety | | | | | | 0 |
| 26. | Burglary and theft | | | | | | 0 |
| 27. | Boiler and machinery | | | | | | 0 |
| 28. | Credit | | | | | | 0 |
| 29. | International | | | | | | 0 |
| 30. | Warranty | | | | | | 0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | | | | | 0 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | | | | | 0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | | | | | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 181,995,618 | 98,070,767 | 0 | 114,827,218 | 0 | 165,239,167 |
| DETAILS OF WRITE-INS | | | | | | | |
| 3401. | | | | | | | |
| 3402. | | | | | | | |
| 3403. | | | | | | | |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 |

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Permanent General Assurance Corporation

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 | | | | .0 | .0 | .0 | .0 | .0 |
| 2. | Allied lines | | | | .0 | .0 | .0 | .0 | .0 |
| 3. | Farmowners multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 4. | Homeowners multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 5. | Commercial multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 6. | Mortgage guaranty | | | | .0 | .0 | .0 | .0 | .0 |
| 8. | Ocean marine | | | | .0 | .0 | .0 | .0 | .0 |
| 9. | Inland marine | | | | .0 | .0 | .0 | .0 | .0 |
| 10. | Financial guaranty | | | | .0 | .0 | .0 | .0 | .0 |
| 11.1 | Medical professional liability - occurrence | | | | .0 | .0 | .0 | .0 | .0 |
| 11.2 | Medical professional liability - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 12. | Earthquake | | | | .0 | .0 | .0 | .0 | .0 |
| 13. | Group accident and health | | | | .0 | .0 | .0 | .0 | .0 |
| 14. | Credit accident and health (group and individual) | | | | .0 | .0 | .0 | .0 | .0 |
| 15. | Other accident and health | | | | .0 | .0 | .0 | .0 | .0 |
| 16. | Workers' compensation | | | | .0 | .0 | .0 | .0 | .0 |
| 17.1 | Other liability - occurrence | | | | .0 | .0 | .0 | .0 | .0 |
| 17.2 | Other liability - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 17.3 | Excess workers' compensation | | | | .0 | .0 | .0 | .0 | .0 |
| 18.1 | Products liability - occurrence | | | | .0 | .0 | .0 | .0 | .0 |
| 18.2 | Products liability - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 19.1,19.2 | Private passenger auto liability | 85,120,300 | 46,583,061 | 54,049,278 | 77,654,083 | 43,261,214 | 35,277,953 | 85,637,344 | 67.1 |
| 19.3,19.4 | Commercial auto liability | | | | .0 | .0 | .0 | .0 | .0 |
| 21. | Auto physical damage | 23,760,231 | 15,871,472 | 16,243,899 | 23,387,804 | 167,852 | 1,259,349 | 22,296,307 | 57.1 |
| 22. | Aircraft (all perils) | | | | .0 | .0 | .0 | .0 | .0 |
| 23. | Fidelity | | | | .0 | .0 | .0 | .0 | .0 |
| 24. | Surety | | | | .0 | .0 | .0 | .0 | .0 |
| 26. | Burglary and theft | | | | .0 | .0 | .0 | .0 | .0 |
| 27. | Boiler and machinery | | | | .0 | .0 | .0 | .0 | .0 |
| 28. | Credit | | | | .0 | .0 | .0 | .0 | .0 |
| 29. | International | | | | .0 | .0 | .0 | .0 | .0 |
| 30. | Warranty | | | | .0 | .0 | .0 | .0 | .0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 35. | TOTALS | 108,880,531 | 62,454,533 | 70,293,177 | 101,041,887 | 43,429,066 | 36,537,302 | 107,933,651 | 64.8 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 3401. | ..... |  |  |  |  |  |  |  |  |
| 3402. | ..... |  |  |  |  |  |  |  |  |
| 3403. | ..... |  |  |  |  |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 3499. | Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Permanent General Assurance Corporation

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

| Line of Business | | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|----------------------|--|-----------------|---------------------|---|--|---------------------------|---------------------|-------------------|---|-------------------------------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| | | Direct | Reinsurance Assumed | Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | Direct | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. | Fire | | | | .0 | | | | .0 | |
| 2. | Allied lines | | | | .0 | | | | .0 | |
| 3. | Farmowners multiple peril | | | | .0 | | | | .0 | |
| 4. | Homeowners multiple peril | | | | .0 | | | | .0 | |
| 5. | Commercial multiple peril | | | | .0 | | | | .0 | |
| 6. | Mortgage guaranty | | | | .0 | | | | .0 | |
| 8. | Ocean marine | | | | .0 | | | | .0 | |
| 9. | Inland marine | | | | .0 | | | | .0 | |
| 10. | Financial guaranty | | | | .0 | | | | .0 | |
| 11.1 | Medical professional liability - occurrence | | | | .0 | | | | .0 | |
| 11.2 | Medical professional liability - claims-made | | | | .0 | | | | .0 | |
| 12. | Earthquake | | | | .0 | | | | .0 | |
| 13. | Group accident and health | | | | .0 | | | | (a) .0 | |
| 14. | Credit accident and health (group and individual) | | | | .0 | | | | .0 | |
| 15. | Other accident and health | | | | .0 | | | | (a) .0 | |
| 16. | Workers' compensation | | | | .0 | | | | .0 | |
| 17.1 | Other liability - occurrence | | | | .0 | | | | .0 | |
| 17.2 | Other liability - claims-made | | | | .0 | | | | .0 | |
| 17.3 | Excess workers' compensation | | | | .0 | | | | .0 | |
| 18.1 | Products liability - occurrence | | | | .0 | | | | .0 | |
| 18.2 | Products liability - claims-made | | | | .0 | | | | .0 | |
| 19.1,19.2 | Private passenger auto liability | 36,671,979 | 19,233,641 | 22,963,188 | 32,942,432 | 12,942,695 | 4,955,336 | 7,579,249 | 43,261,214 | 10,265,816 |
| 19.3,19.4 | Commercial auto liability | | | | .0 | | | | .0 | |
| 21. | Auto physical damage | 2,041,057 | 1,064,252 | 1,273,177 | 1,832,132 | (1,873,796) | (947,018) | (1,156,534) | 167,852 | 284,890 |
| 22. | Aircraft (all perils) | | | | .0 | | | | .0 | |
| 23. | Fidelity | | | | .0 | | | | .0 | |
| 24. | Surety | | | | .0 | | | | .0 | |
| 26. | Burglary and theft | | | | .0 | | | | .0 | |
| 27. | Boiler and machinery | | | | .0 | | | | .0 | |
| 28. | Credit | | | | .0 | | | | .0 | |
| 29. | International | | | | .0 | | | | .0 | |
| 30. | Warranty | | | | .0 | | | | .0 | |
| 31. | Reinsurance - nonproportional assumed property | XXX | | | .0 | XXX | | | .0 | |
| 32. | Reinsurance - nonproportional assumed liability | XXX | | | .0 | XXX | | | .0 | |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | | | .0 | XXX | | | .0 | |
| 34. | Aggregate write-ins for other lines of business | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 35. | TOTALS | 38,713,036 | 20,297,893 | 24,236,365 | 34,774,564 | 11,068,899 | 4,008,318 | 6,422,715 | 43,429,066 | 10,550,706 |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 3401. | ..... |  |  |  |  |  |  |  |  |  |
| 3402. | ..... |  |  |  |  |  |  |  |  |  |
| 3403. | ..... |  |  |  |  |  |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 3499. | Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

| | 1 | 2 | 3 | 4 |
|---|-----------------------------|--------------------------------|------------------------|----------------|
| | Loss Adjustment Expenses | Other Underwriting Expenses | Investment Expenses | Total |
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 10,309,460 | | | 10,309,460 |
| 1.2 Reinsurance assumed | 1,614,630 | | | 1,614,630 |
| 1.3 Reinsurance ceded | 4,699,255 | | | 4,699,255 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 7,224,835 | 0 | 0 | 7,224,835 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | | 34,760,875 | | 34,760,875 |
| 2.2 Reinsurance assumed, excluding contingent | 3,022,186 | 31,166,612 | | 34,188,798 |
| 2.3 Reinsurance ceded, excluding contingent | 8,828,008 | 33,792,147 | | 42,620,155 |
| 2.4 Contingent-direct | | 82,532 | | 82,532 |
| 2.5 Contingent-reinsurance assumed | | | | 0 |
| 2.6 Contingent-reinsurance ceded | | | | 0 |
| 2.7 Policy and membership fees | | | | 0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | (5,805,822) | 32,217,872 | 0 | 26,412,050 |
| 3. Allowances to manager and agents | | | 217,888 | 217,888 |
| 4. Advertising | | 151,342 | | 151,342 |
| 5. Boards, bureaus and associations | | 10,259 | | 10,259 |
| 6. Surveys and underwriting reports | 1,422,539 | 3,479,027 | | 4,901,566 |
| 7. Audit of assureds' records | | | | 0 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 12,318,328 | 15,362,863 | | 27,681,191 |
| 8.2 Payroll taxes | 985,257 | 1,128,007 | | 2,113,264 |
| 9. Employee relations and welfare | 1,126,484 | 1,643,841 | | 2,770,325 |
| 10. Insurance | 49,943 | 344,689 | | 394,632 |
| 11. Directors' fees | | | | 0 |
| 12. Travel and travel items | 411,537 | 324,416 | | 735,953 |
| 13. Rent and rent items | 268,968 | 678,940 | | 947,908 |
| 14. Equipment | 408,114 | 1,015,856 | | 1,423,970 |
| 15. Cost or depreciation of EDP equipment and software | | | | 0 |
| 16. Printing and stationery | 87,741 | 376,486 | | 464,227 |
| 17. Postage, telephone and telegraph, exchange and express | 368,664 | 2,373,230 | | 2,741,894 |
| 18. Legal and auditing | 263,583 | 418,981 | | 682,564 |
| 19. Totals (Lines 3 to 18) | 17,711,158 | 27,307,937 | 217,888 | 45,236,983 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$0 | | 4,810,836 | | 4,810,836 |
| 20.2 Insurance department licenses and fees | 21,874 | 113,030 | | 134,904 |
| 20.3 Gross guaranty association assessments | | 800 | | 800 |
| 20.4 All other (excluding federal and foreign income and real estate) | 12,585 | 43,227 | | 55,812 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 34,459 | 4,967,893 | 0 | 5,002,352 |
| 21. Real estate expenses | | | | 0 |
| 22. Real estate taxes | | | | 0 |
| 23. Reimbursements by uninsured plans | | | | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | 763,924 | 2,290,839 | 0 | 3,054,763 |
| 25. Total expenses incurred | 19,928,554 | 66,784,541 | 217,888 | (a) 86,930,983 |
| 26. Less unpaid expenses - current year | 10,550,706 | 1,134,908 | 0 | 11,685,614 |
| 27. Add unpaid expenses - prior year | 6,624,134 | 945,219 | 0 | 7,569,353 |
| 28. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 |
| 29. Amounts receivable relating to uninsured plans, current year | | | | 0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 16,001,982 | 66,594,852 | 217,888 | 82,814,722 |
| DETAILS OF WRITE-INS | | | | |
| 2401. Bank Charges | | 1,720,684 | | 1,720,684 |
| 2402. Miscellaneous Expense | 104,143 | (315,958) | | (211,815) |
| 2403. Outside Services | 11,425 | 32,825 | | 44,250 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 648,356 | 853,288 | 0 | 1,501,644 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | 763,924 | 2,290,839 | 0 | 3,054,763 |

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

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 | 2 |
|----------------------|---|--------------------------|-----------------------|
| | | Collected During Year | Earned During Year |
| 1. | U.S. Government bonds | (a) .....104,410 |103,231 |
| 1.1 | Bonds exempt from U.S. tax | (a) .....568,932 |624,720 |
| 1.2 | Other bonds (unaffiliated) | (a) .....5,009,930 |5,002,060 |
| 1.3 | Bonds of affiliates | (a) .....0 | ..... |
| 2.1 | Preferred stocks (unaffiliated) | (b) .....0 | ..... |
| 2.11 | Preferred stocks of affiliates | (b) .....0 | ..... |
| 2.2 | Common stocks (unaffiliated) |175,228 |175,228 |
| 2.21 | Common stocks of affiliates |0 | ..... |
| 3. | Mortgage loans | (c) ..... | ..... |
| 4. | Real estate | (d) ..... | ..... |
| 5. | Contract loans ..... | ..... | ..... |
| 6. | Cash, cash equivalents and short-term investments | (e) .....5,059 |5,059 |
| 7. | Derivative instruments | (f) ..... | ..... |
| 8. | Other invested assets ..... | ..... | ..... |
| 9. | Aggregate write-ins for investment income |0 |0 |
| 10. | Total gross investment income | 5,863,559 | 5,910,298 |
| 11. | Investment expenses | | (g) .....217,888 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g) |
| 13. | Interest expense | | (h) |
| 14. | Depreciation on real estate and other invested assets | | (i) |
| 15. | Aggregate write-ins for deductions from investment income | |0 |
| 16. | Total deductions (Lines 11 through 15) | |217,888 |
| 17. | Net investment income (Line 10 minus Line 16) | | 5,692,410 |
| 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 through 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 through 1503) plus 1598 (Line 15 above) | | 0 |

(a) Includes \$193,687 accrual of discount less \$790,410 amortization of premium and less \$603,609 paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$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 \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$ interest on capital notes.
(i) Includes \$depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5. |
|----------------------|--|--|----------------------------------|--|---|---|
| | | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. | U.S. Government bonds |0 | ..... | .....0 | ..... | ..... |
| 1.1 | Bonds exempt from U.S. tax |4,107 | ..... | .....4,107 | ..... | ..... |
| 1.2 | Other bonds (unaffiliated) |3,571,496 |(851,493) |2,720,003 |(937,304) | ..... |
| 1.3 | Bonds of affiliates |0 |0 |0 |0 |0 |
| 2.1 | Preferred stocks (unaffiliated) |0 |0 |0 |0 |0 |
| 2.11 | Preferred stocks of affiliates |0 |0 |0 |0 |0 |
| 2.2 | Common stocks (unaffiliated) |607,082 |0 |607,082 |0 |0 |
| 2.21 | Common stocks of affiliates |0 |0 |0 |(21,391) |0 |
| 3. | Mortgage loans |0 |0 |0 |0 |0 |
| 4. | Real estate |0 |0 |0 | ..... | .....0 |
| 5. | Contract loans ..... | ..... | ..... | .....0 | ..... | ..... |
| 6. | Cash, cash equivalents and short-term investments ..... | ..... | ..... | .....0 |0 |0 |
| 7. | Derivative instruments ..... | ..... | ..... | .....0 | ..... | ..... |
| 8. | Other invested assets |0 |0 |0 |0 |0 |
| 9. | Aggregate write-ins for capital gains (losses) |0 |0 |0 |0 |0 |
| 10. | Total capital gains (losses) | 4,182,685 | (851,493) | 3,331,192 | (958,695) | 0 |
| DETAILS OF WRITE-INS | | | | | | |
| 0901. | ..... |  |  |  |  |  |
| 0902. | ..... |  |  |  |  |  |
| 0903. | ..... |  |  |  |  |  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page |0 |0 |0 |0 |0 |
| 0999. | Totals (Lines 0901 through 0903) plus 0998 (Line 9 above) | 0 | 0 | 0 | 0 | 0 |

EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|--|--|----------------------------------|--|
| | Current Year Total Nonadmitted Assets | Prior Year Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)..... | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 17,034 | 1,538,425 | 1,521,391 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income..... | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)..... | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 17,034 | 1,538,425 | 1,521,391 |
| 13. Title plants (for Title insurers only)..... | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 61,765 | 206,237 | 144,472 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | 0 | 0 | 0 |
| 15.3 Accrued retrospective premiums | 0 | 0 | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset..... | 330,893 | 1,519,113 | 1,188,220 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software | 0 | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets..... | 0 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable..... | 0 | 0 | 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 to 25)..... | 409,692 | 3,263,775 | 2,854,083 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 409,692 | 3,263,775 | 2,854,083 |
| DETAILS OF WRITE-INS | | | |
| 1101. | | | |
| 1102. | | | |
| 1103. | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) | 0 | 0 | 0 |
| 2501. | | | |
| 2502. | | | |
| 2503. | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. The accompanying financial statements of Permanent General Assurance Corporation have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual except to the extent that Ohio law differs. However, as of this Statement date, there have been no requests from the State of Ohio to depart from the prescribed NAIC guidelines.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is shown below:

| | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|
| <u>Net Income</u> | | |
| (1) Ohio company state basis (Page 4, Line 20, Column 1 & 2) | \$625 | \$4,894 |
| (2) State prescribed practices that increase / (decrease) NAIC SAP: | | |
| (3) State permitted practices that increase / (decrease) NAIC SAP: | | |
| (4) NAIC SAP | \$625 | \$4,894 |
| <u>Surplus</u> | | |
| (5) Ohio company state basis (Page 3, Line 37, Column 1 & 2) | \$85,546 | \$83,096 |
| (6) State prescribed practices that increase / (decrease) NAIC SAP: | | |
| (7) State permitted practices that increase / (decrease) NAIC SAP: | | |
| (8) NAIC SAP | \$85,546 | \$83,096 |

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. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business.

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.

- (1) Short-term investments are stated at cost.
- (2) Bonds are stated at amortized cost using the yield to maturity method.
- (3) Common stocks, if owned are stated at lower of cost or market with exception to the stock of PGAC's wholly owned subsidiary (which is valued as described in the NAIC Valuation of Securities Manual).
- (4) The Company holds no preferred stock as of the statement date.
- (5) The Company holds no mortgage loans.
- (6) The basis for loan backed securities is amortized cost or the lower of amortized cost or fair market value. The adjustment methodology used for each type of security is prospective for securities which an OTTI loss has been recognized and retrospective for all other securities.
- (7) The Company values PGA Service Corporation (a wholly owned subsidiary) in accordance with the NAIC policies and procedures manual.
- (8) The company has no investments in joint ventures, partnerships & limited liability company.
- (9) The company has no investments in derivatives.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation.
- (11) Reserve for losses represents the estimated liability for claims reported to the Company and an amount, based on actuarially determined reserves for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior year.
- (13) The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors:
No change.

3. Business Combinations and Goodwill
None.

4. Discontinued Operations
None.

5. Investments

- A) The Company has no mortgage loans.
- B) The Company did not restructure any debt.
- C) The Company has no reverse mortgages.
- D) Loan-Backed Securities
 - (1) The source used to determine prepayment assumptions is Intex.
 - (2) Not applicable.
 - (3) Securities with recognized impairments currently held.

NOTES TO FINANCIAL STATEMENTS

| Cusip | Book / Adjusted Carrying Value Amortized Cost Before Current Period OTTI | Present Value of Projected Cashflows | Recognized Other-Than Temporary Impairment | Amortized Cost At Report Date | Fair Value at Report Date | Date of Financial Statement Where Reported |
|-----------|--|---|---|-------------------------------------|---------------------------------|--|
| 059511AH8 | 1,461,553 | 1,458,400 | (3,152) | 1,458,400 | 1,400,067 | 12/31/2011 |
| 07388QAG4 | 1,015,287 | 1,015,186 | (101) | 1,015,186 | 987,540 | 12/31/2011 |
| 12513YAF7 | 1,850,643 | 1,850,469 | (174) | 1,850,469 | 1,856,143 | 12/31/2011 |
| 12669GHZ7 | 132,954 | 132,729 | (225) | 132,729 | 91,838 | 12/31/2011 |
| 22545LAG4 | 938,572 | 938,494 | (78) | 938,494 | 906,794 | 12/31/2011 |
| 466247WV1 | 758,807 | 79,976 | (678,831) | 79,976 | 57,404 | 12/31/2011 |
| 61753JAE9 | 1,257,043 | 1,257,006 | (37) | 1,257,006 | 1,426,398 | 12/31/2011 |
| 61757RAD9 | 900,172 | 899,685 | (487) | 899,685 | 1,038,720 | 12/31/2011 |
| 73316PBB5 | 469,331 | 308,336 | (160,994) | 308,336 | 214,410 | 12/31/2011 |
| 73316PCK4 | 607,267 | 602,406 | (4,861) | 602,406 | 338,696 | 12/31/2011 |
| 92978YAD2 | 1,574,912 | 1,572,359 | (2,553) | 1,572,359 | 1,570,350 | 12/31/2011 |
| Total | 10,966,540 | 10,115,048 | (851,493) | 10,115,048 | 9,888,360 | |

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

| | | |
|--|---------------------|-------------|
| Continuous Unrealized Loss | Less than 12 Months | (\$2,011) |
| | 12 Months or Longer | \$ 0 |
| Fair Value of Security with Continuous Unrealized Loss | | |
| | Less than 12 Months | \$1,572,717 |
| | 12 Months or Longer | \$ 0 |

(5) Not Applicable

- E) The Company has no repurchase agreements.
- F) The Company has no real estate investments.
- G) The Company has no low-income housing tax credits (LIHTC).

6. Joint Ventures, Partnerships and Limited Liability Companies
None.

7. Investment Income
All investment income due and accrued is admitted.

8. Derivative Instruments
None.

9. Income Taxes

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

| | 31-Dec-11 | | | 31-Dec-10 | | | | Change | |
|---------------------------------|-----------|-----------|-----------|-----------|-------------|-------------|-----------|-----------|-----------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| Total gross deferred tax assets | 6,509,865 | 1,264,766 | 7,774,631 | 5,818,757 | 1,425,560 | 7,244,317 | 691,108 | (160,794) | 530,313 |
| Stat valuation allowance adj | - | - | - | - | - | - | - | - | - |
| Adj gross deferred tax assets | 6,509,865 | 1,264,766 | 7,774,631 | 5,818,757 | 1,425,560 | 7,244,317 | 691,108 | (160,794) | 530,313 |
| Total gross deferred tax liab | (300,409) | | (300,409) | | | | (300,409) | | (300,409) |
| Net deferred tax assets | 6,209,456 | 1,264,766 | 7,474,222 | 5,818,757 | 1,425,560 | 7,244,317 | 390,699 | (160,794) | 229,905 |
| Def tax assets nonadmitted | | (330,893) | (330,893) | (93,552) | (1,425,560) | (1,519,112) | 93,552 | 1,094,667 | 1,188,219 |
| Net admitted def tax asset | 6,209,456 | 933,873 | 7,143,329 | 5,725,205 | - | 5,725,205 | 484,251 | 933,873 | 1,418,124 |

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

| SSAP10R, paragraphs 10a, 10b, and 10c: | 31-Dec-11 | | | 31-Dec-10 | | | | Change | |
|--|-----------|---------|-----------|-----------|---------|-----------|-------------|---------|-------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| Paragraph 10a (recovered via loss carrybacks) | 1,442,495 | | 1,442,495 | 5,712,563 | | 5,712,563 | (4,270,068) | | (4,270,068) |
| Paragraph 10b (recovered via future income) | 4,766,961 | 933,873 | 5,700,834 | 12,642 | | 12,642 | 4,754,319 | 933,873 | 5,688,192 |
| Expected to be recognized within 1 year (10bi) | 4,766,961 | 933,873 | 5,700,834 | 12,642 | | 12,642 | 4,754,319 | 933,873 | 5,688,192 |
| Capital & surplus limitation (10bii) | | | 8,111,468 | | | 7,493,006 | | | 618,462 |

NOTES TO FINANCIAL STATEMENTS

| | | | | | | | | |
|--|-----------|---------|-----------|-----------|-----------|---------|---------|-----------|
| Paragraph 10c (Adjusted gross DTAs offset by DTLs) | 300,409 | | 300,409 | | 300,409 | | 300,409 | |
| Total | 6,509,865 | 933,873 | 7,443,738 | 5,725,205 | 5,725,205 | 784,660 | 933,873 | 1,718,533 |

| | | | | | | | | |
|---|--|--|------------|--|------------|--|--|-----------|
| Risk-based capital level used in paragraph 10d: | | | | | | | | |
| Total adjusted capital | | | 85,545,788 | | 83,095,694 | | | 2,450,094 |
| Authorized control level | | | 19,108,373 | | 18,136,975 | | | 971,398 |

| | Ordinary | 31-Dec-11 Capital | Total | Ordinary | 31-Dec-10 Capital | Total | Ordinary | Change Capital | Total |
|---|----------|----------------------|-------|----------|----------------------|-------|----------|-------------------|--------|
| Impact of tax planning strategies: | | | | | | | | | |
| Adjusted gross DTAs (% of Total Adjusted Gross DTAs) | 0.0% | 16.3% | 16.3% | 0.0% | 19.7% | 19.7% | 0.0% | (3.4%) | (3.4%) |
| Net Admitted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs) | 0.0% | 13.1% | 13.1% | 0.0% | 0.0% | 0.0% | 0.0% | 13.1% | 13.1% |

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

| | Ordinary | 31-Dec-11 Capital | Total | Ordinary | 31-Dec-10 Capital | Total | Ordinary | Change Capital | Total |
|----------------------------------|-----------|----------------------|-------------|-----------|----------------------|-------------|----------|-------------------|------------|
| Admitted deferred tax assets | 6,209,456 | 933,873 | 7,143,329 | 5,725,205 | | 5,725,205 | 484,251 | 933,873 | 1,418,124 |
| Admitted assets | | | 208,301,277 | | | 196,698,545 | | | 11,602,732 |
| Adjusted statutory surplus | | | 85,545,788 | | | 83,095,694 | | | 2,450,094 |
| Total adjusted capital from DTAs | | | 7,143,329 | | | 5,725,205 | | | 1,418,124 |

B. Unrecognized DTLs
Not applicable

C. Current Tax and Change in Deferred Tax

| | | | |
|---|------------------|------------------|--------------------|
| Current income tax: | 31-Dec-11 | 31-Dec-10 | Change |
| Current federal income tax provision | | 1,919,652 | (1,919,652) |
| Prior year (overaccrual)/underaccrual | (439,641) | 264,446 | (704,087) |
| Other adjustments | <u>(33,367)</u> | | <u>(33,267)</u> |
| Federal and foreign income taxes incurred | <u>(473,008)</u> | <u>2,184,098</u> | <u>(2,657,106)</u> |

| | | | |
|--|------------------|------------------|----------------|
| Deferred income tax: | 31-Dec-11 | 31-Dec-10 | Change |
| Ordinary: | | | |
| Unearned premium reserve@ 20% | 4,615,881 | 4,605,819 | 10,062 |
| Discounted loss reserves | 561,737 | 483,707 | 78,030 |
| Guaranty fund accrual | | | |
| Allowance for Bad Debts | 747,730 | 729,231 | 18,499 |
| Net Operating loss carryover | 584,517 | | 584,517 |
| Unearned Provisional Commission | | | |
| Subtotal | <u>6,509,865</u> | <u>5,818,757</u> | <u>691,108</u> |
| Statutory valuation allowance adjustment | | | |
| Nonadmitted | | <u>(93,552)</u> | <u>93,552</u> |
| Admitted ordinary deferred tax assets | <u>6,509,865</u> | <u>5,725,205</u> | <u>784,660</u> |

| | | | |
|--|------------------|--------------------|------------------|
| Capital: | | | |
| Impairment Loss on Investments | 737,934 | 1,425,560 | (687,626) |
| Capital loss carryover | | | |
| Net unrealized capital losses - SAP | <u>526,832</u> | | <u>526,832</u> |
| Subtotal | <u>1,264,766</u> | <u>1,425,560</u> | <u>(160,794)</u> |
| Statutory valuation allowance adjustment | | | |
| Nonadmitted | <u>(330,893)</u> | <u>(1,425,560)</u> | <u>1,094,667</u> |
| Admitted capital deferred tax assets | <u>933,873</u> | | <u>933,873</u> |

| | | | |
|------------------------------|------------------|------------------|------------------|
| Admitted deferred tax assets | <u>7,443,738</u> | <u>5,725,205</u> | <u>1,718,533</u> |
|------------------------------|------------------|------------------|------------------|

| | | | |
|----------------------------------|------------------|-----------|------------------|
| Deferred Tax Liabilities: | 31-Dec-11 | 31-Dec-10 | Change |
| Ordinary: | | | |
| Sec. 481 adjustment | <u>(300,409)</u> | | <u>(300,409)</u> |
| Subtotal | <u>(300,409)</u> | | <u>(300,409)</u> |

NOTES TO FINANCIAL STATEMENTS

| | | | |
|---------------------------------------|-----------|-----------|-----------|
| Capital: | | | |
| Subtotal | | | |
| Deferred tax liabilities | (300,409) | | (300,409) |
| Net deferred tax assets / liabilities | 7,143,329 | 5,725,205 | 1,418,124 |

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate
The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

| | | |
|--------------------------------------|-----------|----------------|
| | 31-Dec-11 | Effective Rate |
| Provision computed at statutory rate | 53,276 | 35.00% |
| Tax exempt interest | (185,854) | -122.10% |
| Other permanent differences | (19,984) | -13.13% |
| State tax | (760) | -0.50% |
| Rate differential | 981 | 0.64% |
| Provision to return adjustment | (23,739) | -15.60% |
| Total | (176,080) | -115.68% |

| | | |
|---|-----------|----------------|
| | 31-Dec-11 | Effective Rate |
| Federal and foreign income taxes incurred | (473,008) | -310.74% |
| Current taxes on realized capital gains | - | 0.00% |
| Change in net deferred income taxes | 296,928 | 195.07% |
| Total statutory income taxes | (176,080) | -115.68% |

E. Operating Loss and Tax Credit Carryforwards
At the end of the year, the Company did not have any unused operating loss carryforwards generated in prior years available to offset against future taxable income. However, the company generated a 2011 net operating loss of \$1,670,049

Income tax expense for 2011 and 2010 in the amounts of \$0 and \$1,492,572 are available for recoupment in the event of future losses.

The company does not have any protective tax deposits under Sec. 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

1) The Company's federal income tax return will be consolidated with the following entities:

| | |
|---|--|
| PGC Holdings Corp. (parent) | The General Automobile Insurance Services, Inc. |
| Permanent General Companies, Inc. | The General Automobile Insurance Services of Georgia, Inc. |
| Permanent General Assurance Corporation of Ohio | The General Automobile Insurance Services of Louisiana, Inc. |
| PGA Service Corporation | The General Automobile Insurance Services of Ohio, Inc. |
| The General Automobile Insurance Company, Inc. | The General Automobile Insurance Services of Texas, Inc. |

2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries Affiliates and Other Related Parties

- A,B,C. In March 2011 PGASC returned capital in the amount of \$1,500,000 to it's parent PGAC. In March 2011 Permanent General Companies, Inc. made a capital contribution of \$700,000 to it's subsidiary PGAC. At December 31, 2011 PGAC declared a dividend of \$1,000,000 to it's parent Permanent General Companies who in turn paid a dividend of \$1,000,000 to it's parent PGC Holdings Corporation.
- D. At December 31, 2011, the Company reported \$1,438,312 net receivable from it's parent and affiliates. The terms of the settlement require these amounts are settled within 90 days.
- E. The Company has made no guarantees or undertakings for the benefit of the parent or affiliates.
- F. PGAC is a affiliate of PGC Holdings Corp. and as such has a tax agreement in place with this affiliated company. PGAC also has a service agreement in place with its parent Permanent General Companies, Inc (PGC), which is also a wholly owned subsidiary of PGC Holdings Corp. Under this agreement PGC performs administrative services on behalf of PGAC. These services include; claims administration, underwriting, policy issuance and record keeping, legal services, data processing and accounting.
- G. All outstanding shares of the company are owned by the parent company, Permanent General Companies, Inc., a non-insurance holding company domiciled in the State of Tennessee.
- H. The Company wholly owns PGA Service Corporation, an insurance premium finance company domiciled in the State of Tennessee.
- I.J. The Company has no investments in an SCA entity that exceeds 10% of admitted assets.
- K. None.
- L. None.

11. Debt

NOTES TO FINANCIAL STATEMENTS

None.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.
None.

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

- (1) The company has 20,000 shares authorized; 10,000 shares issued; & 10,000 shares outstanding. All shares are Class A.
- (2) The company has no preferred stock issued.
- (3) The maximum amount of dividends which can be paid by an Ohio domiciled company without approval of the insurance commissioner is subject to restrictions based upon statutory surplus.
- (4) The company paid a ordinary dividend of \$1,000,000 to it's parent Permanent General Companies at December 31, 2011.
- (5) The portion of the Company's profits that may be paid as ordinary dividends to stockholders is limited by # (3) above. However, the maximum dividend payout which can be made in 2012 without prior approval is \$8,554,578.
- (6) The company has no restrictions on the unassigned surplus.
- (7) The company has not made advances of surplus.
- (8) The stock of the company has not been allocated for any special purposes.
- (9) The company has no special surplus funds.
- (10) Refer to page 4 lines 23 through 37 and Exhibit of Capital Gain (Losses) .
- (11) The company has no surplus notes.
- (12) The company has not been reorganized.
- (13) N/A

14. Contingencies

- (A) The company has no contingent commitments to an SCA entity, joint ventures, partnerships, or limited liability companies.
- (B) The company has not been notified of any assessments that could have a material financial effect.
- (C) The company has no gain contingencies.
- (D) Claims related extra contractual obligations and bad faith losses stemming from lawsuits.

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

| | |
|---|---------------|
| | <u>Direct</u> |
| Claim payments made during reporting period | \$72,029 |

Number of claims where amounts were paid to settle claims resulting from lawsuits during the reporting period.

| | | | | |
|------|-------|--------|---------|----------------------|
| (A) | (B) | (C) | (D) | (E) |
| 0-25 | 26-50 | 51-100 | 101-500 | More than 500 Claims |
| X | | | | |

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

(F) Per Claim [X] (G) Per Claimant []

(E) The company has no warranty liabilities.

(F) All Other Contingencies.

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. Leases.
None.

16. Information about Financial Instruments with Off-balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.
None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
None.

18. Gain or Loss to the Report Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.
None.

19. Direct Premium Written/Produced by MGA/3rd Party Administration
None.

20. Fair Value Measurements.

NOTES TO FINANCIAL STATEMENTS

A. (1) Fair Value Measurements at Reporting Date

| Description | Total @ 12/31/2011 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------|-----------------------|--|--|---|
| Bonds | 2,100,415 | | | 2,100,415 |
| Total | 2,100,415 | 0 | 0 | 2,100,415 |

(2) Fair Value Measurements in Level 3 of the Fair Value Hierachy

| Description | Balance at 12/31/2010 | Transfers into Level 3 | Transfers out of Level 3 | Gains / (Losses) in Net income | Gains / (Losses) in Surplus | Purchases /(Sales) | Balance at 12/31/2011 |
|-------------|--------------------------|------------------------------|--------------------------------|---|-----------------------------------|-----------------------|--------------------------|
| Bonds | 904,636 | 1790415 | -309385 | | -83105 | -202146 | 2,100,415 |
| Total | 904,636 | 1790415 | -309385 | 0 | -83105 | -202146 | 2,100,415 |

- (3) Transfers between levels are recognized at the end of the reporting period.
- (4) As of December 31, 2011, the reported fair value of the reporting entity's investments in level 3 commercial and residential mortgage-backed securities was \$1,200,415. The company had one level 3 corporate bond with a fair value of \$900,000. These securities have a weighted average coupon rate of 5.48% and a weighted average maturity of 23.3 years. These securities are currently rated below investment grade. To measure the securities fair value the reporting entity uses an industry standard pricing model that uses the income approach. The input assumptions include but are not limited to prepayments, delinquency percentage, loan status, etc.

21. Other Items.

- A. Extraordinary Items
None.
- B. Troubled Debt Restructuring. Debtors
None.
- C. Other Disclosers
None.
- D. The Company routinely assesses the collectibility of premium and agent balances. The uncollectible amounts are not material to the Company's financial condition.
- E. Business Interruption Insurance Recoveries.
None.
- F. State Transferable Tax Credits
None.
- G. Subprime Mortgage Related Risk Exposure
- (1) Factors used to determine the investment in a specific sub-prime security include the quality of underwriter / loan servicer, types of loans (fixed, floating, hybrid ARM), loan quality (documentation, purpose, occupancy), loan origination year (vintage), loan geographic distribution, average loan to values, average FICO scores and the securities credit support level. Loan loss estimates are computed based on historical loan delinquency and foreclosure statistics and projecting future delinquencies and losses under multiple economic scenarios including various home price changes and employment estimates, as well as servicer style and the foreclosure rules for each state. Total projected losses for all mortgages in each deal are then compared to the credit support (subordination plus over collateralization) to determine the percentage of principal loss expected for each tranche. To minimize specific security risk and concentration risk to the sector, issue limitations and sector limitations as a percentage of the portfolio have been established.

(2) Direct Exposure through investment in subprime mortgage loans.

None.

(3) Direct Exposure through other investments.

| Description | Cost | Book adjusted carry value | Fair value | OTTI to date |
|--------------|-----------|------------------------------|------------|--------------|
| Other Assets | \$941,681 | \$584,045 | \$589,309 | \$1,063,264 |

- (4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.
None.

22. Events Subsequent.

NOTES TO FINANCIAL STATEMENTS

None.

23. Reinsurance

- A. Unsecured Reinsurance Recoverable
None.
- B. Reinsurance Recoverable in Dispute.
None
- C. Reinsurance Assumed and Ceded

| | Assumed Reinsurance | | Ceded Reinsurance | |
|--|------------------------|----------------------|----------------------|----------------------|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a) Affiliates | 41,810,898 | 14,575,279 | 44,725,082 | 16,601,950 |
| b) All Others | | | | |
| c) Total | 41,810,898 | 14,575,279 | 45,725,082 | 16,601,950 |
| D. Uncollectible Reinsurance | | | | |
| None. | | | | |
| E. Commutation of Ceded Reinsurance | | | | |
| None. | | | | |
| F. Retroactive Reinsurance | | | | |
| None. | | | | |
| G. Reinsurance accounted for as a deposit. | | | | |
| None. | | | | |
| H. Transfer of Property and Casualty Run-off Agreements. | | | | |
| None. | | | | |

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination.

None.

25. Change in Incurred Losses and Loss Adjustment Expenses

Loss & lae reserves as of December 31, 2010 were \$43.161 million. As of December 31, 2011, \$37.619 million has been paid for incurred loss & lae expenses attributable to insured events or prior years. Reserves remaining for prior years are now \$10.856 million as a result of re-estimation of unpaid claims and lae expenses. Therefore, there has been a \$5.314 million unfavorable prior year development from 12/31/2010 to 12/31/2011 principally on liability lines of business. \$4.200 million of the reserve development was from accident year 2010 and \$1.114 was from accident year 2009 and prior. For the 2010 accident year, most of the development (\$2.6 million) was from states entered into since 2005 due to claim severity at current year-end being higher than expected when reserves were established at year-end 2010. In older states, Tennessee accounted for \$.500 million and Ohio developed by \$.230 million because of higher than expected claim severity. The other significant driver of accident year 2010 development was \$.525 million in Florida PIP because of both higher frequency and severity . For the 2009 accident year, half of the development was from higher than expected severity in states entered since 2005, with the balance coming from Georgia and Ohio liability severity. The development is generally the result of an ongoing analysis of recent loss development trends and are increased or decreased as additional information becomes known regarding individual claims. The Company has no retrospectively rated policies that are subject to premium adjustments.

26. Intercompany Pooling Arrangements

Effective January 1, 2010, the Company (lead entity) entered into a reinsurance pooling agreement with PGAC of Ohio (NAIC company code - 22906) and The General Automobile Insurance Company, Inc. (GAIC) (NAIC company code - 13703), both of which are affiliated property and casualty insurance companies incorporated in Ohio. The business includes private passenger auto liability & auto physical damage with PGAC receiving 59%, PGAC-Ohio receiving 33%, & GAIC receiving 8%. This Agreement applies only to that portion of any insurance or reinsurance which the parties hereto retain net for their own account and in calculating the amount of any loss hereunder, only loss or losses in respect of that portion of any insurance or reinsurance which the parties hereto retain net for their own account shall be included. The Company has a net payable balance of \$878,654 at 12/31/2011.

27. Structured Settlements

None.

28. Health Care Receivables

None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

- 1. Liability carried for premium deficiency reserves. \$0
- 2. Date of the most recent evaluation of this liability. 12/31/2011
- 3. Was anticipated investment income utilized in the calculation? Yes _ No X

31. High Deductibles

None.

NOTES TO FINANCIAL STATEMENTS

32.

Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

None.
33.

Asbestos/Environmental Reserves

None.
34.

Subscriber Savings accounts

None.
35.

Multi Peril Crop Insurance

None.
36.

Financial Guaranty Insurance

None.

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 [] NA []
- 1.3

State Regulating?

Ohio
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

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

12/31/2009
- 3.2

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

12/31/2009
- 3.3

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

02/08/2011
- 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 [X] No [] NA []
- 3.6

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

Yes [X] No [] NA []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

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

Yes [] No [X]
- 5.2

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

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

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [X] No []
- 7.2

If yes,
- 7.21

State the percentage of foreign control

90.7
- 7.22

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

| 1 Nationality | 2 Type of Entity |
|------------------|------------------------------------|
| Bermuda | Corporation (Refer to Schedule Y) |
| | |
| | |
| | |

GENERAL INTERROGATORIES

- 8.1

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

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

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

Yes [] No [X]
- 8.4

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

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

9.

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

Pricewaterhouse Coopers, 830 Crescent Center Drive, Nashville, Tn. 37067
- 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 [] NA []
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Jeff Kimble, ACAS, MAAA, Towers Watson, 101 South Hanley Road, Saint Louis, Mo. 63105, Actuary/Consultant
- 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

N/A
- 12.12

Number of parcels involved

0
- 12.13

Total book/adjusted carrying value

\$ 0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 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 [] NA []
- 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 []
- 14.11

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 14.11

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 14.11

Compliance with applicable governmental laws, rules and regulations;
- 14.11

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 14.11

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

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

Yes [] No [X]
- 14.31

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

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

- 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?.....
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes [] No [X]

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

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- 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 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?
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....0
- 21.22 Borrowed from others \$.....0
- 21.23 Leased from others \$.....0
- 21.24 Other \$.....0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
- 22.22 Amount paid as expenses \$.....0
- 22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$.....0
- Yes [] No [X]
- Yes [X] No []
- Yes [] No [X]
- Yes [X] No []

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).....
- 24.2 If no, give full and complete information, relating thereto
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?.....
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?.....
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?.....
- 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 [X] No []
- N/A
- Yes [] No [] NA [X]
- \$.....0
- \$.....0
- Yes [] No [] NA [X]
- Yes [] No [] NA [X]
- Yes [] No [] NA [X]

GENERAL INTERROGATORIES

- 25.1

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

Yes [X] No []
- 25.2

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

25.21

Subject to repurchase agreements

\$

25.22

Subject to reverse repurchase agreements

\$

25.23

Subject to dollar repurchase agreements

\$

25.24

Subject to reverse dollar repurchase agreements

\$

25.25

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$

2,759,055

25.29

Other

\$

25.3 For category (25.27) provide the following:

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

- 26.1

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

Yes [] No [X]
- 26.2

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

Yes [] No [] NA [X]
- 27.1

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

Yes [] No [X]
- 27.2

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

\$

0

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 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 |
|---------------------------|--|
| Bank of America | 225 Franklin Street, Boston, Ma. 02110 |

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

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

- 28.03

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

Yes [] No [X]
- 28.04

If yes, give full and complete information relating thereto:

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

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

| 1 Central Registration Depository Number(s) | 2 Name | 3 Address |
|--|---------------------------------------|--|
| 110497 | Brookfield Investment Management Inc. | Three World Financial Center, New York, N.Y. 10281 |

GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| | | |
| | | |
| 29.2999 TOTAL | | 0 |

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

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

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

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+) |
|----------------------------|------------------------------------|-----------------|--|
| 30.1 Bonds..... | 132,559,926 | 137,723,210 | 5,163,284 |
| 30.2 Preferred Stocks..... | 0 | 0 | 0 |
| 30.3 Totals | 132,559,926 | 137,723,210 | 5,163,284 |

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

Fair values are based on methods prescribed by the SVO of the NAIC. For securities with no published NAIC rate, fair values are obtained from either quoted market prices or independent pricing services or in limited cases quotes from brokers.....

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

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

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

The company relies on our investment manager in limited cases where prices are obtained from brokers.....

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any?.....\$151,089
- 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..... |149,509 |

- 34.1 Amount of payments for legal expenses, if any?.....\$0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

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

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$91,218
- 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 Association..... |91,218 |

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

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

Yes [] No [X]

1.2

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

\$ 0

1.3

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

\$ 0

1.31

Reason for excluding

NA

1.4

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

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2.1

Premium Numerator

\$ 0

2.2

Premium Denominator

\$ 166,676,286

2.3

Premium Ratio (2.1/2.2)

0.000

2.4

Reserve Numerator

\$ 0

2.5

Reserve Denominator

\$ 118,340,073

2.6

Reserve Ratio (2.4/2.5)

0.000

2

Prior Year

0

154,427,984

0.000

0

109,198,037

0.000

3.1

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

Yes [] No [X]

3.2

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

3.21

Participating policies

\$ 0

3.22

Non-participating policies

\$ 0

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?

0.0 %

4.4

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

\$ 0

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [] No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney/s-in-fact compensation

Yes [] No [] NA [X]

5.22

As a direct expense of the exchange

Yes [] No [] NA [X]

5.3

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

N/A

5.4

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

Yes [] No [X]

5.5

If yes, give full information

N/A

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ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Permanent General Assurance Corporation

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- | | | | | |
|-----|---|-----|-------------------------------------|--|
| 6.1 | What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? | | | |
| | N/A | | | |
| 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: | | | |
| | N/A | | | |
| 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? | | | |
| | N/A | | | |
| 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 | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 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 does a break-even analysis and historically has found it to be more cost effective to be self insured. | | | |
| 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 | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 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 | <input type="checkbox"/> | No <input type="checkbox"/> |
| 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 the risk, or portion thereof, reinsured? | Yes | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 8.2 | If yes, give full information | | | |
| 9.1 | Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) Aggregate stop loss reinsurance coverage; (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. | Yes | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 9.2 | Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. | Yes | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 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 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting 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 | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 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 | <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 10. | If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? | Yes | <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| | | | | N/A <input type="checkbox"/> |

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

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

Yes

☐

No

☒

11.2

If yes, give full information

12.1

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

12.11

Unpaid losses

\$

0

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

0

12.2

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

\$

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

☐

NA

☒

12.4

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

12.41

From

0.0

%

12.42

To

0.0

%

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 the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes

☐

No

☒

12.6

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

12.61

Letters of Credit

\$

0

12.62

Collateral and other funds

\$

0

13.1

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

\$

600,000

13.2

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

Yes

☐

No

☒

13.3

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

0

14.1

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

Yes

☒

No

☐

14.2

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

Allocated based on each companies respective premium and loss numbers

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

☒

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes

☐

No

☒

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

\$

0

\$

0

\$

0

\$

0

\$

0

16.12

Products

\$

0

\$

0

\$

0

\$

0

\$

0

16.13

Automobile

\$

0

\$

0

\$

0

\$

0

\$

0

16.14

Other*

\$

0

\$

0

\$

0

\$

0

\$

0

* Disclose type of coverage:

N/A

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

| | | |
|-------|---|----------|
| 17.11 | Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 | \$.....0 |
| 17.12 | Unfunded portion of Interrogatory 17.11..... | \$.....0 |
| 17.13 | Paid losses and loss adjustment expenses portion of Interrogatory 17.11 | \$.....0 |
| 17.14 | Case reserves portion of Interrogatory 17.11..... | \$.....0 |
| 17.15 | Incurred but not reported portion of Interrogatory 17.11..... | \$.....0 |
| 17.16 | Unearned premium portion of Interrogatory 17.11..... | \$.....0 |
| 17.17 | Contingent commission portion of Interrogatory 17.11..... | \$.....0 |

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

| | | |
|-------|---|----------|
| 17.18 | Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 | \$.....0 |
| 17.19 | Unfunded portion of Interrogatory 17.18..... | \$.....0 |
| 17.20 | Paid losses and loss adjustment expenses portion of Interrogatory 17.18 | \$.....0 |
| 17.21 | Case reserves portion of Interrogatory 17.18..... | \$.....0 |
| 17.22 | Incurred but not reported portion of Interrogatory 17.18..... | \$.....0 |
| 17.23 | Unearned premium portion of Interrogatory 17.18..... | \$.....0 |
| 17.24 | Contingent commission portion of Interrogatory 17.18..... | \$.....0 |

18.1 Do you act as a custodian for health savings accounts?..... Yes [] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$.....0

18.3 Do you act as an administrator for health savings accounts?..... Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$.....0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Permanent General Assurance Corporation

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) | 214,886,535 | 206,046,201 | 157,785,446 | 148,525,181 | 148,216,779 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 65,179,850 | 64,660,942 | 59,783,316 | 68,459,791 | 78,332,342 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 6. Total (Line 35) | 280,066,385 | 270,707,143 | 217,568,762 | 216,984,972 | 226,549,121 |
| 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) | 126,783,056 | 111,882,858 | 113,626,599 | 106,633,272 | 106,372,035 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 38,456,111 | 34,502,044 | 43,043,987 | 49,291,050 | 56,399,287 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 12. Total (Line 35) | 165,239,167 | 146,384,902 | 156,670,586 | 155,924,322 | 162,771,322 |
| Statement of Income (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | (27,970,460) | (16,815,636) | (11,200,660) | 3,586,672 | (663,465) |
| 14. Net investment gain (loss) (Line 11) | 9,023,602 | 5,126,658 | 3,882,572 | 5,251,204 | 6,205,502 |
| 15. Total other income (Line 15) | 19,098,654 | 18,767,082 | 17,083,348 | 73,400 | 229,479 |
| 16. Dividends to policyholders (Line 17) | 0 | 0 | 0 | 0 | 0 |
| 17. Federal and foreign income taxes incurred (Line 19) | (473,007) | 2,184,098 | 3,771,046 | 3,024,398 | 1,928,814 |
| 18. Net income (Line 20) | 624,803 | 4,894,006 | 5,994,214 | 5,886,878 | 3,842,702 |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 208,301,277 | 196,698,545 | 198,545,840 | 211,072,101 | 220,086,491 |
| 20. Premiums and considerations (Page 2, Col. 3) | | | | | |
| 20.1 In course of collection (Line 15.1) | 13,458,895 | 11,538,715 | 9,854,751 | 15,837,164 | 11,678,016 |
| 20.2 Deferred and not yet due (Line 15.2) | 47,343,617 | 49,939,951 | 50,613,251 | 51,540,133 | 47,067,059 |
| 20.3 Accrued retrospective premiums (Line 15.3) | 0 | 0 | 0 | 0 | 0 |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 122,755,489 | 113,602,851 | 121,638,668 | 132,447,427 | 145,690,831 |
| 22. Losses (Page 3, Line 1) | 43,429,066 | 36,537,302 | 35,681,064 | 36,721,132 | 40,334,575 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 10,550,706 | 6,624,134 | 8,115,032 | 7,333,470 | 8,147,240 |
| 24. Unearned premiums (Page 3, Line 9) | 64,360,301 | 65,797,420 | 73,840,502 | 74,398,840 | 74,901,698 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 85,545,788 | 83,095,694 | 76,907,172 | 78,624,674 | 74,395,660 |
| Cash Flow (Page 5) | | | | | |
| 27. Net cash from operations (Line 11) | 4,977,609 | (5,339,859) | 14,465,565 | (6,956,262) | 3,108,946 |
| Risk-Based Capital Analysis | | | | | |
| 28. Total adjusted capital | 85,545,788 | 83,095,694 | 76,907,172 | 78,624,674 | 74,395,660 |
| 29. Authorized control level risk-based capital | 19,108,373 | 18,136,975 | 16,789,084 | 13,081,120 | 13,819,778 |
| 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) | 91.1 | 88.2 | 96.3 | 98.0 | 87.3 |
| 31. Stocks (Lines 2.1 & 2.2) | 0.0 | 0.0 | 0.0 | 0.0 | 8.4 |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 8.9 | 11.8 | 3.6 | 2.0 | 4.3 |
| 35. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Derivatives (Line 7) | 0.0 | 0.0 | XXX | XXX | XXX |
| 37. Other invested assets (Line 8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 38. Receivables for securities (Line 9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 39. Securities lending reinvested collateral assets (Line 10) | 0.0 | 0.0 | XXX | XXX | XXX |
| 40. Aggregate write-ins for invested assets (Line 11) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 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) | 0 | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) | 17,034 | 1,538,425 | 65,741 | 1,250,672 | 12,863,029 |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | 0 | 0 | 0 | 0 | 0 |
| 47. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 48. Total of above Lines 42 to 47 | 17,034 | 1,538,425 | 65,741 | 1,250,672 | 12,863,029 |
| 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) | 0.0 | 1.9 | 0.1 | 1.6 | 17.3 |

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2011 | 2 2010 | 3 2009 | 4 2008 | 5 2007 |
|---|-------------|-------------|-------------|-------------|-------------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 50. Net unrealized capital gains (losses) (Line 24) | (958,695) | 3,101,954 | (2,486,762) | 385,847 | 989,250 |
| 51. Dividends to stockholders (Line 35) | (1,000,000) | 0 | (7,700,000) | 0 | (9,000,000) |
| 52. Change in surplus as regards policyholders for the year (Line 38) | 2,450,094 | 6,188,522 | (1,717,502) | 4,229,014 | (4,297,812) |
| 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) | 131,703,361 | 115,609,887 | 96,301,173 | 95,273,940 | 82,889,292 |
| 54. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 39,631,703 | 33,886,399 | 35,749,764 | 42,142,552 | 44,737,131 |
| 55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 57. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 58. Total (Line 35) | 171,335,064 | 149,496,286 | 132,050,937 | 137,416,492 | 127,626,423 |
| 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) | 77,654,083 | 74,290,318 | 69,147,881 | 67,773,720 | 58,919,364 |
| 60. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 23,387,804 | 20,312,550 | 25,744,937 | 30,358,709 | 32,255,729 |
| 61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 63. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 64. Total (Line 35) | 101,041,887 | 94,602,868 | 94,892,818 | 98,132,429 | 91,175,093 |
| 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) | 64.8 | 61.8 | 59.7 | 60.4 | 61.2 |
| 67. Loss expenses incurred (Line 3) | 12.0 | 9.1 | 9.6 | 5.8 | 7.6 |
| 68. Other underwriting expenses incurred (Line 4) | 40.1 | 40.0 | 37.9 | 31.5 | 31.6 |
| 69. Net underwriting gain (loss) (Line 8) | (16.8) | (10.9) | (7.1) | 2.3 | (0.4) |
| 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) | 28.9 | 29.4 | 27.1 | 31.6 | 30.1 |
| 71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 76.7 | 70.9 | 69.3 | 66.2 | 68.8 |
| 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) | 193.2 | 176.2 | 203.7 | 198.3 | 218.8 |
| 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) | 5,003 | 3,395 | 227 | (875) | (2,032) |
| 74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0) | 6.0 | 4.4 | 0.3 | (1.2) | (2.6) |
| 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) | 4,471 | 1,262 | (586) | (3,009) | (5,627) |
| 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) | 5.8 | 1.6 | (0.8) | (3.8) | (8.1) |

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

If no, please explain:

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | | | 12 |
|---|--------------------------------|----------------|-------------------------------|--------------------------------|----------------|--|----------------|---------------------------------|----------------|---|---|--|
| | 1 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) | Number of Claims Reported Direct and Assumed |
| | | | | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | | | |
| | | | | | | | | | | | | |
| 1. Prior | XXX | XXX | XXX | (27) | (14) | 4 | 1 | 0 | 0 | 29 | (10) | XXX |
| 2. 2002 | 94,023 | 25,752 | 68,271 | 62,839 | 16,444 | 2,828 | 716 | 6,327 | 1,625 | 2,562 | 53,209 | XXX |
| 3. 2003 | 105,885 | 25,692 | 80,193 | 61,655 | 13,765 | 2,137 | 444 | 7,050 | 1,913 | 2,739 | 54,719 | XXX |
| 4. 2004 | 114,237 | 20,886 | 93,351 | 68,454 | 14,028 | 2,029 | 393 | 8,409 | 2,050 | 3,649 | 62,421 | XXX |
| 5. 2005 | 117,451 | 7,038 | 110,413 | 65,924 | 4,100 | 2,204 | 127 | 6,600 | 406 | 5,016 | 70,094 | XXX |
| 6. 2006 | 118,073 | 566 | 117,507 | 72,242 | 470 | 1,727 | 9 | 7,841 | 1 | 4,834 | 81,330 | XXX |
| 7. 2007 | 127,734 | 399 | 127,336 | 80,080 | 375 | 2,193 | 34 | 7,840 | 0 | 5,531 | 89,703 | XXX |
| 8. 2008 | 128,569 | 385 | 128,183 | 78,389 | 229 | 1,959 | 10 | 6,485 | 0 | 4,789 | 86,594 | XXX |
| 9. 2009 | 128,975 | 135 | 128,840 | 78,800 | 139 | 2,195 | 12 | 9,347 | 0 | 4,334 | 90,192 | XXX |
| 10. 2010 | 154,428 | 0 | 154,428 | 88,503 | 0 | 2,379 | 0 | 10,957 | 0 | 4,590 | 101,839 | XXX |
| 11. 2011 | 166,676 | 0 | 166,676 | 68,174 | 0 | 637 | 0 | 10,614 | 0 | 3,124 | 79,425 | XXX |
| 12. Totals | XXX | XXX | XXX | 725,031 | 49,536 | 20,292 | 1,746 | 81,470 | 5,996 | 41,199 | 769,516 | 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 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | | | | | |
| | Direct and Assumed | Ceded | Direct and Assumed | Ceded | Direct and Assumed | Ceded | Direct and Assumed | Ceded | Direct and Assumed | Ceded | | | |
| 1. | 0 | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | xxx |
| 2. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | xxx |
| 3. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 | 0 | xxx |
| 4. | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65 | 3 | xxx |
| 5. | 12 | 0 | (56) | 0 | 0 | 0 | 20 | 0 | 1 | 0 | 111 | (23) | xxx |
| 6. | 144 | 26 | (83) | 15 | 0 | 0 | 17 | 0 | 4 | 0 | 139 | 40 | xxx |
| 7. | 226 | 8 | (142) | 44 | 0 | 0 | 53 | 0 | 11 | 0 | 206 | 95 | xxx |
| 8. | 319 | 1 | (212) | 102 | 0 | 0 | 227 | 0 | 19 | 0 | 251 | 251 | xxx |
| 9. | 1,517 | 7 | (317) | 227 | 0 | 0 | 718 | 0 | 78 | 0 | 343 | 1,763 | xxx |
| 10. | 6,262 | 0 | (266) | 0 | 0 | 0 | 2,366 | 0 | 364 | 0 | 676 | 8,726 | xxx |
| 11. | 26,334 | 0 | 10,117 | 0 | 0 | 0 | 4,408 | 0 | 2,264 | 0 | 3,000 | 43,124 | xxx |
| 12. Totals | 34,815 | 41 | 9,043 | 388 | 0 | 0 | 7,809 | 0 | 2,741 | 0 | 4,828 | 53,980 | 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 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | | 35 | 36 |
| | Direct and Assumed | Ceded | Net | Direct and Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | | | | | | | | | | | |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 1 | 0 |
| 2. | 71,994 | 18,785 | 53,209 | 76.6 | 72.9 | 77.9 | 0 | 0 | 59.0 | 0 | 0 |
| 3. | 70,842 | 16,123 | 54,719 | 66.9 | 62.8 | 68.2 | 0 | 0 | 59.0 | 0 | 0 |
| 4. | 78,894 | 16,470 | 62,424 | 69.1 | 78.9 | 66.9 | 0 | 0 | 59.0 | 3 | 0 |
| 5. | 74,705 | 4,634 | 70,071 | 63.6 | 65.8 | 63.5 | 0 | 0 | 59.0 | (44) | 21 |
| 6. | 81,892 | 522 | 81,370 | 69.4 | 92.2 | 69.2 | 0 | 0 | 59.0 | 19 | 21 |
| 7. | 90,260 | 461 | 89,798 | 70.7 | 115.8 | 70.5 | 0 | 0 | 59.0 | 32 | 63 |
| 8. | 87,186 | 341 | 86,845 | 67.8 | 88.6 | 67.8 | 0 | 0 | 59.0 | 4 | 246 |
| 9. | 92,339 | 384 | 91,954 | 71.6 | 284.6 | 71.4 | 0 | 0 | 59.0 | 966 | 796 |
| 10. | 110,565 | 0 | 110,565 | 71.6 | 0.0 | 71.6 | 0 | 0 | 59.0 | 5,996 | 2,730 |
| 11. | 122,549 | 0 | 122,549 | 73.5 | 0.0 | 73.5 | 0 | 0 | 59.0 | 36,451 | 6,673 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 43,429 | 10,551 |

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

SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | DEVELOPMENT | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|---------|-------------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | One Year | Two Year |
| 1. Prior | 5,156 | 5,402 | 5,588 | 5,526 | 5,440 | 5,500 | 5,457 | 5,424 | 5,389 | 5,369 | (20) | (55) |
| 2. 2002 | 47,140 | 46,675 | 46,253 | 49,542 | 48,392 | 48,517 | 48,522 | 48,540 | 48,523 | 48,508 | (16) | (32) |
| 3. 2003 | XXX | 51,188 | 49,233 | 49,373 | 49,516 | 49,447 | 49,455 | 49,453 | 49,603 | 49,582 | (21) | 129 |
| 4. 2004 | XXX | XXX | 59,097 | 56,970 | 56,505 | 56,265 | 56,130 | 56,103 | 56,073 | 56,065 | (8) | (38) |
| 5. 2005 | XXX | XXX | XXX | 66,763 | 64,560 | 63,845 | 63,894 | 63,902 | 63,931 | 63,876 | (55) | (26) |
| 6. 2006 | XXX | XXX | XXX | XXX | 74,717 | 73,897 | 73,218 | 73,429 | 73,450 | 73,526 | 77 | 98 |
| 7. 2007 | XXX | XXX | XXX | XXX | XXX | 81,202 | 81,290 | 81,357 | 81,686 | 81,948 | 262 | 591 |
| 8. 2008 | XXX | XXX | XXX | XXX | XXX | XXX | 79,539 | 79,489 | 80,113 | 80,340 | 227 | 851 |
| 9. 2009 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 79,577 | 81,901 | 82,529 | 629 | 2,952 |
| 10. 2010 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 95,318 | 99,245 | 3,927 | XXX |
| 11. 2011 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 109,670 | XXX | XXX |
| 12. Totals | | | | | | | | | | | 5,003 | 4,471 |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 | 12 |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | | |
| 1. Prior | 000 | 4,370 | 4,939 | 5,268 | 5,324 | 5,474 | 5,435 | 5,405 | 5,378 | 5,368 | XXX | XXX |
| 2. 2002 | 28,651 | 41,715 | 44,526 | 45,730 | 48,174 | 48,447 | 48,501 | 48,538 | 48,523 | 48,508 | XXX | XXX |
| 3. 2003 | XXX | 30,960 | 44,303 | 47,610 | 49,057 | 49,299 | 49,403 | 49,438 | 49,600 | 49,582 | XXX | XXX |
| 4. 2004 | XXX | XXX | 33,160 | 48,751 | 54,531 | 55,604 | 56,014 | 56,088 | 56,066 | 56,063 | XXX | XXX |
| 5. 2005 | XXX | XXX | XXX | 41,884 | 58,709 | 62,362 | 63,539 | 63,851 | 63,916 | 63,900 | XXX | XXX |
| 6. 2006 | XXX | XXX | XXX | XXX | 48,711 | 67,718 | 71,760 | 73,101 | 73,410 | 73,490 | XXX | XXX |
| 7. 2007 | XXX | XXX | XXX | XXX | XXX | 52,303 | 75,535 | 79,887 | 81,285 | 81,863 | XXX | XXX |
| 8. 2008 | XXX | XXX | XXX | XXX | XXX | XXX | 53,475 | 74,673 | 78,945 | 80,109 | XXX | XXX |
| 9. 2009 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 52,661 | 76,568 | 80,845 | XXX | XXX |
| 10. 2010 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 61,388 | 90,883 | XXX | XXX |
| 11. 2011 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 68,810 | 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 | 1,412 | 31 | 173 | 61 | 12 | 0 | 0 | 0 | 0 | 0 |
| 2. 2002 | 6,803 | 1,869 | 481 | 157 | 63 | 0 | 0 | 0 | 0 | 0 |
| 3. 2003 | XXX | 7,720 | 2,054 | 618 | 166 | 23 | 0 | 0 | 0 | 0 |
| 4. 2004 | XXX | XXX | 9,692 | 2,266 | 588 | 93 | 12 | 0 | 0 | 0 |
| 5. 2005 | XXX | XXX | XXX | 7,744 | 1,822 | 281 | (4) | (43) | 0 | (36) |
| 6. 2006 | XXX | XXX | XXX | XXX | 7,339 | 1,395 | 43 | (131) | (121) | (81) |
| 7. 2007 | XXX | XXX | XXX | XXX | XXX | 7,390 | 935 | (11) | (163) | (133) |
| 8. 2008 | XXX | XXX | XXX | XXX | XXX | XXX | 6,522 | 433 | 104 | (86) |
| 9. 2009 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 6,784 | 907 | 175 |
| 10. 2010 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9,578 | 2,101 |
| 11. 2011 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 14,525 |

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

| Allocated by States and Territories | | | | | | | | | |
|--|---------------|--|------------------------|--|--|------------------------|----------------------|--|---|
| States, etc. | 1 | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken | | 4 | 5 | 6 | 7 | 8 | 9 |
| | | 2 | 3 | | | | | | |
| | Active Status | Direct Premiums Written | Direct Premiums Earned | Dividends Paid or Credited to Policyholders on Direct Business | Direct Losses Paid (Deducting Salvage) | Direct Losses Incurred | Direct Losses Unpaid | Finance and Service Charges Not Included in Premiums | Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) |
| 1. Alabama | AL L | 369,744 | 135,277 | .0 | 18,127 | 75,442 | 57,315 | 9,609 | |
| 2. Alaska | AK N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 3. Arizona | AZ L | 11,319,286 | 11,419,743 | .0 | 6,770,158 | 7,035,223 | 3,084,420 | 1,291,726 | |
| 4. Arkansas | AR N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 5. California | CA L | 43,328,273 | 43,388,065 | .0 | 23,065,847 | 23,311,399 | 9,393,942 | 5,654,928 | |
| 6. Colorado | CO L | 5,782,597 | 5,527,361 | .0 | 3,626,159 | 4,120,795 | 2,010,438 | 507,915 | |
| 7. Connecticut | CT L | 1,692,928 | 1,430,524 | .0 | 444,094 | 792,564 | 381,749 | 98,002 | |
| 8. Delaware | DE L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 9. Dist. of Columbia | DC N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 10. Florida | FL L | 24,000,954 | 25,650,108 | .0 | 16,985,959 | 19,204,712 | 7,010,265 | 1,387,925 | |
| 11. Georgia | GA L | 5,504,283 | 5,404,065 | .0 | 3,945,926 | 3,827,034 | 1,190,687 | 389,228 | |
| 12. Hawaii | HI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 13. Idaho | ID L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 14. Illinois | IL L | 3,683,943 | 3,767,684 | .0 | 2,048,106 | 2,049,028 | 900,001 | 396,285 | |
| 15. Indiana | IN L | 8,586,433 | 8,799,376 | .0 | 5,256,968 | 5,690,863 | 2,306,280 | 1,312,711 | |
| 16. Iowa | IA L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 17. Kansas | KS L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 18. Kentucky | KY N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 19. Louisiana | LA L | 5,818,981 | 5,996,598 | .0 | 3,836,309 | 3,867,013 | 1,509,082 | 307,955 | |
| 20. Maine | ME N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 21. Maryland | MD N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 22. Massachusetts | MA L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 23. Michigan | MI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 24. Minnesota | MN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 25. Mississippi | MS L | .0 | .0 | .0 | 433 | 433 | .0 | .0 | |
| 26. Missouri | MO L | 3,967,996 | 3,688,570 | .0 | 1,795,688 | 2,068,034 | 931,093 | 358,591 | |
| 27. Montana | MT L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 28. Nebraska | NE L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 29. Nevada | NV L | 4,653,917 | 4,647,053 | .0 | 2,287,037 | 2,889,729 | 1,221,476 | 296,512 | |
| 30. New Hampshire | NH N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 31. New Jersey | NJ L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 32. New Mexico | NM N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 33. New York | NY L | 11,265,938 | 11,719,123 | .0 | 9,353,776 | 11,981,445 | 5,862,080 | 1,053,951 | |
| 34. No. Carolina | NC L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 35. No. Dakota | ND L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 36. Ohio | OH L | 4,490,311 | 6,192,230 | .0 | 4,697,262 | 3,437,265 | 1,422,810 | 932,881 | |
| 37. Oklahoma | OK L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 38. Oregon | OR L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 39. Pennsylvania | PA L | 19,415,109 | 18,982,612 | .0 | 9,609,532 | 11,865,031 | 5,016,826 | 2,303,862 | |
| 40. Rhode Island | RI L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 41. So. Carolina | SC L | 2,201,781 | 1,810,208 | .0 | 1,148,394 | 1,277,041 | 439,375 | 208,572 | |
| 42. So. Dakota | SD L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 43. Tennessee | TN L | 13,235,516 | 12,242,821 | .0 | 6,269,821 | 7,246,099 | 3,298,861 | 1,172,276 | |
| 44. Texas | TX L | 2,678,175 | 2,471,489 | .0 | 1,555,974 | 1,967,647 | 702,381 | 179,265 | |
| 45. Utah | UT L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 46. Vermont | VT N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 47. Virginia | VA L | 9,894,008 | 10,754,969 | .0 | 6,178,616 | 6,399,092 | 3,013,201 | 1,061,081 | |
| 48. Washington | WA L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 49. West Virginia | WV L | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 50. Wisconsin | WI L | 105,445 | 20,916 | .0 | (13,655) | (18,316) | 29,654 | 2,452 | |
| 51. Wyoming | WY N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 52. American Samoa | AS N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 53. Guam | GU N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 54. Puerto Rico | PR N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 55. U.S. Virgin Islands | VI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 56. Northern Mariana Islands | MP N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 57. Canada | CN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 58. Aggregate other alien | OT XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 59. Totals | (a) 38 | 181,995,618 | 184,048,792 | .0 | 108,880,531 | 119,087,573 | 49,781,936 | 18,925,727 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 5801. | XXX | | | | | | | | |
| 5802. | XXX | | | | | | | | |
| 5803. | XXX | | | | | | | | |
| 5898. Sum. of remaining write-ins for Line 58 from overflow page | XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

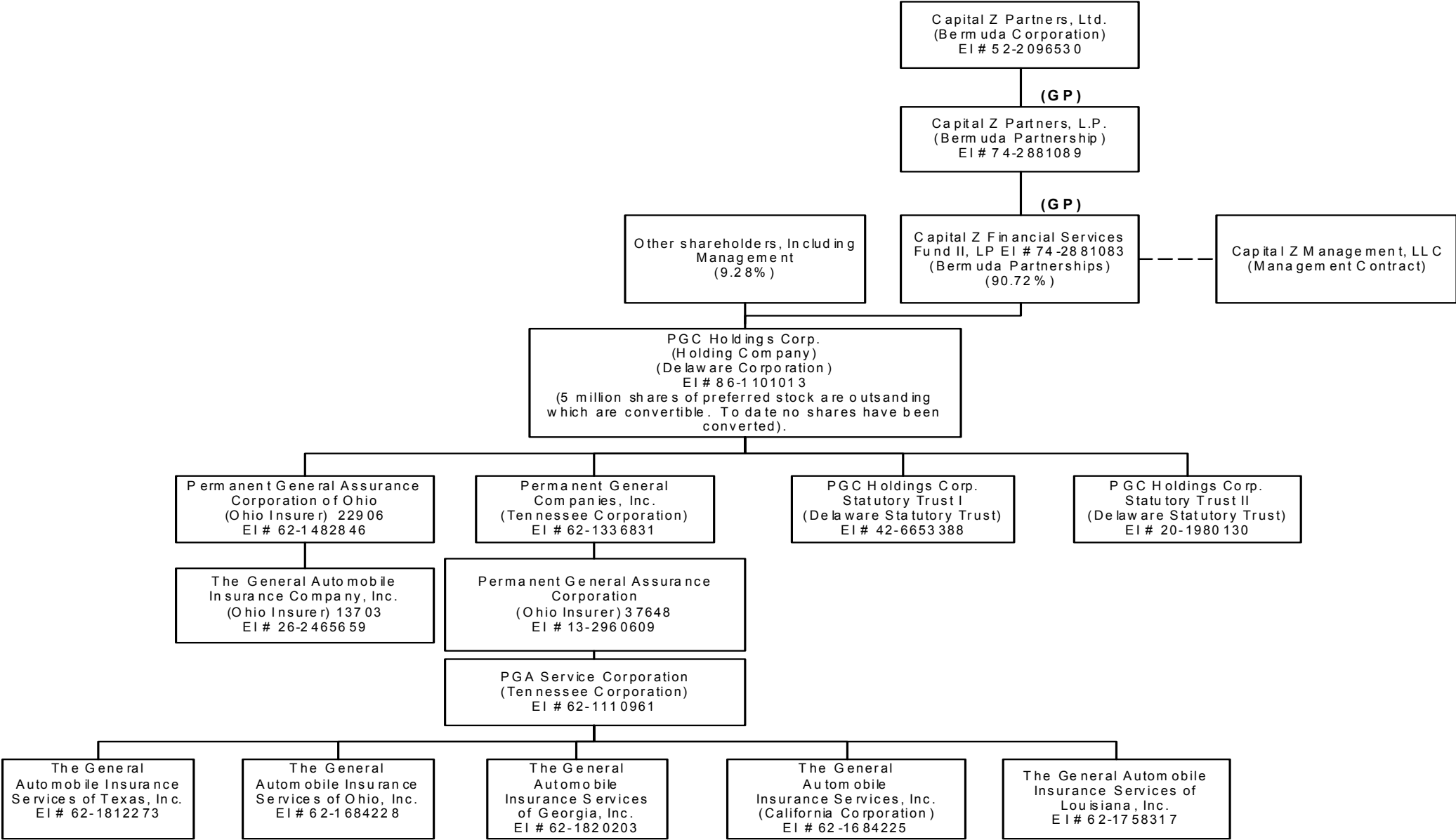
Explanation of basis of allocation of premiums by states, etc.

Premiums are not allocated but are based on the policyholders residence address.

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

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

PART 1 - ORGANIZATIONAL CHART



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