



ANNUAL STATEMENT  
For the Year Ended December 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE  
TRUSTGARD INSURANCE COMPANY

NAIC Group Code	00267	00267	NAIC Company Code	40118	Employer's ID Number	41-1405571
	(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	07/01/1981			Commenced Business		11/10/1981
Statutory Home Office	671 South High Street			Columbus, OH 43206-1014		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	671 South High Street			Columbus, OH 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)
Mail Address	671 South High Street, P.O. Box 1218			Columbus, OH 43216-1218		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	671 South High Street			Columbus, OH 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)
Internet Web Site Address	www.grangeinsurance.com					
Statutory Statement Contact	David Sidney Ackermann			614-445-2900		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	ackermannnd@grangeinsurance.com			614-449-3757		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
THOMAS HOWARD WELCH	PRESIDENT & CEO	DAVID TRUFANT ROARK	VP & SECRETARY
JOHN PAUL MCCAFFREY	VP & CFO		

OTHER OFFICERS

JOHN CHRISTOPHER MONTGOMERY	VP - INVESTMENTS		
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DIRECTORS OR TRUSTEES

DOUGLAS PAUL BUTH	GLENN EUGENE CORLETT	ELWOOD GORDON GEE	ROBERT ENLOW HOYT #
JOHN PAUL MCCAFFREY #	ROBERT JOHN O'BRIEN	MICHAEL VERNE PARROTT	MARY MARNETTE PERRY
MELVIN GEORGE PYE JR	THOMAS SIMRALL STEWART	PHILIP WAYNE STICHTER	THOMAS HOWARD WELCH
DAVID CHARLES WETMORE			

State of .....Ohio.....  
County of .....Franklin.....

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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.

THOMAS HOWARD WELCH PRESIDENT & CEO	DAVID TRUFANT ROARK VP & SECRETARY	JOHN PAUL MCCAFFREY VP & CFO
Subscribed and sworn to before me this 24th day of February, 2012		
Teresa J. Burchwell, Notary Public April 28, 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		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE TRUSTGARD INSURANCE COMPANY

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).....	69,252,217		69,252,217	67,080,424
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	2,000		2,000	2,000
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 (\$ .....598,469 , Schedule DA).....	598,469		598,469	633,636
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).....	2,881,832		2,881,832	2,459,400
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	72,734,518	0	72,734,518	70,175,460
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	743,215		743,215	705,253
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	6,480,059	49,713	6,430,346	6,805,959
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....(6,577) earned but unbilled premiums).....	(7,181)	(604)	(6,577)	(8,888)
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....			0	0
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 .....			0	0
18.2 Net deferred tax asset.....	1,364,879	10,094	1,354,785	1,410,602
19. Guaranty funds receivable or on deposit .....			0	0
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 .....	2,030,914		2,030,914	898,156
24. Health care (\$ ..... ) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets .....	16,854	0	16,854	14,517
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	83,363,258	59,203	83,304,055	80,001,059
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	83,363,258	59,203	83,304,055	80,001,059
DETAILS OF WRITE-INS				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
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	0
2501. Equities in Pools.....	16,854		16,854	14,517
2502. ....			0	0
2503. ....			0	0
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)	16,854	0	16,854	14,517

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	13,813,860	14,146,196
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	27	(27)
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	3,953,123	4,263,628
4. Commissions payable, contingent commissions and other similar charges .....	354,928	424,982
5. Other expenses (excluding taxes, licenses and fees) .....	951,880	948,343
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	407,055	454,305
7.1 Current federal and foreign income taxes (including \$ .....677 on realized capital gains (losses)).....	1,791,666	1,874,700
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 \$ .....53,469,602 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) .....	13,680,706	14,207,684
10. Advance premium .....		0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		0
11.2 Policyholders .....	27,079	26,622
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		0
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 .....		0
22. Payable for securities lending .....	2,881,832	2,459,400
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) .....	37,862,156	38,805,833
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	37,862,156	38,805,833
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	2,500,000	2,500,000
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 .....	4,657,724	4,657,724
35. Unassigned funds (surplus) .....	38,284,175	34,037,502
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) .....	45,441,899	41,195,226
38. Totals (Page 2, Line 28, Col. 3)	83,304,055	80,001,059
DETAILS OF WRITE-INS		
2501. Miscellaneous Liability.....		0
2502. ....		0
2503. ....		0
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. ....		0
2902. ....		0
2903. ....		0
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. ....		0
3202. ....		0
3203. ....		0
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) .....	36,522,466	39,215,085
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	21,946,754	23,976,621
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	3,799,166	4,160,164
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	11,415,292	12,451,963
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	37,161,213	40,588,748
7. Net income of protected cells .....		0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(638,747)	(1,373,663)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,402,614	2,121,652
10. Net realized capital gains (losses) less capital gains tax of \$ .....677 (Exhibit of Capital Gains (Losses)).....	1,256	(211,750)
11. Net investment gain (loss) (Lines 9 + 10) .....	2,403,870	1,909,902
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....3,317 amount charged off \$ .....288,135 ) .....	(284,818)	(357,494)
13. Finance and service charges not included in premiums .....	4,559,557	6,208,518
14. Aggregate write-ins for miscellaneous income .....	158,689	236,321
15. Total other income (Lines 12 through 14) .....	4,433,428	6,087,345
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	6,198,551	6,623,584
17. Dividends to policyholders .....	106,883	113,247
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) .....	6,091,668	6,510,337
19. Federal and foreign income taxes incurred .....	1,790,989	1,988,720
20. Net income (Line 18 minus Line 19) (to Line 22) .....	4,300,679	4,521,617
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	41,195,226	36,677,700
22. Net income (from Line 20) .....	4,300,679	4,521,617
23. Net transfers (to) from Protected Cell accounts .....		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....		84,260
25. Change in net unrealized foreign exchange capital gain (loss) .....		0
26. Change in net deferred income tax .....	(80,893)	(82,414)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	26,887	(5,937)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	0
29. Change in surplus notes .....		0
30. Surplus (contributed to) withdrawn from protected cells .....		0
31. Cumulative effect of changes in accounting principles .....		0
32. Capital changes:		
32.1. Paid in .....		0
32.2. Transferred from surplus (Stock Dividend) .....		0
32.3. Transferred to surplus .....		0
33. Surplus adjustments:		
33.1. Paid in .....		0
33.2. Transferred to capital (Stock Dividend) .....		0
33.3. Transferred from capital .....		0
34. Net remittances from or (to) Home Office .....		0
35. Dividends to stockholders .....		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	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	4,246,673	4,517,526
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	45,441,899	41,195,226
DETAILS OF WRITE-INS		
0501. ....		0
0502. ....		0
0503. ....		0
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. Miscellaneous Income.....	158,689	236,321
1402. ....		0
1403. ....		0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	158,689	236,321
3701. ....		0
3702. ....		0
3703. ....		0
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	0

CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	36,370,602	39,109,802
2. Net investment income .....	2,740,664	2,115,815
3. Miscellaneous income .....	4,433,428	6,087,345
4. Total (Lines 1 through 3) .....	43,544,694	47,312,962
5. Benefit and loss related payments .....	22,279,037	23,814,784
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	15,639,082	16,522,777
8. Dividends paid to policyholders .....	106,426	116,573
9. Federal and foreign income taxes paid (recovered) net of \$ .....677 tax on capital gains (losses).....	1,874,700	2,038,195
10. Total (Lines 5 through 9) .....	39,899,245	42,492,329
11. Net cash from operations (Line 4 minus Line 10) .....	3,645,449	4,820,633
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	24,264,910	20,333,336
12.2 Stocks .....	0	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 .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	24,264,910	20,333,336
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	26,810,432	27,132,923
13.2 Stocks .....	0	0
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) .....	26,810,432	27,132,923
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) .....	(2,545,522)	(6,799,587)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	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 .....	0	0
16.6 Other cash provided (applied).....	(1,135,094)	908,173
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(1,135,094)	908,173
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(35,167)	(1,070,781)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	633,636	1,704,417
19.2 End of year (Line 18 plus Line 19.1) .....	598,469	633,636

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 .....	462,899	275,321	268,466	469,754
2.	Allied lines .....	264,049	155,998	152,143	267,903
3.	Farmowners multiple peril .....	603,482	307,424	309,933	600,974
4.	Homeowners multiple peril .....	7,398,142	4,403,296	4,274,448	7,526,991
5.	Commercial multiple peril .....	3,292,518	1,588,676	1,645,299	3,235,894
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	0	0	0	0
9.	Inland marine .....	287,936	165,767	155,749	297,954
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 .....	92,158	56,746	52,864	96,040
13.	Group accident and health .....	3,701	0	0	3,701
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	1,009,050	433,664	501,220	941,493
17.1	Other liability - occurrence .....	437,896	202,914	218,674	422,136
17.2	Other liability - claims-made .....	225	78	69	235
17.3	Excess workers' compensation.....	0	0	0	0
18.1	Products liability-occurrence .....	2,067	611	834	1,844
18.2	Products liability-claims-made .....	0	0	0	0
19.1,19.2	Private passenger auto liability .....	11,495,028	3,203,835	2,807,714	11,891,148
19.3,19.4	Commercial auto liability .....	2,091,337	912,083	984,668	2,018,752
21.	Auto physical damage .....	8,553,569	2,500,577	2,308,048	8,746,099
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	0	0	0
24.	Surety .....	0	0	0	0
26.	Burglary and theft .....	1,431	694	577	1,548
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	35,995,489	14,207,683	13,680,706	36,522,466
DETAILS OF WRITE-INS					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....	0	0	0	0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 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 .....	268,466				268,466
2.	Allied lines .....	152,143				152,143
3.	Farmowners multiple peril .....	309,933				309,933
4.	Homeowners multiple peril .....	4,274,448				4,274,448
5.	Commercial multiple peril .....	1,645,299				1,645,299
6.	Mortgage guaranty .....					0
8.	Ocean marine .....					0
9.	Inland marine .....	155,749				155,749
10.	Financial guaranty .....					0
11.1	Medical professional liability-occurrence .....					0
11.2	Medical professional liability-claims-made .....					0
12.	Earthquake .....	52,864				52,864
13.	Group accident and health .....					0
14.	Credit accident and health (group and individual) ...					0
15.	Other accident and health .....					0
16.	Workers' compensation .....	501,220				501,220
17.1	Other liability-occurrence .....	218,674				218,674
17.2	Other liability-claims-made .....	69				69
17.3	Excess workers' compensation .....					0
18.1	Products liability-occurrence .....	834				834
18.2	Products liability-claims-made .....					0
19.1,19.2	Private passenger auto liability .....	2,807,714				2,807,714
19.3,19.4	Commercial auto liability .....	984,668				984,668
21.	Auto physical damage .....	2,308,048				2,308,048
22.	Aircraft (all perils) .....					0
23.	Fidelity .....					0
24.	Surety .....					0
26.	Burglary and theft .....	577				577
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	13,680,706	0	0	0	13,680,706
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Lines 35 through 37)					13,680,706
DETAILS OF WRITE-INS						
3401.	.....					0
3402.	.....					0
3403.	.....					0
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.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire .....	2,969,106	462,899	33,322	2,697,882	304,546	462,899
2.	Allied lines .....	2,022,499	264,049	17,549	1,878,371	161,677	264,049
3.	Farmowners multiple peril .....	0	603,482	0	0	0	603,482
4.	Homeowners multiple peril .....	42,759,705	7,398,142	48,013	38,660,581	4,147,137	7,398,142
5.	Commercial multiple peril .....	0	3,292,518	0	0	0	3,292,518
6.	Mortgage guaranty .....						0
8.	Ocean marine .....						0
9.	Inland marine .....	1,013,288	287,936	0	939,381	73,907	287,936
10.	Financial guaranty .....						0
11.1	Medical professional liability-occurrence .....						0
11.2	Medical professional liability-claims-made .....						0
12.	Earthquake .....	732,582	92,158	0	681,742	50,841	92,158
13.	Group accident and health .....	0	3,701	0	0	0	3,701
14.	Credit accident and health (group and individual) .....						0
15.	Other accident and health .....						0
16.	Workers' compensation .....	4,179,891	1,009,050	0	3,563,843	616,048	1,009,050
17.1	Other liability-occurrence .....	1,151,056	437,896	0	1,035,675	115,381	437,896
17.2	Other liability-claims-made .....	0	225	0	0	0	225
17.3	Excess workers' compensation .....						0
18.1	Products liability-occurrence .....	0	2,067	0	0	0	2,067
18.2	Products liability-claims-made .....						0
19.1,19.2	Private passenger auto liability .....	59,972,608	11,495,028	0	59,795,008	177,600	11,495,028
19.3,19.4	Commercial auto liability .....	2,884,942	2,091,337	3,134	2,881,289	6,787	2,091,337
21.	Auto physical damage .....	38,270,808	8,553,569	314	37,530,743	740,380	8,553,569
22.	Aircraft (all perils) .....						0
23.	Fidelity .....						0
24.	Surety .....						0
26.	Burglary and theft .....	0	1,431	0	0	0	1,431
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	155,956,485	35,995,489	102,332	149,664,514	6,394,303	35,995,489
DETAILS OF WRITE-INS							
3401.	.....						0
3402.	.....						0
3403.	.....						0
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

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

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

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



ANNUAL STATEMENT FOR THE YEAR 2011 OF THE TRUSTGARD INSURANCE COMPANY

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 .....	3,317,407	370,508	3,343,442	344,473	59,370	49,374	354,469	75.5
2.	Allied lines .....	1,253,357	151,427	1,270,347	134,436	32,795	47,552	119,678	44.7
3.	Farmowners multiple peril .....	.0	322,047	.0	322,047	107,082	72,550	356,579	59.3
4.	Homeowners multiple peril .....	46,153,684	5,529,877	46,186,223	5,497,338	1,247,518	1,285,733	5,459,123	72.5
5.	Commercial multiple peril .....	.0	1,774,216	.0	1,774,216	2,123,005	2,048,142	1,849,080	57.1
6.	Mortgage guaranty .....				.0	.0	.0	.0	0.0
8.	Ocean marine .....				.0	.0	.0	.0	0.0
9.	Inland marine .....	469,356	141,488	469,356	141,488	23,974	29,703	135,759	45.6
10.	Financial guaranty .....				.0	.0	.0	.0	0.0
11.1	Medical professional liability-occurrence .....		.1		.1	.0	.0	.1	0.0
11.2	Medical professional liability-claims-made .....				.0	.0	.0	.0	0.0
12.	Earthquake .....				.0	.0	.0	.0	0.0
13.	Group accident and health .....		6,533		6,533	22,406	22,639	6,300	170.2
14.	Credit accident and health (group and individual) .....				.0	.0	.0	.0	0.0
15.	Other accident and health .....				.0	.0	.0	.0	0.0
16.	Workers' compensation .....	1,361,582	493,121	1,361,582	493,121	1,143,172	1,011,403	624,889	66.4
17.1	Other liability-occurrence .....	1,150,000	110,138	1,150,000	110,138	222,841	147,408	185,571	44.0
17.2	Other liability-claims-made .....	.0	(172)	.0	(172)	9,168	8,245	751	320.0
17.3	Excess workers' compensation .....				.0	.0	.0	.0	0.0
18.1	Products liability-occurrence .....		35		35	1,354	1,073	315	17.1
18.2	Products liability-claims-made .....				.0	.0	.0	.0	0.0
19.1,19.2	Private passenger auto liability .....	43,519,318	7,159,102	43,519,318	7,159,102	7,321,965	7,992,559	6,488,508	54.6
19.3,19.4	Commercial auto liability .....	822,427	1,015,077	823,975	1,013,529	1,644,568	1,512,929	1,145,168	56.7
21.	Auto physical damage .....	27,477,609	5,282,993	27,477,883	5,282,719	(146,425)	(84,180)	5,220,475	59.7
22.	Aircraft (all perils) .....	.0	.7	.0	.7	15	15	.8	0.0
23.	Fidelity .....				.0	.0	.0	.0	0.0
24.	Surety .....		(61)		(61)	1,024	1,025	(62)	0.0
26.	Burglary and theft .....		141		141	27	25	142	9.2
27.	Boiler and machinery .....				.0	.0	.0	.0	0.0
28.	Credit .....				.0	.0	.0	.0	0.0
29.	International .....				.0	.0	.0	.0	0.0
30.	Warranty .....				.0	.0	.0	.0	0.0
31.	Reinsurance-nonproportional assumed property .....	XXX			.0	.0	.0	.0	0.0
32.	Reinsurance-nonproportional assumed liability .....	XXX			.0	.0	.0	.0	0.0
33.	Reinsurance-nonproportional assumed financial lines .....	XXX			.0	.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 .....	125,524,740	22,356,477	125,602,126	22,279,091	13,813,860	14,146,196	21,946,754	60.1
DETAILS OF WRITE-INS									
3401.	.....				.0	.0	.0	.0	0.0
3402.	.....				.0	.0	.0	.0	0.0
3403.	.....				.0	.0	.0	.0	0.0
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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE TRUSTGARD INSURANCE COMPANY

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses 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 .....	198,723	30,942	201,431	28,235	217,070	32,681	218,616	59,370	24,453
2.	Allied lines .....	4,028	14,375	5,233	13,169	146,670	20,925	147,970	32,795	16,782
3.	Farmowners multiple peril .....	.0	71,818	.0	71,818	.0	35,264	.0	107,082	31,637
4.	Homeowners multiple peril .....	4,949,776	762,497	4,954,714	757,559	3,325,468	491,566	3,327,076	1,247,518	377,629
5.	Commercial multiple peril .....	.0	1,025,382	.0	1,025,382	.0	1,097,624	.0	2,123,005	1,105,014
6.	Mortgage guaranty .....				.0				.0	
8.	Ocean marine .....				.0				.0	
9.	Inland marine .....	16,990	14,755	16,990	14,755	30,967	9,219	30,967	23,974	7,541
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		.0	
13.	Group accident and health .....		22,406		22,406				(a) 22,406	45
14.	Credit accident and health (group and individual) .....				.0				.0	
15.	Other accident and health .....				.0				(a) .0	
16.	Workers' compensation .....	1,654,358	678,412	1,654,358	678,412	1,261,785	464,760	1,261,785	1,143,172	167,759
17.1	Other liability-occurrence .....	575,000	94,072	575,000	94,072	342,901	128,769	342,901	222,841	27,875
17.2	Other liability-claims-made .....	.0	9,100	.0	9,100	.0	68	.0	9,168	58
17.3	Excess workers' compensation .....				.0				.0	
18.1	Products liability-occurrence .....	.0	839	.0	839		515		1,354	681
18.2	Products liability-claims-made .....				.0				.0	
19.1,19.2	Private passenger auto liability .....	22,973,943	4,900,593	22,973,943	4,900,593	12,108,519	2,421,372	12,108,519	7,321,965	1,686,799
19.3,19.4	Commercial auto liability .....	554,432	922,884	556,164	921,152	570,019	724,063	570,666	1,644,568	267,111
21.	Auto physical damage .....	(2,308,748)	(372,368)	(2,308,513)	(372,603)	1,204,135	226,170	1,204,126	(146,425)	239,738
22.	Aircraft (all perils) .....	.0	15	.0	15				15	
23.	Fidelity .....				.0				.0	
24.	Surety .....		1,024		1,024				1,024	
26.	Burglary and theft .....				.0		27		27	1
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 .....	28,618,502	8,176,746	28,629,320	8,165,929	19,207,534	5,653,023	19,212,626	13,813,860	3,953,123
DETAILS OF WRITE-INS										
3401.	.....				.0				.0	
3402.	.....				.0				.0	
3403.	.....				.0				.0	
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 \$ .....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 .....	1,788,468			1,788,468
1.2 Reinsurance assumed .....	570,104			570,104
1.3 Reinsurance ceded .....	1,788,468			1,788,468
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	570,104	0	0	570,104
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		21,516,767		21,516,767
2.2 Reinsurance assumed, excluding contingent .....		5,490,236		5,490,236
2.3 Reinsurance ceded, excluding contingent .....		21,516,767		21,516,767
2.4 Contingent-direct .....		1,538,803		1,538,803
2.5 Contingent-reinsurance assumed .....		395,077		395,077
2.6 Contingent-reinsurance ceded .....		1,538,803		1,538,803
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	5,885,313	0	5,885,313
3. Allowances to manager and agents .....	3,026	72,630	91	75,746
4. Advertising .....		144,474		144,474
5. Boards, bureaus and associations .....	28,194	63,067	195	91,456
6. Surveys and underwriting reports .....		453,520		453,520
7. Audit of assureds' records .....		14,446		14,446
8. Salary and related items:				
8.1 Salaries .....	1,746,565	1,902,599	36,560	3,685,724
8.2 Payroll taxes .....	138,413	152,212	2,850	293,475
9. Employee relations and welfare .....	522,147	630,501	11,069	1,163,717
10. Insurance .....	25,106	28,965	1,987	56,058
11. Directors' fees .....	26,518	33,189	821	60,527
12. Travel and travel items .....	90,555	97,767	2,000	190,322
13. Rent and rent items .....	108,901	25,147	228,732	362,781
14. Equipment .....	66,153	122,179	840	189,171
15. Cost or depreciation of EDP equipment and software .....	38,608	65,738	1,262	105,608
16. Printing and stationery .....	13,960	51,541	391	65,892
17. Postage, telephone and telegraph, exchange and express .....	103,385	332,723	9,976	446,083
18. Legal and auditing .....	22,325	54,750	627	77,702
19. Totals (Lines 3 to 18) .....	2,933,854	4,245,448	297,400	7,476,702
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		790,351		790,351
20.2 Insurance department licenses and fees .....		35,220		35,220
20.3 Gross guaranty association assessments .....		(746)		(746)
20.4 All other (excluding federal and foreign income and real estate) .....		5,059		5,059
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	829,884	0	829,884
21. Real estate expenses .....				0
22. Real estate taxes .....				0
23. Reimbursements by uninsured plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	295,209	454,647	68,707	818,563
25. Total expenses incurred .....	3,799,166	11,415,292	366,107	(a) 15,580,566
26. Less unpaid expenses-current year .....	3,953,123	1,713,513	351	5,666,987
27. Add unpaid expenses-prior year .....	4,263,627	1,827,632	0	6,091,259
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)	4,109,671	11,529,411	365,757	16,004,838
DETAILS OF WRITE-INS				
2401. Software Expense.....	143,628	178,698	7,872	330,197
2402. Miscellaneous Expense.....	93,812	197,512	58,548	349,872
2403. Donations.....	13,133	15,601	393	29,128
2498. Summary of remaining write-ins for Line 24 from overflow page .....	44,636	62,837	1,894	109,366
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	295,209	454,647	68,707	818,563

(a) Includes management fees of \$ 8,295,265 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....275,463	.....262,010
1.1	Bonds exempt from U.S. tax .....	(a).....873,768	.....875,278
1.2	Other bonds (unaffiliated) .....	(a).....1,579,601	.....1,629,505
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) .....	.....0	.....
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).....765	.....765
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....1,163	.....1,163
10.	Total gross investment income .....	2,730,760	2,768,721
11.	Investment expenses .....		(g).....366,107
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) .....		.....366,107
17.	Net investment income (Line 10 minus Line 16) .....		2,402,614
DETAILS OF WRITE-INS			
0901.	Securities Lending Income .....	.....1,163	.....1,163
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) .....	1,163	1,163
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 \$ .....51,111 accrual of discount less \$ .....426,772 amortization of premium and less \$ .....111,631 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		
1.1	Bonds exempt from U.S. tax .....	.....(102,881)		.....(102,881)		
1.2	Other bonds (unaffiliated) .....	.....104,814		.....104,814		
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) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....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) .....	1,933	0	1,933	0	0
DETAILS OF WRITE-INS						
0901.	.....			.....0		
0902.	.....			.....0		
0903.	.....			.....0		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 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 Total 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 .....	0	0	0
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) .....	0	0	0
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 .....	49,713	50,641	928
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due. ....	(604)	279	883
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.....	10,094	35,170	25,076
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).....	59,203	86,090	26,887
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	59,203	86,090	26,887
DETAILS OF WRITE-INS			
1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
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. ....	0	0	0
2502. ....	0	0	0
2503. ....	0	0	0
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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

A. Accounting Practices

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. The State of Ohio requires that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. The Company does not employ accounting practices that depart from the NAIC Accounting Practices and Procedures Manual.

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

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

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by daily pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

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

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20 % or more are carried on the equity basis.
- (4) Preferred stocks are stated at cost.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The company has no investments in subsidiaries, controlled and affiliated entities.
- (8) The company has no ownership interests in joint ventures, partnerships and limited liability companies.
- (9) All derivatives are stated at fair value.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period
- (13) The Company does not have pharmaceutical rebate receivables.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased (decreased) unassigned funds (surplus), of \$0 as of January 1, 2011.

3. BUSINESS COMBINATIONS AND GOODWILL  
NONE

4. DISCONTINUED OPERATIONS  
NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS

A. MORTGAGE LOANS  
NONE

B.DEBT RESTRUCTURING  
NONE

C. REVERSE MORTGAGES  
NONE

D. LOAN-BACKED SECURITIES

- 1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
- 2) NONE
- 3)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than- Temporary Impairment for the Current Period	Amortized Cost After Other- Than Temporary Impairment	Fair Value at end of Current Period	Date of Financial Statement – End of Period
NONE						

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

Aggregate Amount of Unrealized Losses:		
1	Less than 12 Months	0
2	Greater than 12 Months	0

b.

The aggregate related fair value of securities with unrealized losses:		
1	Less than 12 Months	0
2	Greater than 12 Months	0

- 5) According to SSAP 43R, loan-backed and structured securities with an unrealized loss position were reviewed according to the pronouncement that became effective on 9/30/09. The best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

1. NONE
2. NONE
3. AGGREGATE AMOUNT CASH COLLATERAL RECEIVED

Securities Lending Collateral Received

	Fair Value
Open	2,881,775
Securities Received	17,096
Total Collateral Received	2,898,871

4. NONE
5. COLLATERAL REINVESTMENT

Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	2,881,832	2,881,844
Securities Received	17,096	17,096
Total Collateral Reinvested	2,898,928	2,898,940

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES  
NONE

7. INVESTMENT INCOME

NONE EXCLUDED

8. DERIVATIVE INSTRUMENTS  
NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

9. FEDERAL INCOME TAXES

Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):										
A.										
(1)	DTA/DTL Components	2011			2010			Change		
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Gross deferred tax assets	1,429,620	0	1,429,620	1,488,953	29,982	1,518,935	(59,333)	(29,982)	(89,314)
	Statutory valuation allowance adjustment (enter as "-")	0	0	0	0	0	0	0	0	0
(c)	Adjusted gross deferred tax assets	1,429,620	0	1,429,620	1,488,953	29,982	1,518,935	(59,333)	(29,982)	(89,314)
(d)	Gross deferred tax liabilities	(64,741)	0	(64,741)	(73,162)	(0)	(73,162)	8,421	0	8,421
	Net deferred tax asset/(liability) before admissibility test	1,364,879	0	1,364,879	1,415,791	29,981	1,445,772	(50,912)	(29,981)	(80,893)
(f)	Deferred tax assets nonadmitted	(10,094)	0	(10,094)	(5,188)	(29,981)	(35,169)	(4,906)	29,981	25,075
(g)	Net admitted deferred tax asset/(liability)	1,354,785	(0)	1,354,785	1,410,603	0	1,410,603	(55,818)	(0)	(55,818)
					2011	2010				
(2)	Has the Company elected to admit DTAs pursuant to paragraph 10.e.? ("Y" for yes or "N" for no)				Y	Y				
(3)	Increase in admitted adjusted gross DTAs as the result of the application of paragraph 10.e.:									
	Description	2011			2010			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	With ¶ 10.e.	1,354,785	0	1,354,785	1,410,603	(0)	1,410,603	(55,818)	0	(55,817)
	With ¶s 10.a.-c.	1,167,114	0	1,167,114	1,213,995	0	1,213,995	(46,881)	0	(46,881)
	Increase attributable to application of ¶ 10.e.	187,671	0	187,671	196,608	(0)	196,608	(8,937)	0	(8,937)
(4)	Admission calculation components:									
	Description	2011			2010			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation under ¶10.a.-¶10.c.										
(a)	Admitted pursuant to ¶10.a.	1,167,114	0	1,167,114	1,213,995	0	1,213,995	(46,881)	0	(46,881)
(b)	Admitted pursuant to ¶10.b.(lesser of i. or ii.)	0	0	0	0	0	0	0	0	0
(c)	¶10.b.i.	0	0	0	0	0	0	N/A	N/A	0
(d)	¶10.b.ii.	N/A	N/A	4,349,356	N/A	N/A	3,824,640	N/A	N/A	524,717
(e)	Admitted pursuant to ¶10.c.	64,741	0	64,741	73,162	0	73,162	(8,421)	(0)	(8,421)
(f)	Total admitted under ¶¶10.a.-10.c.	1,231,856	0	1,231,856	1,287,157	0	1,287,157	(55,301)	(0)	(55,302)
	Deferred tax liabilities	(64,741)	0	(64,741)	(73,162)	(0)	(73,162)	8,421	0	8,421
	Net admitted deferred tax asset/liability under ¶10.a.-¶10.c.	1,167,114	0	1,167,114	1,213,995	0	1,213,995	(46,881)	0	(46,881)
Admission calculation under ¶10.e.i.-10.e.iii.										
(g)	Admitted pursuant to ¶10.e.i.	1,260,958	0	1,260,958	1,312,308	(0)	1,312,308	(51,350)	0	(51,349)
(h)	Admitted pursuant to ¶10.e.ii.(lesser of a. or b.)	93,827	0	93,827	98,295	0	98,295	(4,468)	0	(4,468)
(i)	¶10.e.ii.a..	93,827	0	93,827	98,295	0	98,295	N/A	N/A	(4,468)
(j)	¶10.e.ii.b.	N/A	N/A	6,524,034	N/A	N/A	5,736,960	N/A	N/A	787,075
(k)	Admitted pursuant to ¶10.e.iii.	64,741	0	64,741	73,162	0	73,162	(8,421)	(0)	(8,421)
(l)	Total admitted under ¶10.e.i.-10.e.iii.	1,419,527	0	1,419,527	1,483,765	0	1,483,765	(64,238)	(0)	(64,238)
	Deferred tax liabilities	(64,741)	0	(64,741)	(73,162)	(0)	(73,162)	8,421	0	8,421
	Net admitted deferred tax asset/liability under ¶10.e.	1,354,785	0	1,354,785	1,410,603	(0)	1,410,603	(55,818)	0	(55,817)
Used in ¶10.d.										
(m)	Total adjusted capital	N/A	N/A	45,441,899	N/A	N/A	40,998,618	N/A	N/A	4,443,281
(n)	Authorized control level	N/A	N/A	2,694,797	N/A	N/A	2,879,932	N/A	N/A	(185,135)
	Adjusted capital/Authorized control level	N/A	N/A	1,686.30%	N/A	N/A	1,423.60%	N/A	N/A	262.70%



ANNUAL STATEMENT FOR THE YEAR 2011 OF THE TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs:										
(5)										
	2011			2010			Change			
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	Adjusted gross DTAs - Amount	0	0	0	0	0	0	0	0	0
	Adjusted gross DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(a)	Net admitted DTAs - Amount	0	0	0	0	0	0	0	0	0
(b)	Net admitted DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Impact of ¶10.e. on the following:										
(6)										
	2011			2010			Change			
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	Admission calculation under ¶10.a.-¶10.c.									
(a)	Admitted DTAs	1,167,114	0	1,167,114	1,213,995	0	1,213,995	(46,881)	0	(46,881)
(b)	Admitted assets	N/A	N/A	83,116,384	N/A	N/A	79,804,451	N/A	N/A	3,311,933
	Adjusted statutory surplus from most recently filed statement	N/A	N/A	45,254,228	N/A	N/A	40,998,618	N/A	N/A	4,255,610
(c)	Total adjusted capital from DTAs included above	N/A	N/A	45,254,228	N/A	N/A	40,998,618	N/A	N/A	4,255,610
(d)										
Increases due to admission under ¶10.e.i.-10.e.iii.										
(e)	Admitted DTAs	187,671	0	187,671	196,608	(0)	196,608	(8,937)	0	(8,937)
(f)	Admitted assets	N/A	N/A	187,671	N/A	N/A	196,608	N/A	N/A	(8,937)
(g)	Statutory surplus	N/A	N/A	187,671	N/A	N/A	196,608	N/A	N/A	(8,937)

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

(e)	Capital			
(1)	Investments	0	29,982	(29,982)
(2)	Net capital loss carryforward	0	0	0
(3)	Real estate	0	0	0
(4)	Other (separately disclose items >5%)	0	0	0
	Unrealized capital losses	0	0	0
	Gross capital DTAs	0	29,982	(29,982)
(f)	Statutory valuation adjustment adjustment - capital (-)	0	0	0
(g)	Nonadmitted capital DTAs (-)	0	(29,982)	29,982
(h)	Admitted capital DTAs	0	0	(0)
(i)	Admitted DTAs	1,419,527	1,483,765	(64,238)
(3)	DTLs Resulting From	December	December	
	Book/Tax Differences In	31,	31,	
		2011	2010	Change
(a)	Ordinary			
(1)	Investments	(47,248)	(53,504)	6,256
(2)	Fixed assets	0	0	0
(3)	Deferred and uncollected premiums	0	0	0
(4)	Policyholder reserves/salvage and subrogation	(17,493)	(19,658)	2,165
(5)	Other (separately disclose items >5%)	0	0	0
	Ordinary DTLs	(64,741)	(73,162)	8,421
(b)	Capital			
(1)	Investments	0	0	0
(2)	Real estate	0	0	0
(3)	Other (separately disclose items >5%)	0	0	0
	Unrealized capital gains	0	0	0
	Capital DTLs	0	0	0
(c)	DTLs	(64,741)	(73,162)	8,421
(4)	Net deferred tax assets/liabilities	1,354,785	1,410,603	(55,817)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December	December	
	31,	31,	
	2011	2010	Change
Total deferred tax assets	1,429,620	1,518,935	(89,314)
Total deferred tax liabilities	(64,741)	(73,162)	8,421
Net deferred tax assets/liabilities	1,364,879	1,445,772	(80,893)
Statutory valuation allowance adjustment (*see explanation below)	0	0	0
Net deferred tax assets/liabilities after SVA	1,364,879	1,445,772	(80,893)
Tax effect of unrealized gains/(losses)	0	0	0
Statutory valuation allowance adjustment allocated to unrealized (+)	0	0	0
Change in net deferred income tax [(charge)/benefit]	1,364,879	1,445,772	(80,893)

\*Statutory valuation allowance

NONE
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D. Reconciliation of federal income tax rate to actual effective rate:

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

			Effective
Description	Amount	Tax Effect	Tax Rate
Income Before Taxes	6,092,345	2,132,321	35.00%
Tax-Exempt Interest	(875,278)	(306,347)	-5.03%
Dividends Received Deduction	0	0	0.00%
Proration	131,292	45,952	0.75%
Meals & Entertainment	0	0	0.00%
Statutory Valuation Allowance Adjustment	0	0	0.00%
Other, Including Prior Year True-Up	1,811	634	0.01%
Total	5,350,170	1,872,559	30.74%

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Federal income taxed incurred [expense/(benefit)]	1,790,989	29.40%
Tax on capital gains/(losses)	677	0.01%
Change in net deferred income tax [charge/(benefit)]	80,893	1.33%
Total statutory income taxes	1,872,559	30.74%

E. Carryforwards, recoverable taxes, and IRC §6603 deposits:

At December 31, 2010, the Company had net operating loss carryforwards expiring through the year 2030 of:	\$0
At December 31, 2010, the Company had capital loss carryforwards expiring through the year 2015 of:	\$0
At December 31, 2010, the Company had an AMT credit carryforwards, which does not expire, in the amount of:	\$0

The following is income tax expense for 2009, 2010, and 2011 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2009	0	0	0
2010	1,925,755	0	1,925,755
2011	1,820,621	0	1,820,621
Total	3,746,376	0	3,746,376

Deposits admitted under IRC § 6603  
None

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

Grange Mutual Casualty Company

The method of allocating among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with a current credit for net losses.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. NONE
- B. NONE
- C. NONE
- D. At December 31, 2011, the Company reported \$1,791,666 as amounts due from the Parent Company, Grange Mutual Casualty Company. The terms of the settlement require that these amounts be settled within 45 days.
- E. NONE
- F. NONE
- G. All outstanding shares of The Company are owned by the Parent Company, Grange Mutual Casualty Company, an insurance holding company domiciled in the State of Ohio.
- H. NONE
- I. NONE
- J. NONE
- K. NONE
- L. NONE

11. DEBT  
NONE

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

All employees are employed by Grange Mutual Casualty Company, and participate currently in the pension and benefit plans of Grange Mutual. Annual costs are shared via the pooling arrangement.

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

- 6. The Company has 2,000,000 shares authorized, 2,000,000 shares issued and 2,000,000 shares outstanding. All shares are Class A shares.
- 7. The Company has no preferred stock outstanding.
- 8. NONE
- 9. NONE
- 10. NONE
- 11. NONE
- 12. NONE
- 13. NONE
- 14. NONE
- 15. NONE
- 16. NONE
- 17. NONE
- 18. NONE

14. CONTINGENCIES

- A. NONE
- B. Guaranty Fund Assessments are recorded by the parent, Grange Mutual Casualty Company.
- C. NONE
- D. NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

15. LEASES
- NONE
16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK.
- NONE
17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES
- A. NONE
- B. Transfer and Servicing of Financial Assets
- 1) None
- 2) The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of December 31, 2011 were fixed income bonds, totaling \$2.9 million. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company’s lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
- C. NONE
18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS.
- NONE
19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS
- NONE
20. FAIR VALUE MEASUREMENTS
- A. All assets and liabilities of The Company are measured and reported at cost or amortized cost in accordance with footnote 1 above.
1. NONE
2. NONE
3. The Company’s policy is to recognize transfers in and out as of the end of the reporting period.
4. As of December 31, 2011, the reported fair value of The Company’s investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows: According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2011, The Company did not own bonds rated NAIC 3 thru 6 and therefore did not report any securities at fair value.
21. OTHER ITEMS
- A. NONE
- B. NONE
- C. NONE
- D. NONE
- E. NONE
- F. NONE
- G. NONE
22. EVENTS SUBSEQUENT
- There have been no events, which have occurred subsequent to the filing of this statement, which have a material effect upon the financial condition of the Company.
23. REINSURANCE
- A. UNSECURED REINSURANCE RECOVERABLES
- NONE
- B. REINSURANCE RECOVERABLE IN DISPUTE
- NONE
- C. REINSURANCE ASSUMED AND CEDED
1.
- |    |            | Assumed Reinsurance |            | Ceded Reinsurance |            | Net          |             |
|----|------------|---------------------|------------|-------------------|------------|--------------|-------------|
|    |            | Premium             | Commission | Premium           | Commission | Premium      | Commission  |
|    |            | Reserve             | Equity     | Reserve           | Equity     | Reserve      | Equity      |
| a. | Affiliates | 13,680,706          | 2,462,527  | 53,431,182        | 9,617,613  | (39,750,476) | (7,155,086) |
| b. | All Other  | 61,417              | 11,055     | 38,420            | 6,916      | 22,997       | 4,140       |
| c. | TOTAL      | 13,742,123          | 2,473,582  | 53,469,602        | 9,624,528  | (29,727,479) | (7,150,946) |
- d.
- |                                 |               |            |                |              |            |
|---------------------------------|---------------|------------|----------------|--------------|------------|
| Direct Unearned Premium Reserve |               | 53,408,185 |                |              |            |
|                                 | <u>Direct</u> |            | <u>Assumed</u> | <u>Ceded</u> | <u>Net</u> |
| 2. Contingent Commission        | 1,538,803     | 395,077    | 1,538,803      | 395,077      |            |
- D. UNCOLLECTIBLE REINSURANCE
- NONE
- F. RETROACTIVE REINSURANCE
- NONE
24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
- NONE

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE  
TRUSTGARD INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by (\$1.293) million from \$18.410 million in 2010 to \$17.117 million in 2011 as a result of re-estimation of unpaid losses and loss adjustment expenses principally on private passenger auto liability and homeowners lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced \$0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

LOSSES AND LAE	2011	2010
BALANCE JANUARY 1	24,624,635	23,856,525
LESS REINSURANCE RECOVERABLES	6,214,811	5,585,379
NET BALANCE JANUARY 1	18,409,824	18,271,146
INCURRED RELATED TO:		
CURRENT YEAR	27,038,326	29,748,487
PRIOR YEAR	(1,292,405)	(1,611,703)
TOTAL INCURRED	25,745,921	28,136,784
PAID RELATED TO:		
CURRENT YEAR	17,549,738	19,367,981
PRIOR YEAR	8,839,024	8,630,125
TOTAL PAID	26,388,762	27,998,106
NET BALANCE AT DECEMBER 31	17,766,983	18,409,824
PLUS REINSURANCE RECOVERABLES	9,065,766	6,214,811
BALANCE AT DECEMBER 31	26,832,749	24,624,635

26. INTERCOMPANY POOLING AGREEMENTS

		Pool	
		NAIC#	Share
		-----	-----
Lead Company:	Grange Mutual Casualty Company	14060	84.0%
Affiliate:	Trustgard Insurance Company	40118	3.5%
	Grange Indemnity Insurance Company	10322	4.0%
	Grange Insurance Company of Michigan	11136	2.5%
	Grange Property & Casualty Insurance Company	11982	2.0%
	Integrity Mutual Insurance Company	14303	3.3%
	Integrity Property & Casualty Insurance Company	12986	0.7%

All lines of business are subject to the pooling agreement, with no exceptions. All members of the pool are parties to all reinsurance treaties entered into by the group with non-affiliated reinsurers. There are no discrepancies between the reinsurance schedules of the lead company's and the reinsurance schedules of the other participants.

27. STRUCTURED SETTLEMENTS  
NONE

28. HEALTH CARE RECEIVABLES  
NONE

29. PARTICIPATING POLICIES  
NONE

30. PREMIUM DEFICIENCY RESERVES  
A. Liability carried for Premium Deficiency Reserves is zero.  
B. Date of the most recent evaluation of this liability was 12/31/2011.  
C. Anticipated investment income was not utilized in this calculation.

31. HIGH DEDUCTIBLES  
NONE

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES  
NONE

33. ASBESTOS/ENVIRONMENTAL RESERVES  
NONE

34. SUBSCRIBER SAVINGS ACCOUNTS  
NOT APPLICABLE

35. MULTIPLE PERIL CROP INSURANCE  
NONE

36. FINANCIAL GUARANTY INSURANCE  
NONE

37. CATASTROPHIC PLANNING  
The Company uses a deterministic model, which returns period losses estimated using probabilities associated with a comprehensive set of earthquake scenarios. We run this model at least once each year and analyze return periods in excess of 250 years and adjust our catastrophe protection accordingly. The exposures analyzed are aggregated at the zip code level. The Company's highest concentration of exposure is in western Kentucky. The Company has a comprehensive catastrophic reinsurance program in place, developed by Guy Carpenter & Company, Inc. We currently buy coverage well in excess of our 250+ year event outcome for this exposure. We also use modeling to analyze our potential losses from our windstorm exposure.

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 ☒ 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 ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Ohio.....
- 2.1

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

Yes ☐ No ☒
- 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).

.....10/25/2010
- 3.4

By what department or departments? Ohio.....
- 3.5

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

Yes ☐ No ☐ N/A ☒
- 3.6

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

Yes ☒ No ☐ N/A ☐
- 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 ☒

4.12 renewals? Yes ☐ No ☒
- 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 ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

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

Yes ☐ No ☒
- 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 ☒
- 6.2

If yes, give full information .....
- 7.1

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

Yes ☐ No ☒
- 7.2

If yes,

7.21 State the percentage of foreign control .....

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
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

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?  
PricewaterhouseCoopers LLP, Columbus, Ohio.....

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

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

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Curtis M. Parker, FCAS, CPCU, Officer of the Reporting Entity.....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$

12.2 If yes, provide explanation

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

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

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

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

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

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

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

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

c. Compliance with applicable governmental laws, rules and regulations;

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

e. Accountability for adherence to the code.

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

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

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

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

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

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes ☐ No ☒
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ No ☐
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes ☒ No ☐
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes ☒ No ☐

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes ☐ No ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ☐ No ☒
- 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 \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes ☐ No ☒
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$.....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? Yes ☒ No ☐
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....2,030,914

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes ☐ No ☒
- 24.2 If no, give full and complete information, relating thereto  
On deposit in custodial account.....
- 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)  
See Notes to Financial Statement Number 17.....
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes ☒ No ☐ NA ☐
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$.....2,898,928
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$.....
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes ☒ No ☐ NA ☐
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☒ No ☐ NA ☐
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes ☒ No ☐ NA ☐



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	\$.....2,516,592
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase Bank, N.A.....	1111 Polaris Parkway, Columbus, OH 43240.....

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
.....	.....	.....
.....	.....	.....
.....	.....	.....

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)])?
- 29.2 If yes, complete the following schedule:
- Yes [ ] No [ X ]

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.....	69,850,687	74,659,429	4,808,742
30.2 Preferred Stocks.....	0		0
30.3 Totals	69,850,687	74,659,429	4,808,742

- 30.4 Describe the sources or methods utilized in determining the fair values:  
Fair values obtained primarily from Hub data, otherwise fair values from custodian statements are used.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 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?
- 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:
- Yes [ X ] No [ ]
- Yes [ X ] No [ ]
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [ X ] No [ ]

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$ .....0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 34.1 Amount of payments for legal expenses, if any? \$ .....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? \$ .....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & 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

0.....

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		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....0	\$	.....0
2.2	Premium Denominator	\$ .....36,522,466	\$	.....39,215,085
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....22,451	\$	.....22,682
2.5	Reserve Denominator	\$ .....31,447,716	\$	.....32,617,481
2.6	Reserve Ratio (2.4/2.5)	.....0.001		.....0.001

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 [ X ]

4.2

Does the reporting entity issue non-assessable policies?

Yes [ X ] 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 [ X ]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [ ] No [ ] N/A [X]

5.22

As a direct expense of the exchange

Yes [ ] No [ ] N/A [X]

5.3

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

.....

5.4

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

Yes [ ] No [ X ]

5.5

If yes, give full information

.....

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.....  
Purchased statutory workers' compensation reinsurance.....

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: .....  
See Notes to Financial Statement Number 37.....

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?.....  
See Notes to Financial Statement Number 37.....

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?.....

6.5

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

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?.....

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)?.....

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?.....

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.....

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.

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?

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.

10.

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

Yes

[ X ]

No

[ ]

N/A

[ ]

16.1

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 [X]

11.2

If yes, give full information

12.1

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

12.11

Unpaid losses

\$ 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 [X] N/A [ ]

12.4

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

12.41

From

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

Yes [ ] No [X]

12.6

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

12.61

Letters of Credit

\$ 0

12.62

Collateral and other funds

\$ 0

13.1

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

\$ 1,500,000

13.2

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

Yes [ ] No [X]

13.3

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

1

14.1

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

Yes [X] No [ ]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:  
See Notes to Financial Statement Number 26, Catastrophe Excess Loss Agreement allocated based on agreed percentage of participation

14.3

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

Yes [X] No [ ]

14.4

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

Yes [ ] No [ ]

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [ ] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [ ] No [X]

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	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:

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. \$.....

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Gross Premiums Written</b> (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) .....	83,227,234	98,556,372	105,273,266	86,270,344	73,217,767
2. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	54,721,512	65,275,805	70,634,982	58,664,728	47,077,743
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	54,101,860	56,513,717	55,076,169	44,102,993	34,001,848
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	3,701	4,833	6,713	6,440	7,606
5. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
6. Total (Line 35) .....	192,054,307	220,350,727	230,991,130	189,044,505	154,304,964
<b>Net Premiums Written</b> (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) .....	15,035,604	16,337,604	16,339,554	15,363,464	14,878,776
8. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	9,662,043	10,738,725	11,275,141	10,886,171	10,730,424
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	11,294,142	11,645,249	11,615,259	11,202,697	10,897,909
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	3,701	4,833	6,713	6,440	7,606
11. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
12. Total (Line 35) .....	35,995,489	38,726,411	39,236,667	37,458,772	36,514,715
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8) .....	(638,747)	(1,373,663)	(1,881,303)	80,927	(285,625)
14. Net investment gain (loss) (Line 11) .....	2,403,870	1,909,902	2,687,609	2,288,702	2,791,051
15. Total other income (Line 15) .....	4,433,428	6,087,345	5,433,626	3,719,889	2,880,620
16. Dividends to policyholders (Line 17) .....	106,883	113,247	103,569	106,635	84,323
17. Federal and foreign income taxes incurred (Line 19) .....	1,790,989	1,988,720	2,148,942	2,136,166	1,528,633
18. Net income (Line 20) .....	4,300,679	4,521,617	3,987,421	3,846,717	3,773,090
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	83,304,055	80,001,059	73,429,216	67,923,969	67,434,683
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1) .....	6,430,346	6,805,959	7,178,206	6,846,223	6,855,030
20.2 Deferred and not yet due (Line 15.2) .....	(6,577)	(8,888)	3,757	16,992	30,156
20.3 Accrued retrospective premiums (Line 15.3) .....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	37,862,156	38,805,833	36,751,516	35,458,367	38,842,001
22. Losses (Page 3, Line 1) .....	13,813,860	14,146,196	13,984,334	13,621,971	13,826,128
23. Loss adjustment expenses (Page 3, Line 3) .....	3,953,123	4,263,628	4,286,812	4,321,094	4,350,114
24. Unearned premiums (Page 3, Line 9) .....	13,680,706	14,207,684	14,696,358	13,902,017	13,913,175
25. Capital paid up (Page 3, Lines 30 & 31) .....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37) .....	45,441,899	41,195,226	36,677,700	32,465,602	28,592,682
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11) .....	3,645,449	4,820,633	5,335,198	3,285,839	835,845
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital .....	45,441,899	41,195,226	36,677,700	32,465,602	28,592,682
29. Authorized control level risk-based capital .....	2,694,814	2,879,932	3,032,174	2,857,845	3,883,113
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1) .....	95.2	95.6	97.3	94.8	98.1
31. Stocks (Lines 2.1 & 2.2) .....	0.0	0.0	0.0	0.0	0.0
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) .....	0.8	0.9	2.7	5.2	1.9
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) .....	4.0	3.5	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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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) .....	2,000	2,000	2,000	2,000	2,000
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
47. All other affiliated .....		0	0	0	0
48. Total of above Lines 42 to 47 .....	2,000	2,000	2,000	2,000	2,000
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	0.0	0.0	0.0	0.0



FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2011	2010	2009	2008	2007
(Continued)					
<b>Capital and Surplus Accounts</b> (Page 4)					
50. Net unrealized capital gains (losses) (Line 24) .....	0	84,260	(84,504)	0	0
51. Dividends to stockholders (Line 35) .....	0	0	0	0	0
52. Change in surplus as regards policyholders for the year (Line 38) .....	4,246,673	4,517,526	4,212,098	3,872,920	3,607,316
<b>Gross Losses Paid</b> (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) .....	55,630,628	64,698,951	58,639,983	46,653,357	37,752,612
54. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	38,464,286	39,127,606	43,115,292	35,517,296	26,527,049
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	53,779,831	45,232,105	44,290,591	32,502,617	16,219,950
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	6,472	6,732	8,003	12,719	11,251
57. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
58. Total (Line 35) .....	147,881,217	149,065,394	146,053,869	114,685,989	80,510,862
<b>Net Losses Paid</b> (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) .....	8,775,753	9,571,412	9,205,923	8,810,889	9,984,077
60. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	5,903,258	6,108,832	6,300,146	6,147,603	6,208,002
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	7,593,608	8,127,781	7,812,690	6,723,867	6,579,481
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	6,472	6,732	8,003	12,719	11,251
63. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
64. Total (Line 35) .....	22,279,091	23,814,757	23,326,762	21,695,078	22,782,811
<b>Operating Percentages</b> (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) .....	60.1	61.1	61.6	57.4	52.9
67. Loss expenses incurred (Line 3) .....	10.4	10.6	10.4	10.4	11.4
68. Other underwriting expenses incurred (Line 4) .....	31.3	31.8	32.9	32.0	36.5
69. Net underwriting gain (loss) (Line 8) .....	(1.7)	(3.5)	(4.9)	0.2	(0.7)
<b>Other Percentages</b>					
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) .....	19.4	16.4	18.3	22.1	30.5
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	70.5	71.7	72.0	67.8	64.2
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....	79.2	94.0	107.0	115.4	127.7
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) .....	(1,584)	(1,017)	(498)	(945)	(1,355)
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) .....	(3.8)	(2.8)	(1.5)	(3.3)	(5.4)
<b>Two Year Loss Development (000 omitted)</b>					
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) .....	(1,803)	(1,019)	(1,595)	(1,993)	(1,273)
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) .....	(4.9)	(3.1)	(5.6)	(8.0)	(5.8)

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	20	30	8	0	1	0	8	(2)	XXX
2. 2002	29,662	1,132	28,530	19,203	1,385	827	22	2,196	2	923	20,817	XXX
3. 2003	34,125	1,282	32,843	20,389	1,304	946	23	2,538	2	973	22,543	XXX
4. 2004	36,233	1,213	35,020	17,867	248	886	6	2,732	1	1,014	21,230	XXX
5. 2005	36,772	1,342	35,430	17,415	174	794	21	2,685	0	1,003	20,698	XXX
6. 2006	38,271	1,586	36,685	19,829	903	709	3	3,116	0	997	22,747	XXX
7. 2007	39,759	1,355	38,404	21,618	837	676	6	2,954	1	1,168	24,405	XXX
8. 2008	39,286	1,816	37,470	23,976	2,461	619	13	3,184	2	1,080	25,304	XXX
9. 2009	40,484	2,042	38,442	22,495	625	394	2	3,170	0	1,142	25,432	XXX
10. 2010	41,210	1,994	39,215	20,872	250	226	0	3,285	0	1,190	24,133	XXX
11. 2011	38,719	2,196	36,522	18,199	2,707	107	2	2,819	0	688	18,417	XXX
12. Totals	XXX	XXX	XXX	201,883	10,923	6,193	99	28,680	9	10,185	225,725	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	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	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. ....	355	575	4	0	1	0	0	11	6	0	0	(219)	XXX
2. ....	333	300	0	0	0	0	11	0	2	0	3	47	XXX
3. ....	876	528	(1)	0	0	0	16	0	6	0	6	368	XXX
4. ....	1,695	1,633	0	0	0	0	25	0	9	0	10	96	XXX
5. ....	504	390	2	0	0	0	39	0	8	0	16	162	XXX
6. ....	515	408	9	0	0	0	62	0	11	0	26	190	XXX
7. ....	2,237	1,932	35	0	0	0	112	0	46	0	43	498	XXX
8. ....	921	345	80	0	0	0	231	7	63	0	72	942	XXX
9. ....	1,322	255	319	0	0	0	405	0	110	0	138	1,902	XXX
10. ....	4,489	2,121	994	0	0	0	679	0	251	0	265	4,292	XXX
11. ....	4,936	377	3,237	183	3	0	785	0	1,088	0	575	9,489	XXX
12. ....	18,184	8,865	4,678	183	4	0	2,365	18	1,602	0	1,153	17,767	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	(216)	(3)
2. ....	22,573	1,710	20,863	76.1	151.1	73.1	0	0	4.0	33	14
3. ....	24,769	1,858	22,912	72.6	144.9	69.8	0	0	4.0	346	22
4. ....	23,214	1,888	21,326	64.1	155.6	60.9	0	0	4.0	62	33
5. ....	21,446	586	20,860	58.3	43.7	58.9	0	0	4.0	115	47
6. ....	24,251	1,314	22,937	63.4	82.9	62.5	0	0	4.0	116	74
7. ....	27,678	2,775	24,903	69.6	204.8	64.8	0	0	3.5	340	159
8. ....	29,074	2,828	26,246	74.0	155.7	70.0	0	0	3.5	656	287
9. ....	28,216	881	27,334	69.7	43.2	71.1	0	0	3.5	1,387	515
10. ....	30,798	2,372	28,426	74.7	118.9	72.5	0	0	3.5	3,361	931
11. ....	31,174	3,268	27,906	80.5	148.8	76.4	0	0	3.5	7,614	1,875
12. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	13,814	3,953

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	5,327	5,789	5,485	5,897	5,814	5,893	5,833	5,827	5,799	5,508	(291)	(319)
2. 2002	19,657	18,488	18,761	18,727	18,656	18,658	18,692	18,662	18,654	18,667	13	5
3. 2003	XXX	20,879	20,160	20,333	20,232	20,151	20,073	20,074	20,052	20,370	317	296
4. 2004	XXX	XXX	19,764	19,178	18,947	18,748	18,656	18,631	18,605	18,586	(19)	(45)
5. 2005	XXX	XXX	XXX	19,193	18,954	18,605	18,391	18,239	18,153	18,168	15	(72)
6. 2006	XXX	XXX	XXX	XXX	21,180	20,372	20,145	19,942	19,850	19,810	(40)	(132)
7. 2007	XXX	XXX	XXX	XXX	XXX	22,673	22,366	22,130	21,978	21,903	(75)	(227)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	23,272	23,425	23,318	23,001	(317)	(424)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,940	24,443	24,055	(389)	(885)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,688	24,889	(798)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,999	XXX	XXX
12. Totals											(1,584)	(1,803)

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	2,694	4,387	5,017	5,368	5,577	5,646	5,697	5,736	5,733	XXX	XXX
2. 2002	11,996	15,338	16,884	17,785	18,208	18,394	18,548	18,582	18,606	18,623	XXX	XXX
3. 2003	XXX	12,934	16,721	18,273	19,149	19,623	19,828	19,909	19,971	20,008	XXX	XXX
4. 2004	XXX	XXX	11,641	15,382	16,778	17,660	18,073	18,342	18,454	18,499	XXX	XXX
5. 2005	XXX	XXX	XXX	11,212	14,657	16,391	17,372	17,773	17,910	18,014	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	12,691	16,634	18,256	19,105	19,471	19,632	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	14,268	18,306	20,101	21,169	21,451	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	15,056	19,689	21,211	22,122	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,998	20,736	22,262	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,525	20,848	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,598	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	1,128	584	116	371	92	114	72	41	13	(7)
2. 2002	2,811	752	822	405	91	107	59	45	18	11
3. 2003	XXX	3,196	1,482	943	210	220	121	71	29	15
4. 2004	XXX	XXX	4,340	1,941	540	422	223	117	49	25
5. 2005	XXX	XXX	XXX	3,723	1,299	893	421	201	80	40
6. 2006	XXX	XXX	XXX	XXX	3,183	1,862	878	362	152	72
7. 2007	XXX	XXX	XXX	XXX	XXX	3,958	1,900	832	342	147
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	3,830	1,745	732	303
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,096	1,837	725
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,248	1,673
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,840

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 N	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0	
5. California	CA N	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO L	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0	
9. District of Columbia	DC N	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA L	15,130,081	16,050,405	.0	13,476,375	11,960,363	4,001,182	338,316	
12. Hawaii	HI N	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID N	.0	.0	.0	.0	.0	.0	.0	
14. Illinois	IL L	26,948,207	28,377,962	.0	19,503,241	16,433,901	10,414,092	548,464	
15. Indiana	IN L	24,018,772	24,062,073	.0	14,790,113	14,527,783	4,392,458	651,096	
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 L	14,817,375	15,621,825	.0	11,305,330	9,652,996	4,358,190	258,670	
19. Louisiana	LA N	.0	.0	.0	.0	.0	.0	.0	
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 N	.0	.0	.0	.0	.0	.0	.0	
23. Michigan	MI N	.0	.0	.0	.0	.0	.0	.0	
24. Minnesota	MN L	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS N	.0	.0	.0	.0	.0	.0	.0	
26. Missouri	MO L	.0	.0	.0	(1,210)	(1,210)	.0	.0	
27. Montana	MT N	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE L	.0	.0	.0	.0	.0	.0	.0	
29. Nevada	NV N	.0	.0	.0	.0	.0	.0	.0	
30. New Hampshire	NH N	.0	.0	.0	.0	.0	.0	.0	
31. New Jersey	NJ N	.0	.0	.0	.0	.0	.0	.0	
32. New Mexico	NM N	.0	.0	.0	.0	.0	.0	.0	
33. New York	NY N	.0	.0	.0	.0	.0	.0	.0	
34. North Carolina	NC N	.0	.0	.0	.0	.0	.0	.0	
35. North Dakota	ND L	.0	.0	.0	.0	.0	.0	.0	
36. Ohio	OH L	13,507,941	13,763,954	.0	9,126,748	8,854,901	4,807,397	886,633	
37. Oklahoma	OK N	.0	.0	.0	.0	.0	.0	.0	
38. Oregon	OR L	.0	.0	.0	.0	.0	.0	.0	
39. Pennsylvania	PA L	21,270,668	21,693,607	.0	15,727,895	16,154,042	5,756,235	520,053	
40. Rhode Island	RI N	.0	.0	.0	.0	.0	.0	.0	
41. South Carolina	SC L	4,614,229	4,660,685	.0	3,505,438	2,189,894	1,460,669	175,724	
42. South Dakota	SD L	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN L	26,902,917	27,883,780	.0	31,518,606	32,497,018	8,973,844	598,488	
44. Texas	TX L	.0	.0	.0	.0	.0	.0	.0	
45. Utah	UT N	.0	.0	.0	.0	.0	.0	.0	
46. Vermont	VT N	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA L	8,746,296	9,167,337	.0	6,572,203	5,732,213	3,661,970	396,588	
48. Washington	WA L	.0	.0	.0	.0	.0	.0	.0	
49. West Virginia	WV N	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI L	.0	.0	.0	.0	.0	.0	.0	
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) 21	155,956,485	161,281,629	.0	125,524,740	118,001,901	47,826,036	4,374,032	.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.

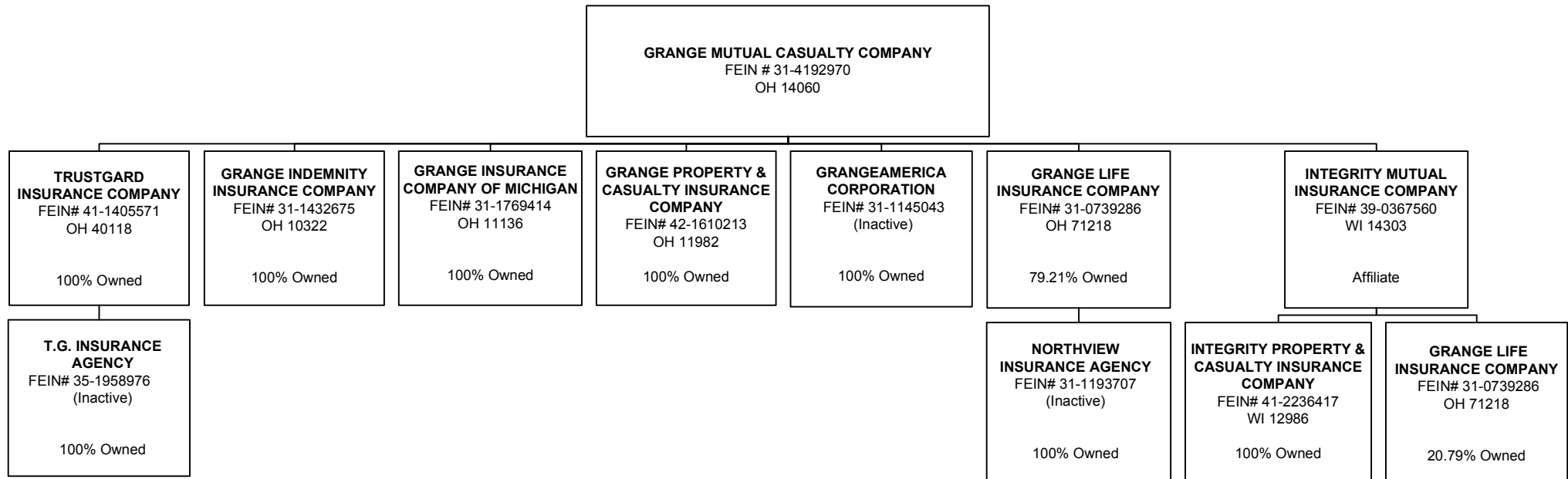
Explanation of basis of allocation of premiums by states, etc.

Location of the risk.

(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

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