



# ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

## Triumphhe Casualty Company

|   |   |  |
|---|---|--|
| NAIC Group Code.....84, 84<br>(Current Period) (Prior Period) | NAIC Company Code..... 41106  | Employer's ID Number..... 95-3623282                             |
| Organized under the Laws of Ohio                              | State of Domicile or Port of Entry Ohio   | Country of Domicile US   |
| Incorporated/Organized..... October 20, 1981                  | Commenced Business..... December 31, 1981   |  |
| Statutory Home Office   | 3250 Interstate Drive..... Richfield .... OH ..... 44286<br>(Street and Number) (City or Town, State and Zip Code)              |  |
| Main Administrative Office                                    | 3250 Interstate Drive..... Richfield .... OH ..... 44286<br>(Street and Number) (City or Town, State and Zip Code)              | 330-659-8900<br>(Area Code) (Telephone Number)                   |
| Mail Address  | 3250 Interstate Drive..... Richfield .... OH ..... 44286<br>(Street and Number or P. O. Box) (City or Town, State and Zip Code) |  |
| Primary Location of Books and Records                         | 3250 Interstate Drive..... Richfield .... OH ..... 44286<br>(Street and Number) (City or Town, State and Zip Code)              | 330-659-8900<br>(Area Code) (Telephone Number)                   |
| Internet Web Site Address                                     | www.nationalinterstate.com  | 330-659-8900 -1272<br>(Area Code) (Telephone Number) (Extension) |
| Statutory Statement Contact                                   | Julie Ann McGraw<br>(Name)<br>julie.mcgraw@nationalinterstate.com<br>(E-Mail Address)   | 330-659-8904<br>(Fax Number)                                     |

### OFFICERS

| Name                      | Title               | Name                       | Title                           |
|---------------------------|---------------------|----------------------------|---------------------------------|
| 1. David Warner Michelson | President           | 2. Arthur Jeffrey Gonzales | VP, General Counsel & Secretary |
| 3. Julie Ann McGraw #     | VP, CFO & Treasurer | 4. Terry Eugene Phillips # | Senior Vice President           |

### OTHER

|                     |                               |
|---------------------|-------------------------------|
| Gary Norman Monda # | VP, CIO & Assistant Treasurer |
|---------------------|-------------------------------|

### DIRECTORS OR TRUSTEES

|                      |                    |                         |                       |
|----------------------|--------------------|-------------------------|-----------------------|
| Alan Robert Spachman | Gary Norman Monda  | David Warner Michelson  | Terry Eugene Phillips |
| Julie Ann McGraw     | Terri Kaye Johnson | Arthur Jeffrey Gonzales |                       |

State of..... Ohio  
County of.... Summit

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

|  |  |  |   |
|--|--|--|---|
| (Signature)<br>David Warner Michelson        | (Signature)<br>Arthur Jeffrey Gonzales               | (Signature)<br>Julie Ann McGraw          |   |
| 1. (Printed Name)<br>President               | 2. (Printed Name)<br>VP, General Counsel & Secretary | 3. (Printed Name)<br>VP, CFO & Treasurer |   |
| (Title)                                      | (Title)  | (Title)                                  |   |
| Subscribed and sworn to before me            |  | a. Is this an original filing?           | Yes [ X ] No [ ]  |
| This <u>17th</u> day of <u>February</u> 2012 |  | b. If no                                 | 1. State the amendment number<br>2. Date filed<br>3. Number of pages attached |

**ASSETS**

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 26,882,407   |                            | 26,882,407                                   | 22,885,953                  |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   | 5,730        |                            | 5,730  | 5,730                       |
| 2.2 Common stocks.....  |              |                            | 0  |                             |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens.....  |              |                            | 0  |                             |
| 3.2 Other than first liens.....   |              |                            | 0  |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |              |                            | 0  |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                            | 0  |                             |
| 5. Cash (\$.....0, Sch. E-Part 1), cash equivalents (\$.....0,<br>Sch. E-Part 2) and short-term investments (\$....18,710, Sch. DA).....                | 18,710       |                            | 18,710                                       | 22,981                      |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                            | 0  |                             |
| 7. Derivatives (Schedule DB).....   |              |                            | 0  |                             |
| 8. Other invested assets (Schedule BA).....   |              |                            | 0  |                             |
| 9. Receivables for securities.....  |              |                            | 0  |                             |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |              |                            | 0  |                             |
| 11. Aggregate write-ins for invested assets.....  | 0            | 0                          | 0  | 0                           |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 26,906,847   | 0                          | 26,906,847                                   | 22,914,664                  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | 0  |                             |
| 14. Investment income due and accrued.....  | 360,037      |                            | 360,037                                      | 244,896                     |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in course of collection.....   | 35,056       |                            | 35,056                                       | 24,812                      |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums)..... | 1,213,971    | 3,189                      | 1,210,782                                    | 845,887                     |
| 15.3 Accrued retrospective premiums.....  |              |                            | 0  |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   | 108,321      |                            | 108,321                                      |                             |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                            | 0  |                             |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                            | 0  |                             |
| 17. Amounts receivable relating to uninsured plans.....   |              |                            | 0  |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |              |                            | 0  |                             |
| 18.2 Net deferred tax asset.....  | 650,650      | 89,766                     | 560,884                                      | 347,421                     |
| 19. Guaranty funds receivable or on deposit.....  |              |                            | 0  |                             |
| 20. Electronic data processing equipment and software.....  |              |                            | 0  |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                            | 0  |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | 0  |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   | 1,956,368    |                            | 1,956,368                                    | 125,676                     |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                            | 0  |                             |
| 25. Aggregate write-ins for other than invested assets.....   | 144,365      | 0                          | 144,365                                      | 136,530                     |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....                                  | 31,375,614   | 92,955                     | 31,282,659                                   | 24,639,886                  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | 0  |                             |
| 28. TOTALS (Lines 26 and 27).....   | 31,375,614   | 92,955                     | 31,282,659                                   | 24,639,886                  |

**DETAILS OF WRITE-INS**

|  |         |   |         |         |
|--|---------|---|---------|---------|
| 1101.....  |         |   | 0       |         |
| 1102.....  |         |   | 0       |         |
| 1103.....  |         |   | 0       |         |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0       | 0 | 0       | 0       |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0       | 0 | 0       | 0       |
| 2501. Commission receivables.....  | 46,111  |   | 46,111  | 23,259  |
| 2502. Annuity contracts.....   | 98,255  |   | 98,255  | 113,271 |
| 2503.....  |         |   | 0       |         |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0       | 0 | 0       | 0       |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 144,365 | 0 | 144,365 | 136,530 |

**Triumph Casualty Company**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....  | 7,858,671         | 3,293,747       |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....   |                   |                 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....  | 1,834,265         | 988,962         |
| 4. Commissions payable, contingent commissions and other similar charges.....  | 222,093           | 165,704         |
| 5. Other expenses (excluding taxes, licenses and fees).....  | 154,239           | 217,467         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....  | 117,095           | 90,877          |
| 7.1 Current federal and foreign income taxes (including \$....86,275 on realized capital gains (losses)).....  | 739,186           | 334,860         |
| 7.2 Net deferred tax liability.....  |                   |                 |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....4,905,079 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)..... | 3,201,546         | 2,210,849       |
| 10. Advance premium.....   | 17,495            | 19,995          |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders.....   |                   |                 |
| 11.2 Policyholders.....  |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....  | 152,315           | 145,968         |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....  | 270,544           | 152,550         |
| 14. Amounts withheld or retained by company for account of others.....   | 6,670             | 351             |
| 15. Remittances and items not allocated.....   |                   |                 |
| 16. Provision for reinsurance (Schedule F, Part 7).....  |                   |                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....   |                   |                 |
| 18. Drafts outstanding.....  |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates.....  | 104,965           | 74,929          |
| 20. Derivatives.....   |                   |                 |
| 21. Payable for securities.....  |                   |                 |
| 22. Payable for securities lending.....  |                   |                 |
| 23. Liability for amounts held under uninsured plans.....  |                   |                 |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....  |                   |                 |
| 25. Aggregate write-ins for liabilities.....   | 0                 | 0               |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....   | 14,679,084        | 7,696,259       |
| 27. Protected cell liabilities.....  |                   |                 |
| 28. Total liabilities (Lines 26 and 27).....   | 14,679,084        | 7,696,259       |
| 29. Aggregate write-ins for special surplus funds.....   | 89,766            | 38,224          |
| 30. Common capital stock.....  | 3,000,000         | 3,000,000       |
| 31. Preferred capital stock.....   |                   |                 |
| 32. Aggregate write-ins for other than special surplus funds.....  | 0                 | 0               |
| 33. Surplus notes.....   |                   |                 |
| 34. Gross paid in and contributed surplus.....   | 6,500,000         | 6,500,000       |
| 35. Unassigned funds (surplus).....  | 7,013,809         | 7,405,404       |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....  |                   |                 |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....   |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....  | 16,603,575        | 16,943,627      |
| 38. TOTALS (Page 2, Line 28, Col. 3).....  | 31,282,659        | 24,639,886      |

**DETAILS OF WRITE-INS**

|  |        |        |
|--|--------|--------|
| 2501. ....   |        |        |
| 2502. ....   |        |        |
| 2503. ....   |        |        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0      | 0      |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 0      | 0      |
| 2901. Additional admitted deferred taxes assets - SSAP 10R.....          | 89,766 | 38,224 |
| 2902. ....   |        |        |
| 2903. ....   |        |        |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0      | 0      |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 89,766 | 38,224 |
| 3201. ....   |        |        |
| 3202. ....   |        |        |
| 3203. ....   |        |        |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0      | 0      |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0      | 0      |

**STATEMENT OF INCOME**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>  |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....   | 7,016,312         | 4,543,784       |
| DEDUCTIONS  |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7).....   | 3,663,277         | 2,287,547       |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....   | 793,079           | 467,599         |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....  | 2,130,223         | 1,498,321       |
| 5. Aggregate write-ins for underwriting deductions.....   | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5).....   | 6,586,579         | 4,253,467       |
| 7. Net income of protected cells.....   |                   |                 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....  | 429,732           | 290,317         |
| <b>INVESTMENT INCOME</b>  |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....  | 888,044           | 777,464         |
| 10. Net realized capital gains (losses) less capital gains tax of \$....86,275 (Exhibit of Capital Gains (Losses)).....   | 160,225           | 6,897           |
| 11. Net investment gain (loss) (Lines 9 + 10).....  | 1,048,269         | 784,361         |
| <b>OTHER INCOME</b>   |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0<br>amount charged off \$.....0).....                                | 0                 |                 |
| 13. Finance and service charges not included in premiums.....   | 71,573            | 46,677          |
| 14. Aggregate write-ins for miscellaneous income.....   | 150,095           | 142,141         |
| 15. Total other income (Lines 12 through 14).....   | 221,668           | 188,818         |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign<br>income taxes (Lines 8 + 11 + 15).....     | 1,699,669         | 1,263,495       |
| 17. Dividends to policyholders.....   |                   |                 |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign<br>income taxes (Line 16 minus Line 17)..... | 1,699,669         | 1,263,495       |
| 19. Federal and foreign income taxes incurred.....  | 652,911           | 331,146         |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....  | 1,046,758         | 932,349         |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....   | 16,943,627        | 15,977,425      |
| 22. Net income (from Line 20).....  | 1,046,758         | 932,349         |
| 23. Net transfers (to) from Protected Cell accounts.....  |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....  |                   |                 |
| 25. Change in net unrealized foreign exchange capital gain (loss).....  |                   |                 |
| 26. Change in net deferred income tax.....  | 265,005           | 34,485          |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....   | (103,356)         | (11,260)        |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....   |                   | 6,000           |
| 29. Change in surplus notes.....  |                   |                 |
| 30. Surplus (contributed to) withdrawn from protected cells.....  |                   |                 |
| 31. Cumulative effect of changes in accounting principles.....  |                   |                 |
| 32. Capital changes:  |                   |                 |
| 32.1 Paid in.....   |                   |                 |
| 32.2 Transferred from surplus (Stock Dividend).....   |                   |                 |
| 32.3 Transferred to surplus.....  |                   |                 |
| 33. Surplus adjustments:  |                   |                 |
| 33.1 Paid in.....   |                   |                 |
| 33.2 Transferred to capital (Stock Dividend).....   |                   |                 |
| 33.3. Transferred from capital.....   |                   |                 |
| 34. Net remittances from or (to) Home Office.....   |                   |                 |
| 35. Dividends to stockholders.....  | (1,600,000)       |                 |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....  |                   |                 |
| 37. Aggregate write-ins for gains and losses in surplus.....  | 51,542            | 4,628           |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....  | (340,051)         | 966,202         |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....  | 16,603,575        | 16,943,627      |

**DETAILS OF WRITE-INS**

|  |         |         |
|--|---------|---------|
| 0501.....  |         |         |
| 0502.....  |         |         |
| 0503.....  |         |         |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....                        | 0       | 0       |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....                              | 0       | 0       |
| 1401. Miscellaneous.....   | 153,216 | 142,880 |
| 1402. Funds held interest.....   | (3,122) | (739)   |
| 1403.....  |         |         |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....                       | 0       | 0       |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....                             | 150,095 | 142,141 |
| 3701. Change in nonadmitted assets - additional admitted deferred taxes assets - SSAP 10R..... | 51,542  | 4,628   |
| 3702.....  |         |         |
| 3703.....  |         |         |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....                       | 0       | 0       |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....                             | 51,542  | 4,628   |

**CASH FLOW**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 7,635,060         | 4,563,695       |
| 2. Net investment income.....  | 1,024,132         | 942,635         |
| 3. Miscellaneous income.....   | 221,668           | 188,818         |
| 4. Total (Lines 1 through 3).....  | 8,880,860         | 5,695,147       |
| 5. Benefit and loss related payments.....  | (793,711)         | 1,844,008       |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 2,067,797         | 1,746,745       |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | 334,860           | 426,761         |
| 10. Total (Lines 5 through 9).....   | 1,608,947         | 4,017,514       |
| 11. Net cash from operations (Line 4 minus Line 10).....   | 7,271,913         | 1,677,633       |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 7,423,826         | 7,506,658       |
| 12.2 Stocks.....   |                   |                 |
| 12.3 Mortgage loans.....   |                   |                 |
| 12.4 Real estate.....  |                   |                 |
| 12.5 Other invested assets.....  |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 7,423,826         | 7,506,658       |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 11,415,832        | 9,441,241       |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   |                   |                 |
| 13.4 Real estate.....  |                   |                 |
| 13.5 Other invested assets.....  |                   |                 |
| 13.6 Miscellaneous applications.....   |                   |                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 11,415,832        | 9,441,241       |
| 14. Net increase (decrease) in contract loans and premium notes.....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | (3,992,006)       | (1,934,583)     |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>   |                   |                 |
| 16. Cash provided (applied):   |                   |                 |
| 16.1 Surplus notes, capital notes.....   |                   |                 |
| 16.2 Capital and paid in surplus, less treasury stock.....   |                   |                 |
| 16.3 Borrowed funds.....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               |                   |                 |
| 16.5 Dividends to stockholders.....  | 1,600,000         |                 |
| 16.6 Other cash provided (applied).....  | (1,684,178)       | 69,748          |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (3,284,178)       | 69,748          |
| <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 Line 15 plus Line 17).....   | (4,271)           | (187,202)       |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 22,980            | 210,182         |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 18,708            | 22,980          |

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

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

**Triumph Casualty Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

| Line of Business   | 1<br>Net<br>Premiums<br>Written per<br>Column 6, Part 1B | 2<br>Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | 3<br>Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | 4<br>Premiums<br>Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
|--|--|---|--|---|
| 1. Fire.....   | 1,068  |   | 380  | 688   |
| 2. Allied lines.....   | 2,885  |   | 1,681  | 1,204   |
| 3. Farmowners multiple peril.....                              |  |   |  | 0   |
| 4. Homeowners multiple peril.....                              |  |   |  | 0   |
| 5. Commercial multiple peril.....                              | 46,646   | 4,117   | 16,380   | 34,383  |
| 6. Mortgage guaranty.....                                      |  |   |  | 0   |
| 8. Ocean marine.....   | .831   |   |  | .831  |
| 9. Inland marine.....  | 97,299   | 33,387  | 42,084   | 88,602  |
| 10. Financial guaranty.....                                    |  |   |  | 0   |
| 11.1 Medical professional liability - occurrence.....          |  |   |  | 0   |
| 11.2 Medical professional liability - claims-made.....         |  |   |  | 0   |
| 12. Earthquake.....  | 118  |   | .88  | 30  |
| 13. Group accident and health.....                             |  |   |  | 0   |
| 14. Credit accident and health (group and individual).....     |  |   |  | 0   |
| 15. Other accident and health.....                             | 9,885  | 3,698   | 3,706  | 9,877   |
| 16. Workers' compensation.....                                 | 1,823,633  | 228,950   | 598,138  | 1,454,445   |
| 17.1 Other liability - occurrence.....                         | 474,772  | 80,333  | 206,871  | 348,234   |
| 17.2 Other liability - claims-made.....                        | 3,230  | 10,219  | 3,415  | 10,034  |
| 17.3 Excess workers' compensation.....                         | .220   |   |  | .220  |
| 18.1 Products liability - occurrence.....                      |  |   |  | 0   |
| 18.2 Products liability - claims-made.....                     |  |   |  | 0   |
| 19.1, 19.2 Private passenger auto liability.....               | 129,186  | 66,004  | 62,317   | 132,873   |
| 19.3, 19.4 Commercial auto liability.....                      | 3,879,303  | 1,159,256   | 1,581,084  | 3,457,475   |
| 21. Auto physical damage.....                                  | 1,535,900  | 624,302   | 684,302  | 1,475,900   |
| 22. Aircraft (all perils).....                                 |  |   |  | 0   |
| 23. Fidelity.....  | 145  |   | .292   | (147)   |
| 24. Surety.....  | 1,341  | .583  | .861   | 1,063   |
| 26. Burglary and theft.....                                    | .289   |   | .193   | .96   |
| 27. Boiler and machinery.....                                  | .256   |   | (246)  | .502  |
| 28. Credit.....  |  |   |  | 0   |
| 29. International.....   |  |   |  | 0   |
| 30. Warranty.....  |  |   |  | 0   |
| 31. Reinsurance - nonproportional assumed property.....        |  |   |  | 0   |
| 32. Reinsurance - nonproportional assumed liability.....       |  |   |  | 0   |
| 33. Reinsurance - nonproportional assumed financial lines..... |  |   |  | 0   |
| 34. Aggregate write-ins for other lines of business.....       | 0  | 0   | 0  | 0   |
| 35. TOTALS.....  | 8,007,009  | 2,210,849   | 3,201,546  | 7,016,312   |

**DETAILS OF WRITE-INS**

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

**Triumph Casualty Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

| Line of Business   | 1<br>Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | 3<br>Earned But<br>Unbilled Premium | 4<br>Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | 5<br>Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
|--|--|--|-------------------------------------|---|---|
| 1. Fire.....   | 380  |  |                                     |   | 380   |
| 2. Allied lines.....   | 1,681  |  |                                     |   | 1,681   |
| 3. Farmowners multiple peril.....                              |  |  |                                     |   | 0   |
| 4. Homeowners multiple peril.....                              |  |  |                                     |   | 0   |
| 5. Commercial multiple peril.....                              | 16,380   |  |                                     |   | 16,380  |
| 6. Mortgage guaranty.....                                      |  |  |                                     |   | 0   |
| 8. Ocean marine.....   |  |  |                                     |   | 0   |
| 9. Inland marine.....  | 42,084   |  |                                     |   | 42,084  |
| 10. Financial guaranty.....                                    |  |  |                                     |   | 0   |
| 11.1 Medical professional liability - occurrence.....          |  |  |                                     |   | 0   |
| 11.2 Medical professional liability - claims-made.....         |  |  |                                     |   | 0   |
| 12. Earthquake.....  | 88   |  |                                     |   | 88  |
| 13. Group accident and health.....                             |  |  |                                     |   | 0   |
| 14. Credit accident and health (group and individual).....     |  |  |                                     |   | 0   |
| 15. Other accident and health.....                             | 3,706  |  |                                     |   | 3,706   |
| 16. Workers' compensation.....                                 | 598,138  |  |                                     |   | 598,138   |
| 17.1 Other liability - occurrence.....                         | 206,871  |  |                                     |   | 206,871   |
| 17.2 Other liability - claims-made.....                        | 3,415  |  |                                     |   | 3,415   |
| 17.3 Excess workers' compensation.....                         |  |  |                                     |   | 0   |
| 18.1 Products liability - occurrence.....                      |  |  |                                     |   | 0   |
| 18.2 Products liability - claims-made.....                     |  |  |                                     |   | 0   |
| 19.1, 19.2 Private passenger auto liability.....               | 62,317   |  |                                     |   | 62,317  |
| 19.3, 19.4 Commercial auto liability.....                      | 1,581,084  |  |                                     |   | 1,581,084   |
| 21. Auto physical damage.....                                  | 684,302  |  |                                     |   | 684,302   |
| 22. Aircraft (all perils).....                                 |  |  |                                     |   | 0   |
| 23. Fidelity.....  | 292  |  |                                     |   | 292   |
| 24. Surety.....  | 861  |  |                                     |   | 861   |
| 26. Burglary and theft.....                                    | 193  |  |                                     |   | 193   |
| 27. Boiler and machinery.....                                  | (246)  |  |                                     |   | (246)   |
| 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.....  | 3,201,546  | 0  | 0                                   | 0   | 3,201,546   |
| 36. Accrued retrospective premiums based on experience.....    |  |  |                                     |   |   |
| 37. Earned but unbilled premiums.....                          |  |  |                                     |   | 0   |
| 38. Balance (sum of Lines 35 through 37).....                  |  |  |                                     |   | 3,201,546   |

**DETAILS OF WRITE-INS**

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

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

**Triumph Casualty Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

| Line of Business   | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|--|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire.....   |                                | 1,068                   |                             |                       |                           | 1,068  |
| 2. Allied lines.....   |                                | 2,885                   |                             |                       |                           | 2,885  |
| 3. Farmowners multiple peril.....                              |                                |                         |                             |                       |                           | 0  |
| 4. Homeowners multiple peril.....                              |                                |                         |                             |                       |                           | 0  |
| 5. Commercial multiple peril.....                              |                                | 46,646                  |                             |                       |                           | 46,646   |
| 6. Mortgage guaranty.....                                      |                                |                         |                             |                       |                           | 0  |
| 8. Ocean marine.....   |                                | .831                    |                             |                       |                           | .831   |
| 9. Inland marine.....  |                                | .97,299                 |                             |                       |                           | .97,299  |
| 10. Financial guaranty.....                                    |                                |                         |                             |                       |                           | 0  |
| 11.1 Medical professional liability - occurrence.....          |                                |                         |                             |                       |                           | 0  |
| 11.2 Medical professional liability - claims-made.....         |                                |                         |                             |                       |                           | 0  |
| 12. Earthquake.....  |                                | .118                    |                             |                       |                           | .118   |
| 13. Group accident and health.....                             |                                |                         |                             |                       |                           | 0  |
| 14. Credit accident and health (group and individual).....     |                                |                         |                             |                       |                           | 0  |
| 15. Other accident and health.....                             |                                | .9,885                  |                             |                       |                           | .9,885   |
| 16. Workers' compensation.....                                 |                                | 1,823,633               |                             |                       |                           | 1,823,633  |
| 17.1 Other liability - occurrence.....                         | .195,081                       | 474,772                 |                             | 178,943               | .16,138                   | .474,772   |
| 17.2 Other liability - claims-made.....                        |                                | 3,230                   |                             |                       |                           | 3,230  |
| 17.3 Excess workers' compensation.....                         |                                | .220                    |                             |                       |                           | .220   |
| 18.1 Products liability - occurrence.....                      |                                |                         |                             |                       |                           | 0  |
| 18.2 Products liability - claims-made.....                     |                                |                         |                             |                       |                           | 0  |
| 19.1, 19.2 Private passenger auto liability.....               | 1,154,628                      | 129,186                 |                             | 1,031,658             | .122,970                  | .129,186   |
| 19.3, 19.4 Commercial auto liability.....                      | 230,501                        | 3,879,303               |                             | 223,032               | .7,469                    | 3,879,303  |
| 21. Auto physical damage.....                                  | 7,849,960                      | 1,535,901               |                             | 7,583,473             | .266,488                  | 1,535,900  |
| 22. Aircraft (all perils).....                                 |                                |                         |                             |                       |                           | 0  |
| 23. Fidelity.....  |                                | .145                    |                             |                       |                           | .145   |
| 24. Surety.....  |                                | .1,341                  |                             |                       |                           | .1,341   |
| 26. Burglary and theft.....                                    |                                | .289                    |                             |                       |                           | .289   |
| 27. Boiler and machinery.....                                  |                                | .256                    |                             |                       |                           | .256   |
| 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.....  | 9,430,171                      | 8,007,009               | .0                          | 9,017,106             | .413,065                  | 8,007,009  |

**DETAILS OF WRITE-INS**

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

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

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

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

## **UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 2 - LOSSES PAID AND INCURRED

## DETAILS OF WRITE-INS

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

| Line of Business   | Reported Losses |                        |  |   | Incurred But Not Reported |                        |                      | 8   | 9  |
|--|-----------------|------------------------|--|---|---------------------------|------------------------|----------------------|---|--|
|  | 1               | 2                      | 3  | 4   | 5                         | 6                      | 7                    |   |  |
|  | Direct          | Reinsurance<br>Assumed | Deduct Reinsurance<br>Recoverable from<br>Authorized and<br>Unauthorized Companies | Net Losses Excluding<br>Incurred but<br>not Reported<br>(Cols. 1 + 2 - 3) | Direct                    | Reinsurance<br>Assumed | Reinsurance<br>Ceded | Net Losses<br>Unpaid<br>(Cols. 4 + 5 + 6 - 7) | Net<br>Unpaid Loss<br>Adjustment<br>Expenses |
| 1. Fire.....   |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 2. Allied lines.....   |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 3. Farmowners multiple peril.....                              |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 4. Homeowners multiple peril.....                              |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 5. Commercial multiple peril.....                              |                 | 5,951                  |  | 5,951   |                           | 14,461                 |                      | 20,412  | 4,058  |
| 6. Mortgage guaranty.....                                      |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 8. Ocean marine.....   |                 | 1,120                  |  | 1,120   |                           | 2,635                  |                      | 3,755   | 365  |
| 9. Inland marine.....  |                 | 15,315                 |  | 15,315  |                           | 28,506                 |                      | 43,821  | 11,426                                       |
| 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   |                           | 9                      |                      | 9   | 2  |
| 13. Group accident and health.....                             |                 |                        |  | 0   |                           |                        |                      | (a).....0                                     |  |
| 14. Credit accident and health (group and individual).....     |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 15. Other accident and health.....                             |                 | .69                    |  | .69   |                           | 6,300                  |                      | (a).....6,369                                 | 2,552  |
| 16. Workers' compensation.....                                 | 39,833          | 818,681                | (71,903)   | 930,417   |                           | 1,786,588              |                      | 2,717,005                                     | 478,120                                      |
| 17.1 Other liability - occurrence.....                         | 500             | 81,886                 | 500  | 81,886  | 12,021                    | 241,267                | 12,021               | 323,153                                       | 93,609                                       |
| 17.2 Other liability - claims-made.....                        |                 | 8,854                  |  | 8,854   |                           | 5,792                  |                      | 14,646  | 2,671  |
| 17.3 Excess workers' compensation.....                         |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 18.1 Products liability - occurrence.....                      |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 18.2 Products liability - claims-made.....                     |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 19.1, 19.2 Private passenger auto liability.....               | .955,037        | 76,971                 | .955,037   | 76,971  | 229,805                   | 38,485                 | 229,805              | .115,456                                      | 30,659                                       |
| 19.3, 19.4 Commercial auto liability.....                      | 18,000          | 1,764,570              | 18,000   | 1,764,570   | 54,845                    | 2,537,519              | .54,845              | 4,302,088                                     | 1,137,658                                    |
| 21. Auto physical damage.....                                  | 514,391         | 183,508                | 478,702  | 219,197   | 342,231                   | 89,646                 | 339,143              | 311,930                                       | 73,137                                       |
| 22. Aircraft (all perils).....                                 |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 23. Fidelity.....  |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 24. Surety.....  |                 |                        |  | 0   |                           |                        |                      | 0   |  |
| 26. Burglary and theft.....                                    |                 |                        |  | 0   |                           | 27                     |                      | 27  | 6  |
| 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.....  | 1,527,761       | 2,956,924              | 1,380,337  | 3,104,348   | 638,901                   | 4,751,236              | 635,814              | 7,858,671                                     | 1,834,265                                    |

**DETAILS OF WRITE-INS**

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

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

**Triumph Casualty Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

|  | 1<br>Loss Adjustment<br>Expenses | 2<br>Other<br>Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total        |
|--|----------------------------------|--|-----------------------------|-------------------|
| 1. Claim adjustment services:  |                                  |  |                             |                   |
| 1.1 Direct.....  | 403,522                          |  |                             | 403,522           |
| 1.2 Reinsurance assumed.....   | 536,536                          |  |                             | 536,536           |
| 1.3 Reinsurance ceded.....   | 403,522                          |  |                             | 403,522           |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....   | 536,536                          | 0                                      | 0                           | 536,536           |
| 2. Commission and brokerage:   |                                  |  |                             |                   |
| 2.1 Direct, excluding contingent.....  |                                  | 932,791                                |                             | 932,791           |
| 2.2 Reinsurance assumed, excluding contingent.....   |                                  | 892,358                                |                             | 892,358           |
| 2.3 Reinsurance ceded, excluding contingent.....   |                                  | 932,791                                |                             | 932,791           |
| 2.4 Contingent - direct.....   |                                  |  |                             | 0                 |
| 2.5 Contingent - reinsurance assumed.....  |                                  | (14,448)                               |                             | (14,448)          |
| 2.6 Contingent - reinsurance ceded.....  |                                  |  |                             | 0                 |
| 2.7 Policy and membership fees.....  |                                  | 11                                     |                             | 11                |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....                  | 0                                | 877,921                                | 0                           | 877,921           |
| 3. Allowances to manager and agents.....   | 6                                | 1,905                                  |                             | 1,911             |
| 4. Advertising.....  | 165                              | 7,064                                  | 10                          | 7,239             |
| 5. Boards, bureaus and associations.....   | 919                              | 45,426                                 |                             | 46,345            |
| 6. Surveys and underwriting reports.....   | 132                              | 26,766                                 |                             | 26,898            |
| 7. Audit of assureds' records.....   |                                  | 9,331                                  |                             | 9,331             |
| 8. Salary and related items:   |                                  |  |                             |                   |
| 8.1 Salaries.....  | 179,526                          | 472,968                                | 4,344                       | 656,838           |
| 8.2 Payroll taxes.....   | 12,985                           | 31,676                                 | 299                         | 44,960            |
| 9. Employee relations and welfare.....   | 9,463                            | 74,684                                 | (79)                        | 84,068            |
| 10. Insurance.....   | 875                              | 4,000                                  |                             | 4,875             |
| 11. Directors' fees.....   |                                  | 249                                    |                             | 249               |
| 12. Travel and travel items.....   | 2,777                            | 37,289                                 | 269                         | 40,335            |
| 13. Rent and rent items.....   | 3,555                            | 24,737                                 |                             | 28,292            |
| 14. Equipment.....   | 1                                | 349                                    |                             | 350               |
| 15. Cost or depreciation of EDP equipment and software.....                                      | 6,269                            | 64,702                                 | 563                         | 71,534            |
| 16. Printing and stationery.....   | 2,696                            | 15,261                                 | 18                          | 17,975            |
| 17. Postage, telephone and telegraph, exchange and express.....                                  | 1,672                            | 14,935                                 | 14                          | 16,621            |
| 18. Legal and auditing.....  | 8,439                            | 80,993                                 | 12,725                      | 102,157           |
| 19. Totals (Lines 3 to 18).....  | 229,480                          | 912,335                                | 18,163                      | 1,159,978         |
| 20. Taxes, licenses and fees:  |                                  |  |                             |                   |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$....17,763..... | 39                               | 219,652                                |                             | 219,691           |
| 20.2 Insurance department licenses and fees.....   | 2,358                            | 14,422                                 |                             | 16,780            |
| 20.3 Gross guaranty association assessments.....   | 4,344                            | 65,879                                 |                             | 70,223            |
| 20.4 All other (excluding federal and foreign income and real estate).....                       | 64                               | 289                                    |                             | 353               |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....                             | 6,805                            | 300,242                                | 0                           | 307,047           |
| 21. Real estate expenses.....  | 19,388                           | 32,115                                 | 75                          | 51,578            |
| 22. Real estate taxes.....   |                                  |  |                             | 0                 |
| 23. Reimbursements by uninsured plans.....   |                                  |  |                             | 0                 |
| 24. Aggregate write-ins for miscellaneous expenses.....  | 870                              | 7,610                                  | 0                           | 8,480             |
| 25. Total expenses incurred.....   | 793,079                          | 2,130,223                              | 18,238                      | (a).....2,941,540 |
| 26. Less unpaid expenses - current year.....   | 1,834,265                        | 493,427                                |                             | 2,327,692         |
| 27. Add unpaid expenses - prior year.....  | 988,962                          | 474,048                                |                             | 1,463,010         |
| 28. Amounts receivable relating to uninsured plans, prior year.....                              |                                  |  |                             | 0                 |
| 29. Amounts receivable relating to uninsured plans, current year.....                            |                                  |  |                             | 0                 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....                                      | (52,224)                         | 2,110,844                              | 18,238                      | 2,076,858         |

**DETAILS OF WRITE-INS**

|  |     |       |   |       |
|--|-----|-------|---|-------|
| 2401. Miscellaneous expenses.....  | 870 | 7,610 |   | 8,480 |
| 2402. .....  |     |       |   | 0     |
| 2403. .....  |     |       |   | 0     |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 0   | 0     | 0 | 0     |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | 870 | 7,610 | 0 | 8,480 |

(a) Includes management fees of \$....1,312,167 to affiliates and \$.....0 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....137,376               | 122,935                    |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....387,901               | 511,005                    |
| 1.2 Other bonds (unaffiliated).....  | (a).....161,875               | 168,440                    |
| 1.3 Bonds of affiliates.....   | (a).....                      |                            |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....1,960                 | 1,960                      |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....                      |                            |
| 2.2 Common stocks (unaffiliated).....  |                               |                            |
| 2.21 Common stocks of affiliates.....  |                               |                            |
| 3. Mortgage loans.....   | (c).....                      |                            |
| 4. Real estate.....  | (d).....                      |                            |
| 5. Contract loans.....   |                               |                            |
| 6. Cash, cash equivalents and short-term investments.....                    | (e).....147                   | 60                         |
| 7. Derivative instruments.....   | (f).....                      |                            |
| 8. Other invested assets.....  |                               |                            |
| 9. Aggregate write-ins for investment income.....                            | .....101,882                  | 101,882                    |
| 10. Total gross investment income.....                                       | .....791,142                  | 906,282                    |
| 11. Investment expenses.....   | (g).....18,238                |                            |
| 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).....0                     | 0                          |
| 15. Aggregate write-ins for deductions from investment income.....           |                               |                            |
| 16. Total deductions (Lines 11 through 15).....                              |                               | 18,238                     |
| 17. Net investment income (Line 10 minus Line 16).....                       |                               | 888,044                    |

**DETAILS OF WRITE-INS**

|  |              |         |
|--|--------------|---------|
| 0901. Interest on Funds Held.....  | .....101,882 | 101,882 |
| 0902. ....   |              |         |
| 0903. ....   |              |         |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | .....0       | 0       |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .....101,882 | 101,882 |
| 1501. ....   |              |         |
| 1502. ....   |              |         |
| 1503. ....   |              |         |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... |              | 0       |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       |              | 0       |

- (a) Includes \$....792 accrual of discount less \$....242,844 amortization of premium and less \$....105,773 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

|   | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | 15,405  |                                       | 15,405  |   |   |
| 1.1 Bonds exempt from U.S. tax.....                       |   |                                       | .....0  |   |   |
| 1.2 Other bonds (unaffiliated).....                       | 231,095   |                                       | 231,095   |   |   |
| 1.3 Bonds of affiliates.....                              |   |                                       | .....0  |   |   |
| 2.1 Preferred stocks (unaffiliated).....                  |   |                                       | .....0  |   |   |
| 2.11 Preferred stocks of affiliates.....                  |   |                                       | .....0  |   |   |
| 2.2 Common stocks (unaffiliated).....                     |   |                                       | .....0  |   |   |
| 2.21 Common stocks of affiliates.....                     |   |                                       | .....0  |   |   |
| 3. Mortgage loans.....                                    |   |                                       | .....0  |   |   |
| 4. Real estate.....                                       |   |                                       | .....0  |   |   |
| 5. Contract loans.....                                    |   |                                       | .....0  |   |   |
| 6. Cash, cash equivalents and short-term investments..... |   |                                       | .....0  |   |   |
| 7. Derivative instruments.....                            |   |                                       | .....0  |   |   |
| 8. Other invested assets.....                             |   |                                       | .....0  |   |   |
| 9. Aggregate write-ins for capital gains (losses).....    | 0   | 0                                     | 0   | 0   | 0   |
| 10. Total capital gains (losses).....                     | 246,500   | 0                                     | 246,500   | 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 thru 0903 plus 0998) (Line 9 above).....       | .....0 | 0 | .....0 | 0 | 0 |

**EXHIBIT OF NONADMITTED ASSETS**

|  | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|--|--|--|---|
| 1. Bonds (Schedule D).....   |  |  | 0   |
| 2. Stocks (Schedule D):  |  |  |   |
| 2.1 Preferred stocks.....  |  |  | 0   |
| 2.2 Common stocks.....   |  |  | 0   |
| 3. Mortgage loans on real estate (Schedule B):   |  |  |   |
| 3.1 First liens.....   |  |  | 0   |
| 3.2 Other than first liens.....  |  |  | 0   |
| 4. Real estate (Schedule A):   |  |  |   |
| 4.1 Properties occupied by the company.....  |  |  | 0   |
| 4.2 Properties held for the production of income.....  |  |  | 0   |
| 4.3 Properties held for sale.....  |  |  | 0   |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....          |  |  | 0   |
| 6. Contract loans.....   |  |  | 0   |
| 7. Derivatives (Schedule DB).....  |  |  | 0   |
| 8. Other invested assets (Schedule BA).....  |  |  | 0   |
| 9. Receivables for securities.....   |  |  | 0   |
| 10. Securities lending reinvested collateral assets (Schedule DL).....   |  |  | 0   |
| 11. Aggregate write-ins for invested assets.....   | 0  | 0  | 0   |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....   | 0  | 0  | 0   |
| 13. Title plants (for Title insurers only).....  |  |  | 0   |
| 14. Investment income due and accrued.....   |  |  | 0   |
| 15. Premiums and considerations:   |  |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....  |  | 2,531  | 2,531   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....                       | 3,189  |  | (3,189)   |
| 15.3 Accrued retrospective premiums.....   |  |  | 0   |
| 16. Reinsurance:   |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....  |  | 385  | 385   |
| 16.2 Funds held by or deposited with reinsured companies.....  |  |  | 0   |
| 16.3 Other amounts receivable under reinsurance contracts.....   |  |  | 0   |
| 17. Amounts receivable relating to uninsured plans.....  |  |  | 0   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....  |  |  | 0   |
| 18.2 Net deferred tax asset.....   | 89,766   | 38,224   | (51,542)  |
| 19. Guaranty funds receivable or on deposit.....   |  |  | 0   |
| 20. Electronic data processing equipment and software.....   |  |  | 0   |
| 21. Furniture and equipment, including health care delivery assets.....  |  |  | 0   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....  |  |  | 0   |
| 23. Receivables from parent, subsidiaries and affiliates.....  |  |  | 0   |
| 24. Health care and other amounts receivable.....  |  |  | 0   |
| 25. Aggregate write-ins for other than invested assets.....  | 0  | 0  | 0   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)..... | 92,955   | 41,140   | (51,814)  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |  |  | 0   |
| 28. TOTALS (Lines 26 and 27).....  | 92,955   | 41,140   | (51,814)  |

**DETAILS OF WRITE-INS**

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

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## NOTES TO FINANCIAL STATEMENTS

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### **Note 1 - Summary of Significant Accounting Policies**

#### **A. Accounting Practices**

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

#### **B. Use of Estimates**

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

#### **C. Accounting Policies**

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

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at cost.
2. Investment grade bonds are stated at amortized cost using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.
3. Not applicable as the Company does not have any investments in common stocks.
4. Redeemable preferred stocks with an NAIC designation of 1 or 2 are carried at amortized cost. Perpetual preferred stocks with an NAIC designation of 1 or 2 are carried at market. All other preferred stocks are carried at the lower of cost, amortized cost, or fair value.
5. Not applicable as the Company investment portfolio does not include any mortgage loans.
6. Investment grade loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. Not applicable as the Company does not have any investments in subsidiaries, controlled or affiliated companies.
8. Not applicable as the Company does not have any investments in joint ventures, partnerships or limited liability companies.
9. Not applicable as the Company does not invest in derivative instruments.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expense reserves represent the estimated ultimate net cost of all reported and unreported losses incurred. The Company does not discount loss and loss adjustment expense reserves. The reserves for unpaid losses and loss adjustment expenses include an amount determined using individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates and the ultimate liability may be in excess of or less than the amounts provided, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in the period determined.
12. The Company has a capitalization policy for prepaid expenses and purchases of items such as office equipment, software/hardware, furniture, vehicles, and other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

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## **NOTES TO FINANCIAL STATEMENTS**

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13. Not applicable as the Company is a property and casualty insurance company only and does not write major medical and/or prescription drug coverage.

### **Note 2 – Accounting Changes and Correction of Errors**

A. Accounting Changes Other than Codification and Correction of Errors

Not applicable

### **Note 3 – Business Combinations and Goodwill**

A. Statutory Purchase Method

Not applicable as the Company has never entered into any business combinations.

B. Statutory Mergers

Not applicable

C. Impairment Loss

Not applicable

### **Note 4 – Discontinued Operations**

A. Not applicable

### **Note 5 – Investments**

A. Mortgage Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reversed Mortgages

Not applicable

D. Loan-Backed Securities

1. The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
2. The Company does not have any loan-backed securities with an other-than-temporary impairment for which it has the intent to sell or the inability or lack of intent to retain the investment in the security.
3. The Company does not have any loan-backed securities with an other-than-temporary ("OTTI") impairment recognized in 2011.
4. The Company does not have any loan-backed securities with an unrealized loss at December 31, 2011.
5. Not applicable as the Company does not have any loan-backed securities with an unrealized loss at December 31, 2011.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

Not applicable

G. Low Income Housing Tax Credits

Not applicable

### **Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

A. Detail for Those Greater than 10% of Admitted Assets

Not applicable

**NOTES TO FINANCIAL STATEMENTS****B. Writedowns for Impairment of Joint Ventures, Partnerships and LLCs**

Not applicable

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

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

**B. Amounts Nonadmitted**

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

**Note 8 – Derivative Instruments**

A - F. Not applicable as the Company does not invest in derivative instruments.

**Note 9 – Income Taxes**

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

|  | 2011            |                |                           | 2010            |                |                           | Change          |                |                           |
|--|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|
|  | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total |
| (a) Gross Deferred Tax Assets                  | 572,599         | 78,051         | 650,650                   | 307,594         | 78,051         | 385,645                   | 265,005         | -              | 265,005                   |
| (b) Statutory Valuation Allowance Adjustment   | -               | -              | -                         | -               | -              | -                         | -               | -              | -                         |
| (c) Adjusted Gross Deferred Tax Assets (1a-1b) | 572,599         | 78,051         | 650,650                   | 307,594         | 78,051         | 385,645                   | 265,005         | -              | 265,005                   |
| (d) Deferred Tax Liabilities                   | -               | -              | -                         | -               | -              | -                         | -               | -              | -                         |
| (e) Subtotal (Net Deferred Tax Assets) (1c-1d) | 572,599         | 78,051         | 650,650                   | 307,594         | 78,051         | 385,645                   | 265,005         | -              | 265,005                   |
| (f) Deferred Tax Assets Nonadmitted            | 89,766          | -              | 89,766                    | 38,224          | -              | 38,224                    | 51,542          | -              | 51,542                    |
| (g) Net Admitted Deferred Tax Assets (1e-1f)   | 482,833         | 78,051         | 560,884                   | 269,370         | 78,051         | 347,421                   | 213,463         | -              | 213,463                   |

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

3. Ordinary admitted adjusted gross deferred tax assets increased by \$89,766 as a result of applying SSAP 10R, paragraph 10e.

**NOTES TO FINANCIAL STATEMENTS**

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

|   | 2011            |                |                           | 2010            |                |                           | Change                       |                             |                         |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|-------------------------|
|   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col 4+5)<br>Total | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>Col 7+8<br>Total |
| <b>Admission Calculation Components – SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:</b> |                 |                |                           |                 |                |                           |                              |                             |                         |
| (a) Paragraph 10.a.   | 393,067         | 78,051         | 471,118                   | 231,146         | -              | 231,146                   | 161,921                      | 78,051                      | 239,972                 |
| (b) Paragraph 10.b.<br>(the lesser paragraph of 10.b.i and 10.b.ii below)               | -               | -              | -                         | -               | 78,051         | 78,051                    | -                            | (78,051)                    | (78,051)                |
| (c) Paragraph 10.b.i.   | -               | -              | -                         | -               | 78,051         | 78,051                    | -                            | (78,051)                    | (78,051)                |
| (d) Paragraph 10.b.ii.  | XXX             | XXX            | 1,711,328                 | XXX             | XXX            | 1,635,114                 | XXX                          | XXX                         | 76,214                  |
| (e) Paragraph 10.c.   | -               | -              | -                         | -               | -              | -                         | -                            | -                           | -                       |
| (f) Total (4a+4b+4e)  | 393,067         | 78,051         | 471,118                   | 231,146         | 78,051         | 309,197                   | 161,921                      | -                           | 161,921                 |
| <b>Admission Calculation Components – SSAP 10R, paragraph 10.e.:</b>                    |                 |                |                           |                 |                |                           |                              |                             |                         |
| (g) Paragraph 10.e.i.   | 393,067         | 78,051         | 471,118                   | 231,146         | -              | 231,146                   | 161,921                      | 78,051                      | 239,972                 |
| (h) Paragraph 10.e.ii.<br>(the lesser paragraph of 10.e.ii.a. and 10.e.ii.b. below)     | 89,766          | -              | 89,766                    | 38,224          | 78,051         | 116,275                   | 51,542                       | (78,051)                    | (26,509)                |
| (i) Paragraph 10.e.ii.a.  | 89,766          | -              | 89,766                    | 38,224          | 78,051         | 116,275                   | 51,542                       | (78,051)                    | (26,509)                |
| (j) Paragraph 10.e.ii.b.  | XXX             | XXX            | 2,566,992                 | XXX             | XXX            | 2,452,671                 | XXX                          | XXX                         | 114,321                 |
| (k) Paragraph 10.e.iii.   | -               | -              | -                         | -               | -              | -                         | -                            | -                           | -                       |
| (l) Total (4g+4h+4k)  | 482,833         | 78,051         | 560,884                   | 269,370         | 78,051         | 347,421                   | 213,463                      | -                           | 213,463                 |
| <b>Used in SSAP 10R, Paragraph 10.d.:</b>   |                 |                |                           |                 |                |                           |                              |                             |                         |
| (m) Total Adjusted Capital  | XXX             | XXX            | 16,603,575                | XXX             | XXX            | 16,905,403                | XXX                          | XXX                         | (301,828)               |
| (n) Authorized Control Level  | XXX             | XXX            | 659,644                   | XXX             | XXX            | 339,982                   | XXX                          | XXX                         | 319,662                 |

5. Impact of Tax Planning Strategies

|  | December 31, 2011 |         |         |
|--|-------------------|---------|---------|
|  | Ordinary          | Capital | Total % |
| <b>Impact of Tax Planning Strategies</b>   |                   |         |         |
| a. Adjusted Gross DTAs<br>(% of Total Adjusted Gross DTAs)                           | 0.0%              | 100.0%  | 12.0%   |
| b. Net Admitted Adjusted Gross DTAs<br>(% of Total Net Admitted Adjusted Gross DTAs) | 0.0%              | 100.0%  | 13.9%   |

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

|   | 2011            |                |                           | 2010            |                |                           | Change                       |                             |                         |
|---|-----------------|----------------|---------------------------|-----------------|----------------|---------------------------|------------------------------|-----------------------------|-------------------------|
|   | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col 4+5)<br>Total | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>Col 7+8<br>Total |
| <b>SSAP 10R, Paragraphs 10.a., 10.b. and 10.c.:</b> |                 |                |                           |                 |                |                           |                              |                             |                         |
| (a) Admitted Deferred Tax Assets                    | 393,067         | 78,051         | 471,118                   | 231,146         | 78,051         | 309,197                   | 161,921                      | -                           | 161,921                 |
| (b) Admitted Assets                                 | XXX             | XXX            | 31,282,659                | XXX             | XXX            | 24,639,886                | XXX                          | XXX                         | 6,642,773               |
| (c) Adjusted Statutory Surplus*                     | XXX             | XXX            | 16,603,575                | XXX             | XXX            | 16,905,403                | XXX                          | XXX                         | (301,828)               |
| (d) Total Adjusted Capital from DTAs                | XXX             | XXX            | 16,603,575                | XXX             | XXX            | 16,905,403                | XXX                          | XXX                         | (301,828)               |
| <b>Increases due to SSAP 10R, paragraph 10.e.</b>   |                 |                |                           |                 |                |                           |                              |                             |                         |
| (e) Admitted Deferred Tax Assets                    | 89,766          | -              | 89,766                    | 38,224          | -              | 38,224                    | 51,542                       | -                           | 51,542                  |
| (f) Admitted Assets                                 | 89,766          | -              | 89,766                    | 38,224          | -              | 38,224                    | 51,542                       | -                           | 51,542                  |
| (g) Statutory Surplus                               | 89,766          | -              | 89,766                    | 38,224          | -              | 38,224                    | 51,542                       | -                           | 51,542                  |

**NOTES TO FINANCIAL STATEMENTS****B. Unrecognized Deferred Tax Liabilities**

Not Applicable

**C. Current Tax and Change in Deferred Tax**

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

|  | (1)<br>2011 | (2)<br>2010 | (3)<br>(Col 1-2)<br>Change |
|--|-------------|-------------|----------------------------|
| (a) Federal                                    | 652,911     | 331,146     | 321,765                    |
| (b) Foreign                                    | -           | -           | -                          |
| (c) Subtotal                                   | 652,911     | 331,146     | 321,765                    |
| (d) Federal income tax on net capital gains    | 86,275      | 3,714       | 82,561                     |
| (e) Utilization of capital loss carry-forwards | -           | -           | -                          |
| (f) Other                                      | -           | -           | -                          |
| (g) Federal and Foreign income taxes incurred  | 739,186     | 334,860     | 404,326                    |

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

2.

| Deferred Tax Assets:  | (1)<br>2011 | (2)<br>2010 | (3)<br>(Col 1-2)<br>Change |
|---|-------------|-------------|----------------------------|
| (a) Ordinary:   |             |             |                            |
| (1) Discounting of unpaid losses                              | 299,221     | 127,411     | 171,810                    |
| (2) Unearned premium reserve                                  | 225,333     | 156,159     | 69,174                     |
| (3) Policyholder reserves                                     | -           | -           | -                          |
| (4) Investments   | -           | -           | -                          |
| (5) Deferred acquisition costs                                | -           | -           | -                          |
| (6) Policyholder dividends accrual                            | -           | -           | -                          |
| (7) Fixed assets  | -           | -           | -                          |
| (8) Compensation and benefits accrual                         | 14,400      | 1,855       | 12,545                     |
| (9) Pension accrual   | -           | -           | -                          |
| (10) Receivables - nonadmitted                                | -           | -           | -                          |
| (11) Net operating loss carry-forward                         | -           | -           | -                          |
| (12) Tax credit carry-forward                                 | -           | -           | -                          |
| (13) Other (including items <5% of total ordinary tax assets) | 33,645      | 22,169      | 11,476                     |
| (14) Other assets – nonadmitted                               | -           | -           | -                          |
| (99) Subtotal   | 572,599     | 307,594     | 265,005                    |
| (b) Statutory valuation allowance adjustment                  | -           | -           | -                          |
| (c) Nonadmitted   | 89,766      | 38,224      | 51,542                     |
| (d) Admitted ordinary deferred tax assets<br>(2a99-2b-2c)     | 482,833     | 269,370     | 213,463                    |
| (e) Capital:  |             |             |                            |
| (1) Investments   | 78,051      | 78,051      | -                          |
| (2) Net capital loss carry-forward                            | -           | -           | -                          |
| (3) Real estate   | -           | -           | -                          |
| (4) Other (including items <5% of total capital tax assets)   | -           | -           | -                          |
| (99) Subtotal   | 78,051      | 78,051      | -                          |
| (f) Statutory valuation allowance adjustment                  | -           | -           | -                          |
| (g) Nonadmitted   | -           | -           | -                          |
| (h) Admitted capital deferred tax assets<br>(2e99-2f-2g)      | 78,051      | 78,051      | -                          |
| (i) Admitted deferred tax assets (2d+2h)                      | 560,884     | 347,421     | 213,463                    |

**NOTES TO FINANCIAL STATEMENTS**

3.

| Deferred Tax Liabilities:                                    | 2011 | 2010 | Change |
|--|------|------|--------|
| (a) Ordinary:  |      |      |        |
| (1) Investments  | \$ - | \$ - | \$ -   |
| (2) Fixed assets   | -    | -    | -      |
| (3) Deferred and uncollected premium                         | -    | -    | -      |
| (4) Policyholder reserves                                    | -    | -    | -      |
| (5) Other (including items <5% of total ordinary tax assets) | -    | -    | -      |
| (6) Additional acquisition costs-installment premiums        | -    | -    | -      |
| (7) Discount of accrued salvage and subrogation              | -    | -    | -      |
| (8) Guaranty funds receivable                                | -    | -    | -      |
| (99) Subtotal  | -    | -    | -      |
| <hr/>  |      |      |        |
| (b) Capital:   |      |      |        |
| (1) Investments  | -    | -    | -      |
| (2) Real estate  | -    | -    | -      |
| (3) Other (including items <5% of total capital tax assets)  | -    | -    | -      |
| (99) Subtotal  | -    | -    | -      |
| <hr/>  |      |      |        |
| (c) Deferred tax liabilities (3a99+3b99)                     | \$ - | \$ - | \$ -   |

4. Net Deferred Tax Assets/Liabilities (2i-3c) \$ 560,884 \$ 347,421 \$ 213,463**D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

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

|   | 2011                |                        |
|---|---------------------|------------------------|
|   | Amount In Thousands | Effective Tax Rate (%) |
| Provision computed at statutory rate      | 541,046             | 35.0                   |
| Tax exempt income deduction               | (152,024)           | (9.8)                  |
| Unearned premium reserve haircut          | 69,174              | 4.5                    |
| Loss Reserves                             | 167,014             | 10.8                   |
| Other                                     | 27,701              | 1.7                    |
| Totals                                    | 652,911             | 42.2                   |
| <hr/>                                     |                     |                        |
| Federal and foreign income taxes incurred | 652,911             | 42.2                   |
| Realized capital gains tax                | 86,275              | 5.6                    |
| Total statutory income taxes              | 739,186             | 47.8                   |

**E. Operating Loss and Tax Credit Carryforwards**

1. At December 31, 2011, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The amount of federal income taxes incurred and available for recoupment in the event of future net losses: current year \$739,186; first preceding year \$334,860.
3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

**F. Consolidated Federal Income Tax Return**

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

**NOTES TO FINANCIAL STATEMENTS****Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties****A. Nature of Relationships**

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

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

**B. Detail of Transactions Greater than 1% of Admitted Assets**

The Company paid the following dividends to NIIC during 2011:

| <u>Date</u> | <u>Amount</u> | <u>Type</u> |
|-------------|---------------|-------------|
| 12/20/2011  | \$ 1,600,000  | Ordinary    |

**C. Change in Terms of Intercompany Arrangements**

Not applicable

**D. Amounts Due to or from Related Parties**

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

|  | <u>2011</u>         | <u>2010</u>      |
|--|---------------------|------------------|
| National Interstate Insurance Company      | \$ 1,954,499        | \$ 125,630       |
| National Interstate Corporation            | (94,689)            | (65,762)         |
| National Interstate Insurance Agency, Inc. | 1,869               | 46               |
| Explorer RV Insurance Agency, Inc.         | (10,276)            | (9,167)          |
| <b>Totals</b>                              | <b>\$ 1,851,403</b> | <b>\$ 50,747</b> |

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

**E. Guarantees or Contingencies for Related Parties**

Not applicable (See Note 14A)

**F. Management, Service Contracts, Cost Sharing Arrangements**

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

The Company has a cost sharing agreement with some of its affiliates under which costs are allocated between companies to reflect the actual costs to operate each company. Allocated expenses paid in 2011 related to these agreements amounted to \$1,312,167.

**G. Nature of Relationships that Could Affect Operations**

All outstanding shares of the Company are owned by NIIC (see Note 10A).

**H. Amount Deducted for Investment in Upstream Company**

Not applicable

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

Not applicable

**J. Writedowns for Impairment of Investments in Affiliates**

Not applicable

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**NOTES TO FINANCIAL STATEMENTS**

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K. Foreign Insurance Subsidiary Valued Using CARVM  
Not applicable

L. Downstream Holding Company Valued Using Look-Through Method  
Not applicable

**Note 11 – Debt**

A. Not applicable as the Company has no debt.

B. Funding Agreements with Federal Home Loan Bank (FHLB)  
Not applicable

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

A – F. Not applicable

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

A. Outstanding Shares  
The Company has 75,000 Common shares with a par value of \$40 a share, authorized, issued and outstanding at December 31, 2011.

B. Dividend Rate of Preferred Stock  
Not applicable as no preferred shares are authorized.

C, D, E and F. Dividend Restrictions  
The payment of dividends by Ohio domiciled insurance companies, without the prior approval of the Superintendent of Insurance, is limited to the greater of 10% of statutory surplus as of the most recent year end or the net income for the prior year. The Ohio Insurance Holding Company law requires an insurance company's surplus to be reasonable in relation to its liabilities and adequate for its financial needs following any dividend that it may pay to its parent. The maximum dividend payment that may be made without prior approval in 2012 is \$1,660,358.

An ordinary dividend in the amount of \$1,600,000 was paid by the Company on December 20, 2011.

G. Mutual Surplus Advances  
Not applicable

H. Company Stock Held for Special Purposes  
Not applicable

I. Changes in Special Surplus Funds  
The \$51,542 change in special surplus funds is due to the implementation of SSAP 10R, "Income Taxes – Revised, A Temporary Replacement of SSAP No. 10."

J. Changes in Unassigned Funds  
Not applicable as the Company had no unrealized gains or losses at December 31, 2011.

K. Surplus Notes  
Not applicable

L and M. Quasi Reorganizations  
Not applicable

**Note 14 – Contingencies**

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

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**NOTES TO FINANCIAL STATEMENTS**

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**B. Guaranty Fund and Other Assessments**

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

The Company has accrued a liability for guaranty fund and other assessments of \$96,127 and \$63,339, for the current and prior year, respectively. The liability is included in the taxes, licenses and fees liability. The amounts represent management's best estimates based on information received from the states in which the pooled group (refer to Note 26) writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

**C. Gain Contingencies**

Not applicable

**D. Extra Contractual Obligation and Bad Faith Losses**

Not applicable

**E. Product Warranties**

Not applicable

**F. Other Contingencies and Writedowns for Impairment**

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

There were no charges to income due to other-than-temporary impairments in the Company's bond portfolio in 2011 or 2010. Considerations the Company used in the impairment evaluation process included, but were not limited to, whether the issuer is experiencing significant financial difficulties, the economic stability of an entire industry sector or subsection, and the extent to which the unrealized loss is credit-driven or a result of changes in market interest rates.

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

Not applicable as the Company has no lease obligations nor has it entered into any leaseback arrangements.

**B. Lessor Leasing Arrangements**

Not applicable

**Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk**

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

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

Not applicable

**B. Transfers and Servicing of Financial Assets**

Not applicable

**C. Wash Sales**

Not applicable

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

Not applicable

**B. Administrative Services Contract (ASC) Plans**

Not applicable

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## **NOTES TO FINANCIAL STATEMENTS**

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### C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

A. The Company does not use managing general agents or third party administrators to write or administer their insurance products.

### **Note 20 – Fair Value Measurements**

#### A - C. Fair Value Measurements

Not applicable as there were no assets or liabilities stated at fair value as of December 31, 2011.

### **Note 21 – Other Items**

#### A. Extraordinary Items

Not applicable

#### B. Troubled Debt Restructuring for Debtors

Not applicable

#### C. Other Disclosures

Investments carried at \$4,062,651 and \$4,104,502 at December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

#### D. Uncollectible Premiums Receivable

At the end of the current and prior year, the Company had admitted assets of \$1,245,838 and \$870,699, respectively in premiums due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectable premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amounts totaling \$3,189 and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial position.

#### E. Business Interruption Insurance Recoveries

Not applicable

#### F. State Transferable Tax Credits

Not applicable

#### G. Subprime Mortgage-Related Exposure

##### 1. Subprime Mortgage Exposures

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

##### 2. Direct Exposure – Mortgage Loans

None

##### 3. Direct Exposure – Other Investment Classes

The Company holds mortgage-backed securities within its bond portfolio that are guaranteed by government sponsored agencies. The bond the company holds which was issued by a financial institution that may have subprime mortgage exposure is investment grade quality. Default risk on this bond is not expected at this time.

**NOTES TO FINANCIAL STATEMENTS**

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

| Investment Category                                      | Actual Cost         | Carrying Value      | Fair Value          | Impairments<br>Recognized |
|--|---------------------|---------------------|---------------------|---------------------------|
| Government agency residential mortgage-backed securities | \$ 1,702,181        | \$ 1,686,758        | \$ 1,722,741        | \$ -                      |
| Debt obligations issued by financial institutions        | 609,099             | 389,141             | 416,420             | 219,920                   |
| Unaffiliated equity interest in financial institutions   | 8,813               | 5,730               | 20,631              | 3,083                     |
| <b>Totals</b>  | <b>\$ 2,320,093</b> | <b>\$ 2,081,629</b> | <b>\$ 2,159,792</b> | <b>\$ 223,003</b>         |

**4. Underwriting Exposure**

Not applicable

**Note 22 – Events Subsequent**

None

**Note 23 – Reinsurance**

**A. Unsecured Reinsurance Recoverables**

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

| NAIC Code | Federal ID # | Name of Reinsurer                | Amount       |
|-----------|--------------|----------------------------------|--------------|
| 32620     | 34-1607395   | National Interstate Insurance Co | \$ 6,648,390 |

**B. Reinsurance Recoverables in Dispute**

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

**C. Reinsurance Assumed and Ceded and Protected Cells**

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

|              | Assumed Reinsurance |                   | Ceded Reinsurance   |                   | Net                   |                     |
|--------------|---------------------|-------------------|---------------------|-------------------|-----------------------|---------------------|
|              | Premium Reserve     | Commission Equity | Premium Reserve     | Commission Equity | Premium Reserve       | Commission Equity   |
| Affiliates   | \$ 3,201,546        | \$ 356,803        | \$ 4,693,243        | \$ 491,766        | \$ (1,491,697)        | \$ (134,963)        |
| All Other    | -                   | -                 | 211,836             | -                 | (211,836)             | -                   |
| <b>Total</b> | <b>\$ 3,201,546</b> | <b>\$ 356,803</b> | <b>\$ 4,905,079</b> | <b>\$ 491,766</b> | <b>\$ (1,703,533)</b> | <b>\$ (134,963)</b> |

Direct Unearned Premium Reserve \$4,905,079

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

|                                      | Direct      | Assumed          | Ceded       | Net              |
|--------------------------------------|-------------|------------------|-------------|------------------|
| Contingent Commission                | \$ -        | \$ 56,811        | \$ -        | \$ 56,811        |
| Sliding Scale Adjustments            | -           | -                | -           | -                |
| Other Profit Commission Arrangements | -           | -                | -           | -                |
| <b>TOTAL</b>                         | <b>\$ -</b> | <b>\$ 56,811</b> | <b>\$ -</b> | <b>\$ 56,811</b> |

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

**NOTES TO FINANCIAL STATEMENTS****D. Uncollectible Reinsurance**

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

**E. Commutation of Ceded Reinsurance**

Not applicable as the Company did not commute any of its ceded reinsurance in the current year.

**F. Retroactive Reinsurance**

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

**G. Reinsurance Accounted for as a Deposit**

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

**H. Run-off Agreements**

Not Applicable as the Company did not have any run-off agreements in the current year.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

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

**Note 25 –Losses and Loss Adjustment Expenses**

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

|   | Year Ended December 31 |              |
|---|------------------------|--------------|
|   | 2011                   | 2010         |
| Outstanding losses and LAE, net of reinsurance recoverables, at beginning of year | \$ 4,282,709           | \$ 3,764,201 |
| Effect of initial reserve establishment for pooling                               | 5,712,437              | -            |
| Add provision for claims, net of reinsurance occurring in:                        |                        |              |
| Current year  | 4,713,000              | 2,883,000    |
| Prior years   | (256,644)              | (127,854)    |
| Net incurred losses during the current year                                       | 4,456,356              | 2,755,146    |
| Deduct payments for claims, net of reinsurance, occurring in:                     |                        |              |
| Current year  | 1,819,000              | 1,064,000    |
| Prior years   | 2,939,566              | 1,172,638    |
| Net claim payments during the current year  | 4,758,566              | 2,236,638    |
| Outstanding losses and LAE, net of reinsurance recoverables, at end of year       | \$ 9,692,936           | \$ 4,282,709 |

The effect of the initial reserve establishment for pooling of \$5,712,437 represents the net amount received by the Company for the assumption of the initial reserves effective with the amended intercompany reinsurance pooling arrangement due to the inclusion of VIC with the Company, its parent and affiliate, NI-HI. The foregoing reconciliation shows that a \$256,644 favorable development in the December 31, 2010 balances emerged in 2011, and a \$127,854 favorable development in the December 31, 2009 balances emerged in 2010. The favorable development in 2011 and 2010 resulted from the combination of settling cases and adjusting current estimates of open cases and incurred but not reported losses (IBNR) for amounts less than the case and IBNR estimates carried at the end of the prior year. Management of the Company evaluates case and IBNR estimates based on data from a variety of sources including the Company's historical experience, knowledge of various factors, and industry data extrapolated from other insurers writing similar lines of business.

**Note 26 – Intercompany Pooling Arrangements**

Effective January 1, 2011, the Company entered into an amended pooling agreement with its parent, NIIC and NIIC's two insurance subsidiaries, NI-HI and VIC. The following summarizes the participation percentages:

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

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**NOTES TO FINANCIAL STATEMENTS**

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Prior to the pooling of business, each participating company makes cessions, primarily excess of loss arrangements, to various other affiliated and non-affiliated reinsurers under terms of other reinsurance agreements. Each participant records its own Provision for Reinsurance based on its pre-pooling reinsurance activity. These liabilities are not shared with the other pooled participants. In the event that a reinsurance balance becomes uncollectible, the uncollectible balance will be shared by the pooled members in accordance to the pooling participation schedule. As of December 31, 2011 the Company had a \$1,170,142 receivable due from NIIC, the lead company. NIIC had a \$1,510,216 payable to NI-HI and had a \$7,638,370 payable due to VIC.

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

At December 31, 2011, the Company has two structured settlements from unaffiliated life insurance companies under which the Company is owner and payee. The Company has fulfilled its obligations to the insured under one of the claims, yet will continue to receive monthly annuity payments from the life insurer for the life of the insured.

The other claim remains open and the loss and LAE reserves for this claim is \$44,053 at December 31, 2011, and is included in the balance sheet as a liability for losses and loss adjustment expenses. The aggregate value of annuities at December 31, 2011 was \$98,255 and is reported as other than invested assets.

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

None.

**Note 28 – Health Care Receivables**

A - B. Not applicable as the Company does not write pharmaceutical or shared risk health insurance coverage.

**Note 29 – Participating Policies**

A. Not applicable as the Company does not have participating policies.

**Note 30 – Premium Deficiency Reserves**

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

**Note 31 – High Deductibles**

A. Not applicable

**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

A - C. Not applicable as the Company does not discount its liabilities for unpaid loss and loss adjustment expenses.

**Note 33 – Asbestos/Environmental Reserves**

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

**Note 34 – Subscriber Savings Accounts**

A. Not applicable

**Note 35 – Multiple Peril Crop Insurance**

A. Not applicable

**Note 36 – Financial Guaranty Insurance**

A - B. Not applicable

# Triumph Casualty Company

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES - GENERAL

|   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
|---|--|------------------------|-----------------------------|------------------------|-----------|----------|-----------|----------|--|--|--|--|--|--|--|
| 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?   | Yes [ <input checked="" type="checkbox"/> ]   No [ <input type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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 [ <input checked="" type="checkbox"/> ]   No [ <input type="checkbox"/> ]   N/A [ <input type="checkbox"/> ] |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 1.3 State regulating? <u>Ohio</u>   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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 [ <input checked="" type="checkbox"/> ]   No [ <input type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 2.2 If yes, date of change:   | 10/06/2011   |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.   | 12/31/2010   |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.   | 12/31/2010   |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).   | 10/18/2011   |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 3.4 By what department or departments? <u>State of Ohio Department of Insurance</u>   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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 [ <input type="checkbox"/> ]   No [ <input type="checkbox"/> ]   N/A [ <input checked="" type="checkbox"/> ] |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 3.6 Have all of the recommendations within the latest financial examination report been complied with?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]   N/A [ <input type="checkbox"/> ] |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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 [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 4.12 renewals?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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 [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 4.22 renewals?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?   | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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.  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">1<br/>Name of Entity</td> <td style="width: 33%; text-align: center;">2<br/>NAIC Co. Code</td> <td style="width: 33%; text-align: center;">3<br/>State of Domicile</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>  |  | 1<br>Name of Entity    | 2<br>NAIC Co. Code          | 3<br>State of Domicile |           |          |           |          |  |  |  |  |  |  |  |
| 1<br>Name of Entity   | 2<br>NAIC Co. Code   | 3<br>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 [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 6.2 If yes, give full information:  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">1<br/>Nationality</td> <td style="width: 50%; text-align: center;">2<br/>Type of Entity</td> </tr> <tr> <td> </td> <td> </td> </tr> </table>  |  | 1<br>Nationality       | 2<br>Type of Entity         |                        |           |          |           |          |  |  |  |  |  |  |  |
| 1<br>Nationality  | 2<br>Type of Entity  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
|   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?   | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 7.2 If yes,   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 7.21 State the percentage of foreign control  | .....%<br>.....%   |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">1<br/>Nationality</td> <td style="width: 50%; text-align: center;">2<br/>Type of Entity</td> </tr> <tr> <td> </td> <td> </td> </tr> </table>  |  | 1<br>Nationality       | 2<br>Type of Entity         |                        |           |          |           |          |  |  |  |  |  |  |  |
| 1<br>Nationality  | 2<br>Type of Entity  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
|   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?   | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14.28%; text-align: center;">1<br/>Affiliate Name</td> <td style="width: 14.28%; text-align: center;">2<br/>Location (City, State)</td> <td style="width: 14.28%; text-align: center;">3<br/>FRB</td> <td style="width: 14.28%; text-align: center;">4<br/>OCC</td> <td style="width: 14.28%; text-align: center;">5<br/>OTS</td> <td style="width: 14.28%; text-align: center;">6<br/>FDIC</td> <td style="width: 14.28%; text-align: center;">7<br/>SEC</td> </tr> <tr> <td> </td> </tr> </table>           |  | 1<br>Affiliate Name    | 2<br>Location (City, State) | 3<br>FRB               | 4<br>OCC  | 5<br>OTS | 6<br>FDIC | 7<br>SEC |  |  |  |  |  |  |  |
| 1<br>Affiliate Name   | 2<br>Location (City, State)  | 3<br>FRB               | 4<br>OCC                    | 5<br>OTS               | 6<br>FDIC | 7<br>SEC |           |          |  |  |  |  |  |  |  |
|   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 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.  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14.28%; text-align: center;">1<br/>Affiliate Name</td> <td style="width: 14.28%; text-align: center;">2<br/>Location (City, State)</td> <td style="width: 14.28%; text-align: center;">3<br/>FRB</td> <td style="width: 14.28%; text-align: center;">4<br/>OCC</td> <td style="width: 14.28%; text-align: center;">5<br/>OTS</td> <td style="width: 14.28%; text-align: center;">6<br/>FDIC</td> <td style="width: 14.28%; text-align: center;">7<br/>SEC</td> </tr> <tr> <td> </td> </tr> </table>           |  | 1<br>Affiliate Name    | 2<br>Location (City, State) | 3<br>FRB               | 4<br>OCC  | 5<br>OTS | 6<br>FDIC | 7<br>SEC |  |  |  |  |  |  |  |
| 1<br>Affiliate Name   | 2<br>Location (City, State)  | 3<br>FRB               | 4<br>OCC                    | 5<br>OTS               | 6<br>FDIC | 7<br>SEC |           |          |  |  |  |  |  |  |  |
|   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>Ernst &amp; Young LLP<br/>1300 Huntington Building, 925 Euclid Ave, Cleveland, OH 44115-1405</p>   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.2 If the response to 10.1 is yes, provide information related to this exemption:   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>.....</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.4 If the response to 10.3 is yes, provide information related to this exemption:   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>.....</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?   | Yes [ <input checked="" type="checkbox"/> ]   No [ <input type="checkbox"/> ]   N/A [ <input type="checkbox"/> ] |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 10.6 If the answer to 10.5 is no or n/a, please explain.  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>.....</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>John L. Doellman, VP and Actuary<br/>Great American Insurance Company 301 East 4th Street, Cincinnati, OH 45202</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?  | Yes [ <input type="checkbox"/> ]   No [ <input checked="" type="checkbox"/> ]                                    |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 12.11 Name of real estate holding company   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>.....</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 12.12 Number of parcels involved  | .....  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 12.13 Total book/adjusted carrying value  | .....  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| 12.2 If yes, provide explanation.   |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |
| <p>.....</p>  |  |                        |                             |                        |           |          |           |          |  |  |  |  |  |  |  |

# Triumph Casualty Company

## GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....,1,954,499

### PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

---

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

---

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

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

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

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

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

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

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

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

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

|  |                  |
|--|------------------|
| 25.21 Subject to repurchase agreements                 | \$.....0         |
| 25.22 Subject to reverse repurchase agreements         | \$.....0         |
| 25.23 Subject to dollar repurchase agreements          | \$.....0         |
| 25.24 Subject to reverse dollar repurchase agreements  | \$.....0         |
| 25.25 Pledged as collateral                            | \$.....0         |
| 25.26 Placed under option agreements                   | \$.....0         |
| 25.27 Letter stock or securities restricted as to sale | \$.....0         |
| 25.28 On deposit with state or other regulatory body   | \$.....4,062,651 |
| 25.29 Other  | \$.....0         |

25.3 For category (25.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>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<br>Name of Custodian(s) | 2<br>Custodian's Address         |
|---------------------------|----------------------------------|
| Key Bank                  | PO Box 6717, Cleveland, OH 44101 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository Number(s) | 2<br>Name | 3<br>Address |
|--|-----------|--------------|
|  |           |              |

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

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #   | 2<br>Name of Mutual Fund | 3<br>Book/Adj.Carrying Value |
|----------------|--------------------------|------------------------------|
| 29.2999. TOTAL |                          | 0                            |

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

| 1<br>Name of Mutual Fund<br>(from the above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual<br>Fund's Book/Adjusted<br>Carrying Value<br>Attributable to Holding | 4<br>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<br>Statement<br>(Admitted)<br>Value | 2<br>Fair<br>Value | 3<br>Excess of Statement<br>over Fair Value (-),<br>or Fair Value over<br>Statement (+) |
|----------------------------|---------------------------------------|--------------------|---|
| 30.1 Bonds.....            | .....26,901,116                       | .....28,165,533    | .....1,264,417  |
| 30.2 Preferred stocks..... | .....5,730                            | .....20,631        | .....14,901   |
| 30.3 Totals.....           | .....26,906,846                       | .....28,186,164    | .....1,279,318  |

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

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

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

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

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

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

32.2 If no, list exceptions:

**PART 1 - COMMON INTERROGATORIES - OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....16,121

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                               | 2           |
|---------------------------------|-------------|
| Name                            | Amount Paid |
| Independent Statistical Service | 15,764      |

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

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

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

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

2. Health test:

|                                  | 1<br>Current Year | 2<br>Prior Year  |
|----------------------------------|-------------------|------------------|
| 2.1 Premium Numerator.....       | \$.....0          | \$.....0         |
| 2.2 Premium Denominator.....     | \$.....7,016,312  | \$.....4,543,784 |
| 2.3 Premium Ratio (2.1/2.2)..... | 0.0               | 0.0              |
| 2.4 Reserve Numerator.....       | \$.....12,627     | \$.....9,455     |
| 2.5 Reserve Denominator.....     | \$.....12,894,482 | \$.....6,493,558 |
| 2.6 Reserve Ratio (2.4/2.5)..... | 0.1               | 0.1              |

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]  
 3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating policies \_\_\_\_\_  
 3.22 Non-participating policies \_\_\_\_\_

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:  
 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]  
 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]  
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? \_\_\_\_\_ %  
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \_\_\_\_\_

5. FOR RECIPROCAL EXCHANGES ONLY:  
 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]  
 5.2 If yes, is the commission paid:  
 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]  
 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?  
 \_\_\_\_\_

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
 N/A \_\_\_\_\_

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
 The Company uses Instrat Analysis from Guy Carpenter using RMS Risklink model to identify locations and concentrations. It also limits its writing of property insurance and reinsurance under catastrophic reinsurance losses in excess of \$750,000. \_\_\_\_\_

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 The Company monitors types and concentrations of insured exposure by territory, protection class and total exposure limits. Company purchases catastrophe reinsurance in excess of \$750,000. \_\_\_\_\_

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]  
 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:  
 \_\_\_\_\_

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

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

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

8.2 If yes, give full information:

---

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

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

Yes [ ]  No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

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

Yes [ ]  No [X]

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

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

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

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

Yes [ ]  No [X]

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

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

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

Yes [ ]  No [X]

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

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

11.2 If yes, give full information:

---

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

12.11 Unpaid losses \$ ..... 0

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

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 [ ]  N/A [X]

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

12.41 From ..... %

12.42 To ..... %

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

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

12.61 Letters of credit ..... \$ ..... 94,000

12.62 Collateral and other funds ..... \$ ..... 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 94,000

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. ..... 2

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

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
The allocation would be based on the percentage of the individual company's claim to the total of all claims.

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

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

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

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

15.2 If yes, give full information:  
 

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

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

\* Disclose type of coverage: .....

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

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

17.12 Unfunded portion of Interrogatory 17.11 .....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....

17.14 Case reserves portion of Interrogatory 17.11 .....

17.15 Incurred but not reported portion of Interrogatory 17.11 .....

17.16 Unearned premium portion of Interrogatory 17.11 .....

17.17 Contingent commission portion of Interrogatory 17.11 .....

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

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

17.19 Unfunded portion of Interrogatory 17.18 .....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....

17.21 Case reserves portion of Interrogatory 17.18 .....

17.22 Incurred but not reported portion of Interrogatory 17.18 .....

17.23 Unearned premium portion of Interrogatory 17.18 .....

17.24 Contingent commission portion of Interrogatory 17.18 .....

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

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

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

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

**FIVE-YEAR HISTORICAL DATA**

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

|   | 1<br>2011  | 2<br>2010  | 3<br>2009  | 4<br>2008  | 5<br>2007  |
|---|------------|------------|------------|------------|------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>   |            |            |            |            |            |
| 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)  | 7,890,554  | 4,482,171  | 3,614,461  | 4,520,134  | 69,988     |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26)  | 9,487,521  | 7,640,731  | 5,755,081  | 4,057,707  | 405,503    |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  | 47,733     | 8,696      | 12,119     | 41,791     |            |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)   | 11,371     | 7,232      | 8,057      | 259        |            |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33)  |            |            |            |            |            |
| 6. Total (Line 35)  | 17,437,180 | 12,138,830 | 9,389,718  | 8,619,891  | 475,491    |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>   |            |            |            |            |            |
| 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)  | 6,310,344  | 3,406,055  | 2,913,296  | 4,233,671  |            |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26)  | 1,637,560  | 1,376,494  | 1,342,393  | 2,228,130  |            |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  | 47,733     | 8,696      | 12,119     | 41,791     |            |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)  | 11,371     | 7,232      | 8,057      | 259        |            |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33)   |            |            |            |            |            |
| 12. Total (Line 35)   | 8,007,009  | 4,798,477  | 4,275,865  | 6,503,851  | 0          |
| <b>Statement of Income (Page 4)</b>   |            |            |            |            |            |
| 13. Net underwriting gain (loss) (Line 8)   | 429,732    | 290,317    | 699,145    | 498,371    | (22,411)   |
| 14. Net investment gain (loss) (Line 11)  | 1,048,269  | 784,361    | 736,301    | 489,233    | 709,751    |
| 15. Total other income (Line 15)  | 221,668    | 188,818    | 107,159    | 25,603     | 7,351      |
| 16. Dividends to policyholders (Line 17)  |            |            |            |            |            |
| 17. Federal and foreign income taxes incurred (Line 19)   | 652,911    | 331,146    | 427,994    | 647,338    | 211,653    |
| 18. Net income (Line 20)  | 1,046,758  | 932,349    | 1,114,611  | 365,868    | 483,038    |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |            |            |            |            |            |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)   | 31,282,659 | 24,639,886 | 22,694,022 | 22,064,346 | 14,607,016 |
| 20. Premiums and considerations (Page 2, Col. 3):   |            |            |            |            |            |
| 20.1 In course of collection (Line 15.1)  | 35,056     | 24,812     |            |            |            |
| 20.2 Deferred and not yet due (Line 15.2)   | 1,210,782  | 845,887    | 601,191    | 392,007    | 79,550     |
| 20.3 Accrued retrospective premiums (Line 15.3)   |            |            |            |            |            |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26)   | 14,679,084 | 7,696,259  | 6,716,597  | 7,357,597  | 487,728    |
| 22. Losses (Page 3, Line 1)   | 7,858,671  | 3,293,747  | 2,850,207  | 2,814,865  | 165,835    |
| 23. Loss adjustment expenses (Page 3, Line 3)   | 1,834,265  | 988,962    | 913,994    | 910,337    | 12,409     |
| 24. Unearned premiums (Page 3, Line 9)  | 3,201,546  | 2,210,849  | 1,956,156  | 2,019,095  |            |
| 25. Capital paid up (Page 3, Lines 30 & 31)   | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  | 3,000,000  |
| 26. Surplus as regards policyholders (Page 3, Line 37)  | 16,603,575 | 16,943,627 | 15,977,425 | 14,706,749 | 14,119,289 |
| <b>Cash Flow (Page 5)</b>   |            |            |            |            |            |
| 27. Net cash from operations (Line 11)  | 7,271,913  | 1,677,633  | 861,199    | 6,733,126  | (464,355)  |
| <b>Risk-Based Capital Analysis</b>  |            |            |            |            |            |
| 28. Total adjusted capital  | 16,603,575 | 16,943,627 | 15,977,425 | 14,706,749 | 14,119,289 |
| 29. Authorized control level risk-based capital   | 659,644    | 340,117    | 313,747    | 251,458    | 75,796     |
| <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)  | 99.9       | 99.9       | 99.0       | 89.8       | 92.4       |
| 31. Stocks (Lines 2.1 & 2.2)  | 0.0        | 0.0        | 0.0        |            |            |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2)   |            |            |            |            |            |
| 33. Real estate (Lines 4.1, 4.2 & 4.3)  |            |            |            |            |            |
| 34. Cash, cash equivalents and short-term investments (Line 5)  | 0.1        | 0.1        | 1.0        | 10.2       | 7.6        |
| 35. Contract loans (Line 6)   |            |            |            |            |            |
| 36. Derivatives (Line 7)  |            |            | XXX        | XXX        | XXX        |
| 37. Other invested assets (Line 8)  |            |            |            |            |            |
| 38. Receivable for securities (Line 9)  |            |            |            |            |            |
| 39. Securities lending reinvested collateral assets (Line 10)   |            |            | XXX        | XXX        | XXX        |
| 40. Aggregate write-ins for invested assets (Line 11)   |            |            |            |            |            |
| 41. Cash, cash equivalents and invested assets (Line 12)  | 100.0      | 100.0      | 100.0      | 100.0      | 100.0      |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |            |            |            |            |            |
| 42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)   |            |            |            |            |            |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)  |            |            |            |            |            |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)   |            |            |            |            |            |
| 45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10)  |            |            |            |            |            |
| 46. Affiliated mortgage loans on real estate  |            |            |            |            |            |
| 47. All other affiliated  |            |            |            |            |            |
| 48. Total of above lines 42 to 47   | 0          | 0          | 0          | 0          | 0          |
| 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        |            |            |            |            |

**FIVE-YEAR HISTORICAL DATA**

(Continued)

|   | 1<br>2011   | 2         | 3<br>2009 | 4<br>2008   | 5<br>2007     |
|---|-------------|-----------|-----------|-------------|---------------|
| <b>Capital and Surplus Accounts (Page 4)</b>  |             |           |           |             |               |
| 50. Net unrealized capital gains (losses) (Line 24).....  |             |           |           | 18,433      | .....(18,433) |
| 51. Dividends to stockholders (Line 35).....  | (1,600,000) |           |           |             |               |
| 52. Change in surplus as regards policyholders for the year (Line 38).....  | (340,051)   | 966,202   | 1,270,676 | 587,459     | 448,533       |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1&amp;2)</b>  |             |           |           |             |               |
| 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).....  | (870,877)   | 1,392,465 | 1,168,099 | (927,177)   | 18,363        |
| 54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 7,943,226   | 4,470,126 | 3,243,932 | 770,831     | 65,893        |
| 55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | (15,048)    | 1,661     | 6,312     | 11,583      |               |
| 56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 429         | 373       |           |             |               |
| 57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |             |           |           |             |               |
| 58. Total (Line 35).....  | 7,057,729   | 5,864,625 | 4,418,343 | (144,764)   | 84,256        |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |             |           |           |             |               |
| 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).....  | (1,929,196) | 1,079,997 | 1,081,744 | (1,236,894) | 15,670        |
| 60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 1,042,169   | 761,977   | 792,919   | 788,257     | 7,337         |
| 61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | (15,048)    | 1,661     | 6,312     | 11,583      |               |
| 62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 429         | 373       |           |             |               |
| 63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |             |           |           |             |               |
| 64. Total (Line 35).....  | (901,647)   | 1,844,008 | 1,880,975 | (437,053)   | 23,007        |
| <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).....   | 52.2        | 50.3      | 44.2      | 49.3        |               |
| 67. Loss expenses incurred (Line 3).....  | 11.3        | 10.3      | 8.9       | 10.9        |               |
| 68. Other underwriting expenses incurred (Line 4).....  | 30.4        | 33.0      | 30.8      | 28.6        |               |
| 69. Net underwriting gain (loss) (Line 8).....  | 6.1         | 6.4       | 16.1      | 11.1        |               |
| <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).....   | 23.8        | 27.3      | 28.8      | 19.3        |               |
| 71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....   | 63.5        | 60.6      | 53.1      | 60.3        |               |
| 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).....  | 48.2        | 28.3      | 26.8      | 44.2        |               |
| <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).....  | (246)       | (97)      | (4)       | .89         | (36)          |
| 74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....                   | (1.5)       | (0.6)     | (0.0)     | 0.6         | (0.3)         |
| <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).....                           | (692)       | (149)     | 40        | (47)        | (1,154)       |
| 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)..... | (4.3)       | (1.0)     | .3        | (0.3)       | (8.7)         |

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:

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned      |              |                     | Loss and Loss Expense Payments |           |                                       |         |                              |         |                                     |   | 12 Number of Claims Reported-Direct and Assumed |  |
|--|----------------------|--------------|---------------------|--------------------------------|-----------|---------------------------------------|---------|------------------------------|---------|-------------------------------------|---|---|--|
|  | 1 Direct and Assumed | 2 Ceded      | 3 Net (Cols. 1 - 2) | Loss Payments                  |           | Defense and Cost Containment Payments |         | Adjusting and Other Payments |         | 10 Salvage and Subrogation Received | 11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |   |  |
|  |                      |              |                     | 4 Direct and Assumed           | 5 Ceded   | 6 Direct and Assumed                  | 7 Ceded | 8 Direct and Assumed         | 9 Ceded |                                     |   |   |  |
| 1. Prior.....  | ....XXX.....         | ....XXX..... | ....XXX.....        | .....15                        |           | .....2                                |         | .....1                       |         |                                     | .....18   | ....XXX.....                                    |  |
| 2. 2002.....   | ....4,611            | .....3       | ....4,608           | ....16,151                     |           | ....276                               |         | ....1,102                    |         | ....1,629                           | ....17,529                                      | ....XXX.....                                    |  |
| 3. 2003.....   | ....40,352           | ....420      | ....39,932          | ....20,246                     | ....314   | ....254                               | ....7   | ....829                      |         | ....2,103                           | ....21,008                                      | ....XXX.....                                    |  |
| 4. 2004.....   | ....19,743           | ....186      | ....19,557          | ....10,749                     | ....1,161 | ....368                               |         | ....823                      | ....75  | ....1,264                           | ....10,704                                      | ....XXX.....                                    |  |
| 5. 2005.....   | ....6,955            |              | ....6,955           | ....3,362                      | ....47    | ....349                               | ....1   | ....360                      |         | ....112                             | ....4,023                                       | ....XXX.....                                    |  |
| 6. 2006.....   | ....6,420            | ....(186)    | ....6,606           | ....2,955                      | ....83    | ....332                               | ....1   | ....390                      |         | ....119                             | ....3,593                                       | ....XXX.....                                    |  |
| 7. 2007.....   | ....7,205            | ....277      | ....6,928           | ....3,085                      | ....32    | ....390                               |         | ....396                      |         | ....124                             | ....3,839                                       | ....XXX.....                                    |  |
| 8. 2008.....   | ....7,552            | ....86       | ....7,466           | ....3,496                      |           | ....401                               |         | ....446                      |         | ....124                             | ....4,343                                       | ....XXX.....                                    |  |
| 9. 2009.....   | ....7,695            | ....323      | ....7,372           | ....2,758                      |           | ....233                               |         | ....439                      |         | ....97                              | ....3,430                                       | ....XXX.....                                    |  |
| 10. 2010.....  | ....7,709            | ....447      | ....7,262           | ....2,497                      |           | ....148                               |         | ....384                      |         | ....88                              | ....3,029                                       | ....XXX.....                                    |  |
| 11. 2011.....  | ....7,520            | ....503      | ....7,017           | ....1,676                      | ....157   | ....59                                |         | ....241                      |         | ....37                              | ....1,819                                       | ....XXX.....                                    |  |
| 12. Totals.....  | ....XXX.....         | ....XXX..... | ....XXX.....        | ....66,990                     | ....1,794 | ....2,812                             | ....9   | ....5,411                    | ....75  | ....5,697                           | ....73,335                                      | ....XXX.....                                    |  |

|                 | Losses Unpaid         |          |                       |          | Defense and Cost Containment Unpaid |          |                       |          | Adjusting and Other Unpaid |       | 23 Salvage and Subrogation Anticipated | 24 Total Net Losses and Expenses Unpaid | 25 Number of Claims Outstanding-Direct and Assumed |
|-----------------|-----------------------|----------|-----------------------|----------|-------------------------------------|----------|-----------------------|----------|----------------------------|-------|--|---|--|
|                 | Case Basis            |          | Bulk + IBNR           |          | Case Basis                          |          | Bulk + IBNR           |          | 21                         | 22    |  |   |  |
|                 | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed               | 18 Ceded | 19 Direct and Assumed | 20 Ceded | Direct and Assumed         | Ceded |  |   |  |
| 1. Prior.....   | ....234               |          | ....36                |          | ....20                              |          | ....1                 |          |                            |       |  | ....291                                 | ....XXX.....                                       |
| 2. 2002.....    | ....16                |          | ....34                |          | ....1                               |          | ....2                 |          | ....2                      |       |  | ....55                                  | ....XXX.....                                       |
| 3. 2003.....    | ....23                |          | ....42                |          | ....3                               |          | ....4                 |          | ....6                      |       |  | ....78                                  | ....XXX.....                                       |
| 4. 2004.....    | ....43                |          | ....69                |          | ....5                               |          | ....5                 |          | ....7                      |       |  | ....129                                 | ....XXX.....                                       |
| 5. 2005.....    | ....69                |          | ....114               |          | ....3                               |          | ....8                 |          | ....9                      |       |  | ....203                                 | ....XXX.....                                       |
| 6. 2006.....    | ....119               |          | ....168               |          | ....8                               |          | ....27                |          | ....16                     |       |  | ....338                                 | ....XXX.....                                       |
| 7. 2007.....    | ....217               |          | ....237               |          | ....19                              |          | ....40                |          | ....27                     |       |  | ....540                                 | ....XXX.....                                       |
| 8. 2008.....    | ....356               |          | ....395               | ....7    | ....39                              |          | ....51                |          | ....43                     |       |  | ....877                                 | ....XXX.....                                       |
| 9. 2009.....    | ....525               |          | ....997               | ....26   | ....65                              |          | ....127               | ....1    | ....82                     |       |  | ....1,769                               | ....XXX.....                                       |
| 10. 2010.....   | ....699               |          | ....1,243             | ....36   | ....78                              |          | ....231               | ....1    | ....303                    |       |  | ....2,517                               | ....XXX.....                                       |
| 11. 2011.....   | ....925               | ....122  | ....1,651             | ....165  | ....67                              | ....7    | ....327               | ....6    | ....224                    |       |  | ....2,894                               | ....XXX.....                                       |
| 12. Totals..... | ....3,226             | ....122  | ....4,986             | ....234  | ....308                             | ....7    | ....823               | ....8    | ....720                    | ....0 | ....0                                  | ....9,692                               | ....XXX.....                                       |

|                 | Total Losses and Loss Expenses Incurred |              |              | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |              |              | Nontabular Discount |                 | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount |                         |
|-----------------|---|--------------|--------------|---|--------------|--------------|---------------------|-----------------|---|---|-------------------------|
|                 | 26 Direct and Assumed                   | 27 Ceded     | 28 Net       | 29 Direct and Assumed                                       | 30 Ceded     | 31 Net       | 32 Loss             | 33 Loss Expense |   | 35 Losses Unpaid                          | 36 Loss Expenses Unpaid |
|                 | 26 Direct and Assumed                   | 27 Ceded     | 28 Net       | 29 Direct and Assumed                                       | 30 Ceded     | 31 Net       | Loss                | Loss Expense    |   | 2011                                      | 2012                    |
| 1. Prior.....   | ....XXX.....                            | ....XXX..... | ....XXX..... | ....XXX.....  | ....XXX..... | ....XXX..... |                     |                 | ....XXX.....                                      | ....270                                   | ....21                  |
| 2. 2002.....    | ....17,584                              | ....0        | ....17,584   | ....381.4   | ....0.0      | ....381.6    |                     |                 | ....2.00  | ....50                                    | ....5                   |
| 3. 2003.....    | ....21,407                              | ....321      | ....21,086   | ....53.1  | ....76.4     | ....52.8     |                     |                 | ....2.00  | ....65                                    | ....13                  |
| 4. 2004.....    | ....12,069                              | ....1,236    | ....10,833   | ....61.1  | ....664.5    | ....55.4     |                     |                 | ....2.00  | ....112                                   | ....17                  |
| 5. 2005.....    | ....4,274                               | ....48       | ....4,226    | ....61.4  | ....0.0      | ....60.8     |                     |                 | ....2.00  | ....183                                   | ....20                  |
| 6. 2006.....    | ....4,015                               | ....84       | ....3,931    | ....62.5  | ....(45.2)   | ....59.5     |                     |                 | ....2.00  | ....287                                   | ....51                  |
| 7. 2007.....    | ....4,411                               | ....32       | ....4,379    | ....61.2  | ....11.6     | ....63.2     |                     |                 | ....2.00  | ....454                                   | ....86                  |
| 8. 2008.....    | ....5,227                               | ....7        | ....5,220    | ....69.2  | ....8.1      | ....69.9     |                     |                 | ....2.00  | ....744                                   | ....133                 |
| 9. 2009.....    | ....5,226                               | ....27       | ....5,199    | ....67.9  | ....8.4      | ....70.5     |                     |                 | ....2.00  | ....1,496                                 | ....273                 |
| 10. 2010.....   | ....5,583                               | ....37       | ....5,546    | ....72.4  | ....8.3      | ....76.4     |                     |                 | ....2.00  | ....1,906                                 | ....611                 |
| 11. 2011.....   | ....5,170                               | ....457      | ....4,713    | ....68.8  | ....90.9     | ....67.2     |                     |                 | ....2.00  | ....2,289                                 | ....605                 |
| 12. Totals..... | ....XXX.....                            | ....XXX..... | ....XXX..... | ....XXX.....  | ....XXX..... | ....XXX..... | ....0               | ....0           | ....XXX.....                                      | ....7,856                                 | ....1,836               |

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<br>2002  | 2<br>2003 | 3<br>2004 | 4<br>2005 | 5<br>2006 | 6<br>2007 | 7<br>2008 | 8<br>2009 | 9<br>2010 | 10<br>2011      | 11<br>One Year | 12<br>Two Year |
| 1. Prior.....                       | 1,644  | 2,216     | 3,034     | 3,308     | 3,482     | 3,482     | 3,435     | 3,438     | 3,355     | 3,212           | (143)          | (226)          |
| 2. 2002.....                        | 12,782   | 16,184    | 16,511    | 16,603    | 16,540    | 16,512    | 16,508    | 16,490    | 16,480    | 16,480          | 0              | (10)           |
| 3. 2003.....                        | XXX.....   | 22,004    | 20,187    | 21,524    | 20,409    | 20,385    | 20,334    | 20,260    | 20,257    | 20,251          | (6)            | (9)            |
| 4. 2004.....                        | XXX.....   | XXX.....  | 12,204    | 10,508    | 10,338    | 10,252    | 10,102    | 10,062    | 10,012    | 10,078          | .66            | 16             |
| 5. 2005.....                        | XXX.....   | XXX.....  | XXX.....  | 4,523     | 4,283     | 4,135     | 4,002     | 3,907     | 3,869     | 3,857           | (12)           | (50)           |
| 6. 2006.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | 4,443     | 4,046     | 3,752     | 3,595     | 3,539     | 3,525           | (14)           | (70)           |
| 7. 2007.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 4,609     | 4,150     | 3,961     | 3,913     | 3,956           | .43            | (5)            |
| 8. 2008.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 5,131     | 4,918     | 4,766     | 4,731           | (35)           | (187)          |
| 9. 2009.....                        | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 4,829     | 4,740     | 4,678           | (62)           | (151)          |
| 10. 2010.....                       | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 4,942     | 4,859           | (83)           | XXX.....       |
| 11. 2011.....                       | XXX.....   | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 4,248           | XXX.....       | XXX.....       |
|                                     |  |           |           |           |           |           |           |           |           | 12. Totals..... | (246)          | (692)          |

**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<br>Number of Claims Closed With Loss Payment | 12<br>Number of Claims Closed Without Loss Payment |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---|--|
|                                     | 1<br>2002   | 2<br>2003 | 3<br>2004 | 4<br>2005 | 5<br>2006 | 6<br>2007 | 7<br>2008 | 8<br>2009 | 9<br>2010 | 10<br>2011 |   |  |
| 1. Prior.....                       | .000.....   | 794       | 2,032     | 2,434     | 2,601     | 2,722     | 2,822     | 2,890     | 2,904     | 2,921      | XXX.....  | XXX.....   |
| 2. 2002.....                        | 8,345   | 15,065    | 15,727    | 16,178    | 16,281    | 16,357    | 16,388    | 16,412    | 16,420    | 16,427     | XXX.....  | XXX.....   |
| 3. 2003.....                        | XXX.....  | 15,680    | 18,997    | 19,627    | 19,938    | 20,070    | 20,128    | 20,159    | 20,169    | 20,179     | XXX.....  | XXX.....   |
| 4. 2004.....                        | XXX.....  | XXX.....  | 7,589     | 8,658     | 9,240     | 9,631     | 9,813     | 9,890     | 9,934     | 9,956      | XXX.....  | XXX.....   |
| 5. 2005.....                        | XXX.....  | XXX.....  | XXX.....  | 1,498     | 2,444     | 2,964     | 3,307     | 3,513     | 3,609     | 3,663      | XXX.....  | XXX.....   |
| 6. 2006.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,197     | 2,022     | 2,526     | 2,865     | 3,097     | 3,203      | XXX.....  | XXX.....   |
| 7. 2007.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,310     | 2,222     | 2,761     | 3,205     | 3,443      | XXX.....  | XXX.....   |
| 8. 2008.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,514     | 2,664     | 3,359     | 3,897      | XXX.....  | XXX.....   |
| 9. 2009.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,379     | 2,377     | 2,991      | XXX.....  | XXX.....   |
| 10. 2010.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,490     | 2,645      | XXX.....  | XXX.....   |
| 11. 2011.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,578      | 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<br>2002   | 2<br>2003 | 3<br>2004 | 4<br>2005 | 5<br>2006 | 6<br>2007 | 7<br>2008 | 8<br>2009 | 9<br>2010 | 10<br>2011 |
| 1. Prior.....                       | .679  | 403       | 174       | 130       | 128       | 125       | 136       | 105       | 39        | 37         |
| 2. 2002.....                        | 2,080   | 591       | 329       | 174       | 78        | 63        | 58        | 38        | 33        | 36         |
| 3. 2003.....                        | XXX.....  | 3,207     | 703       | 740       | 179       | 152       | 112       | 56        | 53        | 46         |
| 4. 2004.....                        | XXX.....  | XXX.....  | 3,117     | 1,085     | 476       | 326       | 207       | 131       | 87        | 74         |
| 5. 2005.....                        | XXX.....  | XXX.....  | XXX.....  | 1,961     | 1,178     | 663       | 368       | 185       | 129       | 122        |
| 6. 2006.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 2,224     | 1,275     | 622       | 321       | 233       | 195        |
| 7. 2007.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 2,368     | 1,176     | 590       | 320       | 277        |
| 8. 2008.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 2,341     | 1,206     | 681       | 439        |
| 9. 2009.....                        | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 2,297     | 1,505     | 1,097      |
| 10. 2010.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 2,312     | 1,437      |
| 11. 2011.....                       | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | XXX.....  | 1,807      |

**Triumph Casualty Company**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, Etc.                      | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-----------------------------------|--------------------|---|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|                                   |                    | 2<br>Direct Premiums Written  | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |
| 1. Alabama.....                   | AL ..N.....        |   |                             |   |   |                             |                           |   |  |
| 2. Alaska.....                    | AK ..L.....        | 94,203  | 89,038                      |   | .53,182                                     | 49,242                      | 11,190                    | .340  |  |
| 3. Arizona.....                   | AZ ..L.....        | 308,552   | 276,826                     |   | 443,899                                     | .413,435                    | .93,829                   | .3,582  |  |
| 4. Arkansas.....                  | AR ..N.....        |   |                             |   |   |                             |                           |   |  |
| 5. California.....                | CA ..L.....        |   |                             |   |   |                             |                           |   |  |
| 6. Colorado.....                  | CO ..N.....        |   |                             |   |   |                             |                           |   |  |
| 7. Connecticut.....               | CT ..N.....        |   |                             |   |   |                             |                           |   |  |
| 8. Delaware.....                  | DE ..L.....        |   |                             |   |   |                             |                           |   |  |
| 9. District of Columbia.....      | DC ..L.....        |   |                             |   |   |                             |                           |   |  |
| 10. Florida.....                  | FL ..L.....        | 983,754   | 265,113                     |   | .94,883                                     | .112,989                    | .18,107                   | .2,082  |  |
| 11. Georgia.....                  | GA ..L.....        | 114,319   | 105,796                     |   | .48,484                                     | .49,806                     | .9,975                    | .1,500  |  |
| 12. Hawaii.....                   | HI ..N.....        |   |                             |   |   |                             |                           |   |  |
| 13. Idaho.....                    | ID ..N.....        |   |                             |   |   |                             |                           |   |  |
| 14. Illinois.....                 | IL ..L.....        | 182,466   | 163,475                     |   | .95,385                                     | .94,301                     | .11,087                   | .1,740  |  |
| 15. Indiana.....                  | IN ..L.....        | 61,420  | 54,129                      |   | .41,804                                     | .41,561                     | .1,219                    | .1,125  |  |
| 16. Iowa.....                     | IA ..L.....        | 37,450  | 32,066                      |   | 131,073                                     | .136,497                    | .6,287                    | .475  |  |
| 17. Kansas.....                   | KS ..L.....        | 45,203  | 41,483                      |   | .9,099                                      | .8,624                      | .1,158                    | .540  |  |
| 18. Kentucky.....                 | KY ..N.....        |   |                             |   |   |                             |                           |   |  |
| 19. Louisiana.....                | LA ..N.....        |   |                             |   |   |                             |                           |   |  |
| 20. Maine.....                    | ME ..N.....        |   |                             |   |   |                             |                           |   |  |
| 21. Maryland.....                 | MD ..L.....        | 3,710   | 4,067                       |   | .19   | .131                        | .151                      |   |  |
| 22. Massachusetts.....            | MA ..N.....        |   |                             |   |   |                             |                           |   |  |
| 23. Michigan.....                 | MI ..N.....        |   |                             |   |   |                             |                           |   |  |
| 24. Minnesota.....                | MN ..N.....        |   |                             |   |   |                             |                           |   |  |
| 25. Mississippi.....              | MS ..N.....        |   |                             |   |   |                             |                           |   |  |
| 26. Missouri.....                 | MO ..L.....        | 78,710  | 75,253                      |   | 103,262                                     | .107,021                    | .9,093                    | .971  |  |
| 27. Montana.....                  | MT ..L.....        | 4,424,999   | 4,316,532                   |   | 4,755,285                                   | .5,560,593                  | 1,304,698                 | .22,740   |  |
| 28. Nebraska.....                 | NE ..L.....        | 21,316  | 19,949                      |   | .10,640                                     | .14,455                     | .4,223                    | .160  |  |
| 29. Nevada.....                   | NV ..L.....        | 100,204   | .91,414                     |   | .223,045                                    | .227,949                    | .7,996                    | .1,475  |  |
| 30. New Hampshire.....            | NH ..N.....        |   |                             |   |   |                             |                           |   |  |
| 31. New Jersey.....               | NJ ..N.....        |   |                             |   |   |                             |                           |   |  |
| 32. New Mexico.....               | NM ..N.....        |   |                             |   |   |                             |                           |   |  |
| 33. New York.....                 | NY ..N.....        |   |                             |   |   |                             |                           |   |  |
| 34. North Carolina.....           | NC ..N.....        |   |                             |   |   |                             |                           |   |  |
| 35. North Dakota.....             | ND ..L.....        | 11,058  | 9,521                       |   |   | (98)                        | .196                      | .125  |  |
| 36. Ohio.....                     | OH ..L.....        |   |                             |   |   |                             |                           |   |  |
| 37. Oklahoma.....                 | OK ..L.....        | 179,967   | 150,105                     |   | .99,694                                     | .110,702                    | .17,904                   | .1,810  |  |
| 38. Oregon.....                   | OR ..L.....        | 220,080   | 229,634                     |   | .118,404                                    | .59,958                     | .14,489                   | .1,605  |  |
| 39. Pennsylvania.....             | PA ..L.....        | 164,166   | 154,696                     |   | .112,708                                    | .95,923                     | .27,693                   | .2,270  |  |
| 40. Rhode Island.....             | RI ..N.....        |   |                             |   |   |                             |                           |   |  |
| 41. South Carolina.....           | SC ..L.....        | 338,757   | 244,900                     |   | .177,335                                    | .509,405                    | .359,968                  | .7,152  |  |
| 42. South Dakota.....             | SD ..L.....        | 658,211   | 609,286                     |   | .542,923                                    | .589,811                    | .103,452                  | .4,735  |  |
| 43. Tennessee.....                | TN ..N.....        |   |                             |   |   |                             |                           |   |  |
| 44. Texas.....                    | TX ..L.....        | 1,380,767   | 1,256,535                   |   | .904,687                                    | .905,117                    | .163,483                  | .16,860   |  |
| 45. Utah.....                     | UT ..L.....        | 20,859  | .15,874                     |   |   | .103                        | .487                      | .135  |  |
| 46. Vermont.....                  | VT ..N.....        |   |                             |   |   |                             |                           |   |  |
| 47. Virginia.....                 | VA ..L.....        |   |                             |   |   |                             |                           |   |  |
| 48. Washington.....               | WA ..N.....        |   |                             |   |   |                             |                           |   |  |
| 49. West Virginia.....            | WV ..L.....        |   |                             |   |   |                             |                           |   |  |
| 50. Wisconsin.....                | WI ..N.....        |   |                             |   |   |                             |                           |   |  |
| 51. Wyoming.....                  | WY ..N.....        |   |                             |   |   |                             |                           |   |  |
| 52. American Samoa.....           | AS ..N.....        |   |                             |   |   |                             |                           |   |  |
| 53. Guam.....                     | GU ..N.....        |   |                             |   |   |                             |                           |   |  |
| 54. Puerto Rico.....              | PR ..N.....        |   |                             |   |   |                             |                           |   |  |
| 55. US Virgin Islands.....        | VI ..N.....        |   |                             |   |   |                             |                           |   |  |
| 56. Northern Mariana Islands..... | MP ..N.....        |   |                             |   |   |                             |                           |   |  |
| 57. Canada.....                   | CN ..N.....        |   |                             |   |   |                             |                           |   |  |
| 58. Aggregate Other Alien.....    | OT ..XXX.....      | 0   | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 59. Totals.....                   | (a) ..27           | 9,430,171   | 8,205,692                   | 0   | 7,965,792                                   | 9,087,413                   | 2,166,665                 | .71,573   | 0  |

DETAILS OF WRITE-INS

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

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

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

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

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

Allied Lines - Location of Property

Commercial multiperil - Location of Property

Inland Marine - Location of Property

Other Accident and Health - Individual, by personal residence

Workers' Compensation - Location of risk

Other Liability - Location of risk

Auto Liability - Location of primary garage

Auto Physical - Location of primary garage

Surety - location of contractor

Boiler and machinery - Location of property

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

|  | <b>Domiciliary Location</b> | <b>FEIN</b> | <b>NAIC Co. Code</b> |
|--|-----------------------------|-------------|----------------------|
| American Financial Group, Inc.                       | OH                          | 31-1544320  |                      |
| American Financial Capital Trust II                  | DE                          | 31-6549738  |                      |
| American Financial Capital Trust III                 | DE                          | 16-6543606  |                      |
| American Financial Capital Trust IV                  | DE                          | 16-6543609  |                      |
| American Financial Enterprises, Inc.                 | CT                          | 31-0996797  |                      |
| American Money Management Corporation                | OH                          | 31-0828578  |                      |
| American Real Estate Capital Company, LLC (80%)      | OH                          | 27-1577326  |                      |
| MidMarket Capital Partners, LLC (51%)                | DE                          | 27-2829629  |                      |
| APU Holding Company                                  | OH                          | 41-2112001  |                      |
| American Premier Underwriters, Inc.                  | PA                          | 23-6000765  |                      |
| The Associates of the Jersey Company                 | NJ                          | 23-6297584  |                      |
| Cal Coal, Inc.                                       | IL                          | 37-1094159  |                      |
| Great Southwest Corporation                          | DE                          | 95-2802826  |                      |
| The Indianapolis Union Railway Company               | IN                          | 35-6001691  |                      |
| Lehigh Valley Railroad Company                       | PA                          | 13-6400464  |                      |
| Magnolia Alabama Holdings, Inc.                      | DE                          | 20-1548213  |                      |
| Magnolia Alabama Holdings LLC                        | AL                          | 20-1574094  |                      |
| The Owasco River Railway, Inc.                       | NY                          | 13-6021353  |                      |
| PCC Real Estate, Inc.                                | NY                          | 31-1236926  |                      |
| PCC Technical Industries, Inc.                       | DE                          | 76-0080537  |                      |
| PCC Maryland Realty Corp.                            | MD                          | 31-1388401  |                      |
| Penn Central Energy Management Company               | DE                          | 06-1209709  |                      |
| Penn Towers, Inc.                                    | PA                          | 23-1537928  |                      |
| Pennsylvania-Reading Seashore Lines (66.67%)         | NJ                          | 23-6000766  |                      |
| Pittsburgh and Cross Creek Railroad Company (83%)    | PA                          | 23-6207599  |                      |
| Terminal Realty Penn Co.                             | DC                          | 23-1707450  |                      |
| Waynesburg Southern Railroad Company                 | PA                          | 23-1675796  |                      |
| GAI Insurance Company, Ltd. *                        | BM                          |             |                      |
| Hangar Acquisition Corp.                             | OH                          | 31-1446308  |                      |
| PLLS, Ltd.   | WA                          | 91-1508643  |                      |
| Premier Lease & Loan Services Insurance Agency, Inc. | WA                          | 91-1242743  |                      |
| Premier Lease & Loan Services of Canada, Inc.        | WA                          | 91-1508644  |                      |
| Republic Indemnity Company of America *              | CA                          | 95-2801326  | 22179                |
| Republic Indemnity Company of California *           | CA                          | 31-1054123  | 43753                |
| Risico Management Corporation                        | DE                          | 31-1262960  |                      |
| Atlas Building Company, LLC                          | OH                          | 27-4521779  |                      |
| Dixie Terminal Corporation                           | OH                          | 31-0823725  |                      |
| Flextech Holding Co., Inc.                           | OH                          | 31-1733037  |                      |
| GAI Holding Bermuda Ltd.                             | BM                          | 98-0606803  |                      |
| GAI Indemnity, Ltd. #                                | GB                          | 98-0556144  |                      |
| Marketform Group Limited (71.6%)                     | GB                          |             |                      |
| Marketform Holdings Limited                          | GB                          |             |                      |
| Caduceus Underwriting Limited                        | GB                          |             |                      |
| Lavenham Underwriting Limited #                      | GB                          | 98-0412245  |                      |
| Marketform Limited                                   | GB                          |             |                      |
| Gabinet Marketform SL                                | ES                          |             |                      |
| Marketform Australia Pty Limited                     | AU                          |             |                      |
| Studio Marketform SRL                                | IT                          |             |                      |
| Marketform Management Services Limited               | GB                          |             |                      |
| Marketform Managing Agency Limited                   | GB                          |             |                      |
| Sampford Underwriting Limited #                      | GB                          | 98-0431601  |                      |
| Marketform Trust Company Limited                     | GB                          |             |                      |

\* Denotes insurer

@ Company affiliated but not owned

# Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

|  | Domiciliary Location | FEIN       | NAIC Co. Code |
|--|----------------------|------------|---------------|
| American Financial Group, Inc.                       | OH                   | 31-1544320 |               |
| Great American Financial Resources, Inc. ^           | DE                   | 06-1356481 |               |
| AAG Holding Company, Inc.                            | OH                   | 31-1475936 |               |
| Great American Financial Statutory Trust IV          | CT                   | 58-646032  |               |
| Great American Life Insurance Company *              | OH                   | 13-1935920 | 63312         |
| Aerielle IP Holdings, LLC ^                          | OH                   | 45-2969767 |               |
| Aerielle, LLC ^                                      | DE                   | 26-4391696 |               |
| Aerielle Technologies, Inc.                          | CA                   | 26-0756104 |               |
| Annuity Investors Life Insurance Company *           | OH                   | 31-1021738 | 93661         |
| Bay Bridge Marina Hemingway's Restaurant, LLC (85%)  | MD                   | 27-4078277 |               |
| Bay Bridge Marina Management, LLC (85%)              | MD                   | 27-0513333 |               |
| Brothers Management, LLC (99%)                       | FL                   | 20-1246122 |               |
| Consolidated Financial Corporation                   | MI                   | 36-3383108 |               |
| FT Liquidation, LLC                                  | OH                   | 45-3988240 |               |
| GALIC - Bay Bridge Marina, LLC                       | MD                   | 20-4604276 |               |
| GALIC - Stoneleigh, LLC                              | FL                   | 45-3829557 |               |
| GALIC Brothers, Inc. (80%)                           | OH                   | 31-1391777 |               |
| GALIC Pointe, LLC ^                                  | FL                   | 45-1144095 |               |
| GALIC Port Orange, LLC (80%) ^                       | FL                   | 27-1026964 |               |
| Manhattan National Holding Corporation               | OH                   | 26-3260520 |               |
| Manhattan National Life Insurance Company *          | IL                   | 45-0252531 | 67083         |
| Skipjack Marina Corp.                                | MD                   | 52-2179330 |               |
| Loyal American Holding Corporation                   | OH                   | 20-3568924 |               |
| Loyal American Life Insurance Company *              | OH                   | 63-0343428 | 65722         |
| American Retirement Life Insurance Company *         | OH                   | 59-2760189 | 88366         |
| GALAC Holding Company                                | OH                   | 45-4121852 |               |
| Great American Life Assurance Company *              | OH                   | 95-2496321 | 62200         |
| United Teacher Associates, Ltd. ^                    | TX                   | 74-2180806 |               |
| United Teacher Associates Insurance Company *        | TX                   | 58-0869673 | 63479         |
| AAG Insurance Agency, Inc.                           | KY                   | 31-1422717 |               |
| Ceres Group, Inc.                                    | DE                   | 34-1017531 |               |
| Central Reserve Life Insurance Company *             | OH                   | 34-0970995 | 61727         |
| Provident American Life & Health Insurance Company * | OH                   | 23-1335885 | 67903         |
| United Benefit Life Insurance Company *              | OH                   | 75-2305400 | 65269         |
| Ceres Administrators, L.L.C.                         | DE                   | 34-1880408 |               |
| Ceres Sales, LLC                                     | DE                   | 34-1947043 |               |
| Ceres Sales of Ohio, LLC                             | OH                   | 34-1970892 |               |
| HealthMark Sales, LLC                                | DE                   | 34-1920479 |               |
| Continental General Corporation                      | NE                   | 47-0717079 |               |
| Continental General Insurance Company *              | OH                   | 47-0463747 | 71404         |
| Continental Print & Photo Co.                        | NE                   | 47-0562685 |               |
| QQAgency of Texas, Inc.                              | TX                   | 34-1947042 |               |
| Great American Advisors, Inc.                        | OH                   | 31-1395344 |               |
| Great American Holding, Inc.                         | OH                   | 42-1575938 |               |
| Agricultural Services, LLC                           | OH                   | 27-3062314 |               |
| United States Commodities Producers, LLC (51.3%)     | MT                   | 45-4110027 |               |
| United States Livestock Producers, LLC (51.3%)       | NV                   | 27-2354685 |               |
| Livestock Market Enhancement Risk Retention Group *  | NV                   | 27-4395897 | 14084         |
| American Empire Surplus Lines Insurance Company *    | DE                   | 31-0912199 | 35351         |
| American Empire Insurance Company *                  | OH                   | 31-0973761 | 37990         |
| American Empire Underwriters, Inc.                   | TX                   | 59-1671722 |               |
| Great American International Insurance Limited *     | IE                   |            |               |
| Mid-Continent Casualty Company *                     | OH                   | 73-0556513 | 23418         |
| Mid-Continent Assurance Company *                    | OH                   | 73-1406844 | 15380         |
| Mid-Continent Excess and Surplus Insurance Company * | DE                   | 38-3803661 | 13794         |
| Mid-Continent Specialty Insurance Services, Inc.     | OK                   | 30-0571535 |               |
| Oklahoma Surety Company *                            | OH                   | 73-0773259 | 23426         |
| Premier International Insurance Company *            | TC                   | 98-0627464 |               |

\* Denotes insurer

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# Participant in Lloyd's Syndicate 2468

Subsidiaries 100% owned by respective parent unless otherwise stated

^ Total percentage owned by respective parent and other affiliated companies

**Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group**  
**Part 1 - Organizational Chart**

|   | <b>Domiciliary Location</b> | <b>FEIN</b> | <b>NAIC Co. Code</b> |
|---|-----------------------------|-------------|----------------------|
| American Financial Group, Inc.                          | OH                          | 31-1544320  |                      |
| Great American Insurance Company *                      | OH                          | 31-0501234  | 16691                |
| American Signature Underwriters, Inc.                   | OH                          | 31-1463075  |                      |
| Brothers Property Corporation (80%)                     | OH                          | 59-2840291  |                      |
| Brothers Le Pavillon, LLC                               | DE                          | 20-5173494  |                      |
| Brothers Le Pavillon (SPE), LLC                         | DE                          | 20-5173589  |                      |
| Brothers Pennsylvanian Corporation                      | PA                          | 25-1754638  |                      |
| Brothers Property Management Corporation                | OH                          | 59-2840294  |                      |
| Crescent Centre Apartments ^                            | OH                          | 20-4498054  |                      |
| Crop Managers Insurance Agency, Inc.                    | KS                          | 31-1277904  |                      |
| Dempsey & Siders Agency, Inc.                           | OH                          | 31-0589001  |                      |
| Eden Park Insurance Brokers, Inc.                       | CA                          | 31-1341668  |                      |
| El Aguila, Compañía de Seguros, S.A. de C.V. *          | MX                          |             |                      |
| Financiadora de Primas Condor, S.A. de C.V. (99%)       | MX                          |             |                      |
| Farmers Crop Insurance Alliance, Inc.                   | KS                          | 39-1404033  |                      |
| FCIA Management Company, Inc.                           | NY                          | 13-3628555  |                      |
| Foreign Credit Insurance Association @                  | NY                          |             |                      |
| GAI Warranty Company                                    | OH                          | 31-1753938  |                      |
| GAI Warranty Company of Florida                         | FL                          | 31-1765544  |                      |
| GAI Warranty Company of Canada Inc.                     | CN                          |             |                      |
| Global Premier Finance Company                          | OH                          | 61-1329718  |                      |
| Great American Agency of Texas, Inc.                    | TX                          | 74-2693636  |                      |
| Great American Alliance Insurance Company *             | OH                          | 95-1542353  | 26832                |
| Great American Assurance Company *                      | OH                          | 15-6020948  | 26344                |
| Great American Casualty Insurance Company *             | OH                          | 61-0983091  | 39896                |
| Great American Claims Services, Inc.                    | DE                          | 31-1228726  |                      |
| Great American Contemporary Insurance Company *         | OH                          | 36-4079497  | 10646                |
| Great American E & S Insurance Company *                | DE                          | 31-0954439  | 37532                |
| Great American Fidelity Insurance Company *             | DE                          | 31-1036473  | 41858                |
| Great American Insurance Agency, Inc.                   | OH                          | 31-1652643  |                      |
| Great American Insurance Company of New York *          | NY                          | 13-5539046  | 22136                |
| Great American Lloyd's Insurance Company * @            | TX                          | 31-0974853  | 38024                |
| Great American Lloyd's, Inc.                            | TX                          | 31-1073664  |                      |
| Great American Management Services, Inc.                | OH                          | 31-0856644  |                      |
| Great American Protection Insurance Company *           | OH                          | 31-1288778  | 38580                |
| Great American Re Inc.                                  | DE                          | 31-0918893  |                      |
| Great American Security Insurance Company *             | OH                          | 31-1209419  | 31135                |
| Great American Spirit Insurance Company *               | OH                          | 31-1237970  | 33723                |
| Key Largo Group, Inc.                                   | FL                          | 59-1263251  |                      |
| National Interstate Corporation (52.4%)                 | OH                          | 34-1607394  |                      |
| American Highways Insurance Agency, Inc.                | OH                          | 34-1899058  |                      |
| Explorer RV Insurance Agency, Inc.                      | OH                          | 31-1548235  |                      |
| Hudson Indemnity, Ltd.                                  | KY                          | 98-0191335  |                      |
| Hudson Management Group, Ltd.                           | VI                          | 66-0660039  |                      |
| National Interstate Insurance Agency, Inc.              | OH                          | 34-1607396  |                      |
| Commercial For Hire Transportation Purchasing Group @   | SC                          | 36-4670968  |                      |
| National Interstate Insurance Company *                 | OH                          | 34-1607395  | 32620                |
| National Interstate Insurance Company of Hawaii, Inc. * | OH                          | 99-0345306  | 11051                |
| Triumphhe Casualty Company *                            | OH                          | 95-3623282  | 41106                |
| Vanliner Group, Inc.                                    | DE                          | 43-1415856  |                      |
| TransProtection Service Company                         | MO                          | 43-1254631  |                      |
| Vanliner Insurance Company *                            | MO                          | 86-0114294  | 21172                |
| Vanliner Reinsurance Limited *                          | BM                          |             |                      |
| Safety Claims and Litigation Services, LLC              | MT                          | 20-5546054  |                      |
| Safety, Claims & Litigation Services, Inc.              | PA                          | 23-2825108  |                      |
| Penn Central U.K. Limited                               | GB                          |             |                      |
| Insurance (GB) Limited *                                | GB                          |             |                      |
| Pinecrest Place LLC                                     | FL                          | 27-2226948  |                      |
| PLLS Canada Insurance Brokers Inc. ^                    | CN                          | 871850814   |                      |
| Professional Risk Brokers, Inc.                         | IL                          | 31-1293064  |                      |
| Strategic Comp Holdings, L.L.C.                         | LA                          | 72-1331800  |                      |
| Strategic Comp Services, L.L.C.                         | LA                          | 36-4517754  |                      |
| Strategic Comp, L.L.C.                                  | LA                          | 32-0050970  |                      |
| One East Fourth, Inc.                                   | OH                          | 31-0686194  |                      |
| Pioneer Carpet Mills, Inc.                              | OH                          | 31-0883227  |                      |
| Superior NWVN of Ohio, Inc.                             | OH                          | 31-1737792  |                      |
| TEJ Holdings, Inc.                                      | OH                          | 31-1119320  |                      |
| Three East Fourth, Inc.                                 | OH                          | 31-0728327  |                      |

\* Denotes insurer

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# Participant in Lloyd's Syndicate 2468

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^ Total percentage owned by respective parent and other affiliated companies

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