



# QUARTERLY STATEMENT

As of June 30, 2012

of the Condition and Affairs of the

## COLONY SPECIALTY INSURANCE COMPANY

NAIC Group Code.....457, 457 (Current Period) (Prior Period)	NAIC Company Code..... 36927	Employer's ID Number..... 34-1266871
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Incorporated/Organized..... December 20, 1978	Commenced Business..... April 16, 1979	
Statutory Home Office	52 East Gay Street..... Columbus ..... OH ..... 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	8720 Stony Point Pkwy, Suite 300..... Richmond ..... VA ..... 23235 <i>(Street and Number) (City or Town, State and Zip Code)</i>	804-560-2000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 469012..... San Antonio ..... TX ..... 78246 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	8720 Stony Point Pkwy, Suite 300..... Richmond ..... VA ..... 23235 <i>(Street and Number) (City or Town, State and Zip Code)</i>	804-560-2000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.colonyins.com	
Statutory Statement Contact	Steven D Szubert <i>(Name)</i> colonyfinancialreporting@colonyins.com <i>(E-Mail Address)</i>	804-560-2866 <i>(Area Code) (Telephone Number) (Extension)</i> 804-560-4820 <i>(Fax Number)</i>

### OFFICERS

Name	Title	Name	Title
1. Louis David Levinson	President	2. Melinda Joy Thompson	Treasurer
3. Craig Stephen Comeaux	Secretary	4.	

### OTHER

Samuel Collins Anderson	Senior Vice President	Gail Theresa Kimpfler	Senior Vice President
Lynn Kelly Geurin	Vice President	Daniel Gerard Platt	Vice President
Mary Moczygemba Stulting	Vice President	Barbara Lou Sutherland	Vice President

### DIRECTORS OR TRUSTEES

Michael Evin Arledge	Craig Stephen Comeaux	Samuel Collins Anderson	Louis David Levinson
Barbara Lou Sutherland			

State of.....  
County of.....

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) Louis David Levinson 1. (Printed Name) President (Title)	_____ (Signature) Melinda Joy Thompson 2. (Printed Name) Treasurer (Title)	_____ (Signature) Craig Stephen Comeaux 3. (Printed Name) Secretary (Title)
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Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_

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

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	43,401,610		43,401,610	34,022,683
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	11,989,784		11,989,784	7,285,454
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....2,807,630), cash equivalents (\$.....0) and short-term investments (\$....10,502,670).....	13,310,299		13,310,299	21,986,808
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	68,701,693	0	68,701,693	63,294,945
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	290,286		290,286	284,177
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,797,356	513,840	2,283,516	1,423,543
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	2,263,046		2,263,046	343,184
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.....			0	
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.....	1,747,976		1,747,976	5,708,347
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	75,800,357	513,840	75,286,517	71,054,195
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	75,800,357	513,840	75,286,517	71,054,195

**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.....			0	
2502.....			0	
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).....	0	0	0	0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....		
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....		
4. Commissions payable, contingent commissions and other similar charges.....	11,443	30,072
5. Other expenses (excluding taxes, licenses and fees).....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	(179,377)	87,518
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	3,724,971	3,719,272
7.2 Net deferred tax liability.....	732,766	77,509
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....10,030,751 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.....		
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	420,274	635,543
13. Funds held by company under reinsurance treaties.....	41,122,309	40,766,558
14. Amounts withheld or retained by company for account of others.....	105,223	582
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	119,790	119,790
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	4,512,494	436,556
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).....	50,569,893	45,873,400
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	50,569,893	45,873,400
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,500,000	3,500,000
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.....	8,002,700	8,002,700
35. Unassigned funds (surplus).....	13,213,925	13,678,095
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).....	24,716,625	25,180,795
38. Totals.....	75,286,517	71,054,195

## 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. ....		
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).....	0	0
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

# COLONY SPECIALTY INSURANCE COMPANY STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....11,964,289).....	11,754,584	10,819,568	22,578,475
1.2 Assumed..... (written \$.....0).....			(2,020)
1.3 Ceded..... (written \$.....11,964,289).....	11,754,584	10,819,568	22,576,455
1.4 Net..... (written \$.....0).....	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....	7,186,066	5,757,400	
2.2 Assumed.....	3,333		
2.3 Ceded.....	7,189,399	5,757,400	
2.4 Net.....	0	0	0
3. Loss adjustment expenses incurred.....			
4. Other underwriting expenses incurred.....			
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	0	0	0
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(0)	0	0
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	660,247	1,122,995	2,403,238
10. Net realized capital gains (losses) less capital gains tax of \$.....34,187.....	63,491	6,313,290	13,402,897
11. Net investment gain (loss) (Lines 9 + 10).....	723,738	7,436,285	15,806,135
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....294 amount charged off \$.....0).....	294	(716)	(780)
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	(106,925)	(127,785)	(226,129)
15. Total other income (Lines 12 through 14).....	(106,630)	(128,501)	(226,909)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	617,108	7,307,784	15,579,226
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	617,108	7,307,784	15,579,226
19. Federal and foreign income taxes incurred.....	173,983	228,171	546,725
20. Net income (Line 18 minus Line 19) (to Line 22).....	443,125	7,079,613	15,032,501
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	25,180,795	78,136,212	78,136,212
22. Net income (from Line 20).....	443,125	7,079,613	15,032,501
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....48,736.....	90,510	(4,980,203)	(10,012,424)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	162,932	21,284	50,402
27. Change in nonadmitted assets.....	(391,284)	(40,295)	(105,042)
28. Change in provision for reinsurance.....			(119,292)
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.....			(57,801,562)
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	(769,453)	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	(464,170)	2,080,399	(52,955,417)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	24,716,625	80,216,611	25,180,795
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Intercompany interest expense.....	(106,925)	(127,785)	(226,129)
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(106,925)	(127,785)	(226,129)
3701. Impact of prior year adjustment.....	(769,453)		
3702. ....			
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(769,453)	0	0

## COLONY SPECIALTY INSURANCE COMPANY CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	(1,466,526)	(252,624)	728,646
2. Net investment income.....	706,382	1,289,237	3,215,358
3. Miscellaneous income.....	(106,630)	(128,501)	(226,909)
4. Total (Lines 1 through 3).....	(866,774)	908,112	3,717,095
5. Benefit and loss related payments.....	1,919,862	(302,861)	(17,311)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	285,524	56,777	22,646
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	202,471	287,001	3,927,769
10. Total (Lines 5 through 9).....	2,407,857	40,917	3,933,104
11. Net cash from operations (Line 4 minus Line 10).....	(3,274,631)	867,195	(216,009)
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	14,795,630	14,094,377	74,989,243
12.2 Stocks.....	64,811	9,645,277	20,572,410
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.....		374	2,382
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	14,860,441	23,740,028	95,564,034
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	24,121,931	22,651,626	45,148,620
13.2 Stocks.....	4,637,128	2,676	7,171,704
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).....	28,759,058	22,654,303	52,320,324
14. Net increase (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(13,898,617)	1,085,726	43,243,710
<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.....			57,801,562
16.6 Other cash provided (applied).....	8,496,738	(8,214,716)	(4,568,175)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	8,496,738	(8,214,716)	(62,369,737)
<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).....	(8,676,511)	(6,261,796)	(19,342,036)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	21,986,809	41,328,845	41,328,845
19.2 End of period (Line 18 plus Line 19.1).....	13,310,299	35,067,049	21,986,809

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

20.0001 .....			
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**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

A. NOTE: This disclosure is required in every filing of the Quarterly Statement.

**Note 2 - Accounting Changes and Corrections of Errors**

In 2011, Colony Specialty Insurance Company requested, and received, permission from the Ohio Department of Insurance (DOI) to issue a \$60M extraordinary dividend to Colony Insurance Company, its sole stockholder. The dividend settlement occurred in December of 2011 through a transfer of securities and cash. The composition of the settlement was as follows:

Securities at book value	\$55,396,851.65
Implicit gain	2,198,438.08
Cash	1,975,515.60
Accrued interest at date of transfer	429,194.67
Total	\$60,000,000.00

The Company transferred the securities at book value (amortized cost), including the accrued interest. The Company did not recognize a gain on the transfer of these securities and reported a dividend of \$57,801,562, which excluded the implicit gain noted above. In 2012, the Company became aware that this treatment was not in compliance with the provisions of SSAP 25. The affect on surplus of this error amounted to \$769,453, which is the deferred tax that was associated with correcting the transaction. With the permission of the Department of Insurance of the State of Ohio, the Company made this correction to its financials in the 2<sup>nd</sup> quarter of 2012.

**Note 3 - Business Combinations and Goodwill**

No significant change.

**Note 4 - Discontinued Operations**

No significant change.

**Note 5 - Investments****D. Loan-backed securities**

- (1) Prepayment assumptions for loan-backed securities were obtained from an industry standard external data provider.
- (2) The Company did not have any securities with a recognized other-than-temporary impairment loss for the three months ended June 30, 2012.
- (3) Not applicable.
- (4) Loan-backed securities in an unrealized loss position at June 30, 2012 for less than 1 year:

Fair value:	\$	515,142
Unrealized Loss:	\$	(1,409)

The Company did not have any loan-backed securities in an unrealized loss position for more than 1 year.

- (5) The Company evaluates its investments for impairment. In accordance with policy, the determination that a security has incurred an other-than-temporary decline in fair value and the associated amount of any loss recognition requires the judgment by the Company's management and a continual review of its investments. Investments in an unrealized loss position are reviewed on a quarterly basis to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. In general, the process for identifying other-than-temporary declines in fair value involves the consideration of a number of factors, including but not limited to, whether the issuer has been downgraded to below investment-grade, the length of time in which there has been a significant decline in value, the liquidity, business prospects, and overall financial condition of the issuer, the nature and performance of the collateral or other credit support backing the security, the significance of the decline in value, and whether the Company has the intent to sell the debt security or may be required to sell the debt security before its anticipated recovery. If consideration of the factors above results in a conclusion that the decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value and the write down is recorded as a realized loss. For loan-backed securities, the aforementioned factors were evaluated at the end of each quarter and it was determined that there was no other-than-temporary impairment during the three month period ended June 30, 2012.

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

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## NOTES TO FINANCIAL STATEMENTS

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### **Note 7 - Investment Income**

No significant change.

### **Note 8 - Derivative Instruments**

No significant change.

### **Note 9 - Income Taxes**

No significant change.

### **Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

No significant change.

### **Note 11 - Debt**

No significant change.

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

No significant change.

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

No significant change.

### **Note 14 - Contingencies**

No significant change.

### **Note 15 - Leases**

No significant change.

### **Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

### **Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. The Company has nothing to report.

### **Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant change.

### **Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant change.

### **Note 20 - Fair Value**

A. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on the three-level hierarchy show below. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. The levels of fair value hierarchy are as follows:

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**NOTES TO FINANCIAL STATEMENTS**


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1. Level 1-Values are quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Actively traded, as defined by the Company, is a security that has traded in the last seven days. The Company receives one quote per instrument for Level 1 inputs.
2. Level 2-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Company receives one quote per instrument for Level 2 inputs.
3. Level 3-Unobservable inputs reflecting the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The following table provides information as of March 31, 2012 about the Company's financial assets measured at the fair value:

**FAIR VALUE MEASUREMENTS AT REPORTING DATE**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Value				
Unaffiliated Common Stocks	\$ 11,989,784	-	-	\$ 11,989,784
Total Assets at Fair Value	<u>\$ 11,989,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989,784</u>

(2) None

**Note 21 - Other Items**

No significant change.

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

NOTE: This disclosure is required in every filing for the Quarterly Statement.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

No significant change.

**Note 31 - High Deductibles**

No significant change.

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## NOTES TO FINANCIAL STATEMENTS

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

No significant change.

**Note 33 - Asbestos/Environmental Reserves**

No significant change.

**Note 34 - Subscriber Savings Accounts**

No significant change.

**Note 35 - Multiple Peril Crop Insurance**

No significant change.

**Note 36 - Financial Guaranty Insurance**

B. NOTE: This disclosure is required in every filing of the Quarterly Statement.

# COLONY SPECIALTY INSURANCE COMPANY GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]  
If yes, attach an explanation.

\_\_\_\_\_

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011.....

6.2 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. 12/31/2008.....

6.3 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). 10/30/2009.....

6.4 By what department or departments?  
\_\_\_\_\_  
\_\_\_\_\_

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

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

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

7.2 If yes, give full information:  
\_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

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

9.1 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.

9.11 If the response to 9.1 is No, please explain:  
\_\_\_\_\_  
\_\_\_\_\_

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
\_\_\_\_\_  
\_\_\_\_\_

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

**COLONY SPECIALTY INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES - GENERAL**

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

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**PART 1 - FINANCIAL**

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....62,279

**PART 1 - INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ]    No [ X ]

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

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12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ]    No [ X ]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds.....	\$ .....0	\$ .....0
14.22 Preferred Stock.....	\$ .....0	\$ .....0
14.23 Common Stock.....	\$ .....0	\$ .....0
14.24 Short-Term Investments.....	\$ .....0	\$ .....0
14.25 Mortgage Loans on Real Estate.....	\$ .....0	\$ .....0
14.26 All Other.....	\$ .....0	\$ .....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....0	\$ .....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$ .....0	\$ .....0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ]    No [ X ]

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

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16. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
US Bank Institutional Trust & Custody	2204 Lakeshore Drive, Ste 302, Birmingham, AL 35209

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ]    No [ X ]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
107105	Blackrock Financial Management	40 E. 52nd Street, New York, NY 10022
106584	Fayez Sarofim & Company	P.O. Box 297426, Houston, TX 77297

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

17.2 If no, list exceptions:

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**COLONY SPECIALTY INSURANCE COMPANY**  
**GENERAL INTERROGATORIES (continued)**

**PART 2**

**PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ ] N/A [X]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]  
 3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]  
 4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
						0				0
Total.....	XXX..	XXX.....	0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent 0.0 %

5.2 A&H cost containment percent 0.0 %

5.3 A&H expense percent excluding cost containment expenses 0.0 %

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

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

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

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3  Name of Reinsurer	4  Domiciliary Jurisdiction	5 Is Insurer Authorized? (YES or NO)
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**NONE**

**COLONY SPECIALTY INSURANCE COMPANY**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	L	242,642	417,458	52,500		1,359,773	1,190,798
2. Alaska.....AK	L						
3. Arizona.....AZ	L						
4. Arkansas.....AR	L	46,895	55,900				24
5. California.....CA	L						
6. Colorado.....CO	L	244,671	328,051	140,731	23,333	1,219,697	620,460
7. Connecticut.....CT	L						
8. Delaware.....DE	L						
9. District of Columbia.....DC	L	102,609	116,807		2,526	44	44
10. Florida.....FL	L	632,185	886,393	66,911	793,278	3,372,541	2,892,952
11. Georgia.....GA	L	124,997	220,878	3,000	95,000	626,430	151,381
12. Hawaii.....HI	L						
13. Idaho.....ID	L	54,582	78,378	36,799			
14. Illinois.....IL	L	(8,730)	4,049				
15. Indiana.....IN	L	113,483	292,266	10,000	(10,000)	925,816	101,002
16. Iowa.....IA	L						
17. Kansas.....KS	L						
18. Kentucky.....KY	L						
19. Louisiana.....LA	L						
20. Maine.....ME	L						
21. Maryland.....MD	L	624,869	394,603	66,333	23,791	2,990,794	2,966,384
22. Massachusetts.....MA	L						
23. Michigan.....MI	L						
24. Minnesota.....MN	L						
25. Mississippi.....MS	L	83,117	88,296			184,256	80,724
26. Missouri.....MO	L						
27. Montana.....MT	L	56,250	81,876	9,000			1,001,000
28. Nebraska.....NE	L						
29. Nevada.....NV	L	487,244	717,729	170,244	178,682	4,693,417	2,136,462
30. New Hampshire.....NH	L						
31. New Jersey.....NJ	L						
32. New Mexico.....NM	L						
33. New York.....NY	L						
34. North Carolina.....NC	L	232,762	283,622		140,884	1,780,993	1,970,641
35. North Dakota.....ND	L						
36. Ohio.....OH	L	466,552	680,259	733,326	54,043	1,958,901	3,359,901
37. Oklahoma.....OK	L						
38. Oregon.....OR	L	345,281	459,215	193,184	125,518	1,126,948	979,321
39. Pennsylvania.....PA	L	5,730,914	3,701,784	1,274,355	1,148,306	11,055,000	7,182,926
40. Rhode Island.....RI	L						
41. South Carolina.....SC	L	49,078	138,829	50,638	600,919	350,242	244,997
42. South Dakota.....SD	L	32,364	22,249			128,966	24
43. Tennessee.....TN	L	109,075	234,984	(2,500)	495,857	547,208	440,018
44. Texas.....TX	L						
45. Utah.....UT	L	75,243	140,828			736,951	40,431
46. Vermont.....VT	L						
47. Virginia.....VA	E	2,118,206	2,421,607	383,815	720,152	4,456,108	4,287,937
48. Washington.....WA	L		(12,559)				
49. West Virginia.....WV	L						
50. Wisconsin.....WI	L		(1,609)				
51. Wyoming.....WY	L						
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
59. Totals.....	(a) 50	11,964,289	11,751,893	3,188,335	4,392,289	37,514,086	29,647,427

**DETAILS OF WRITE-INS**

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

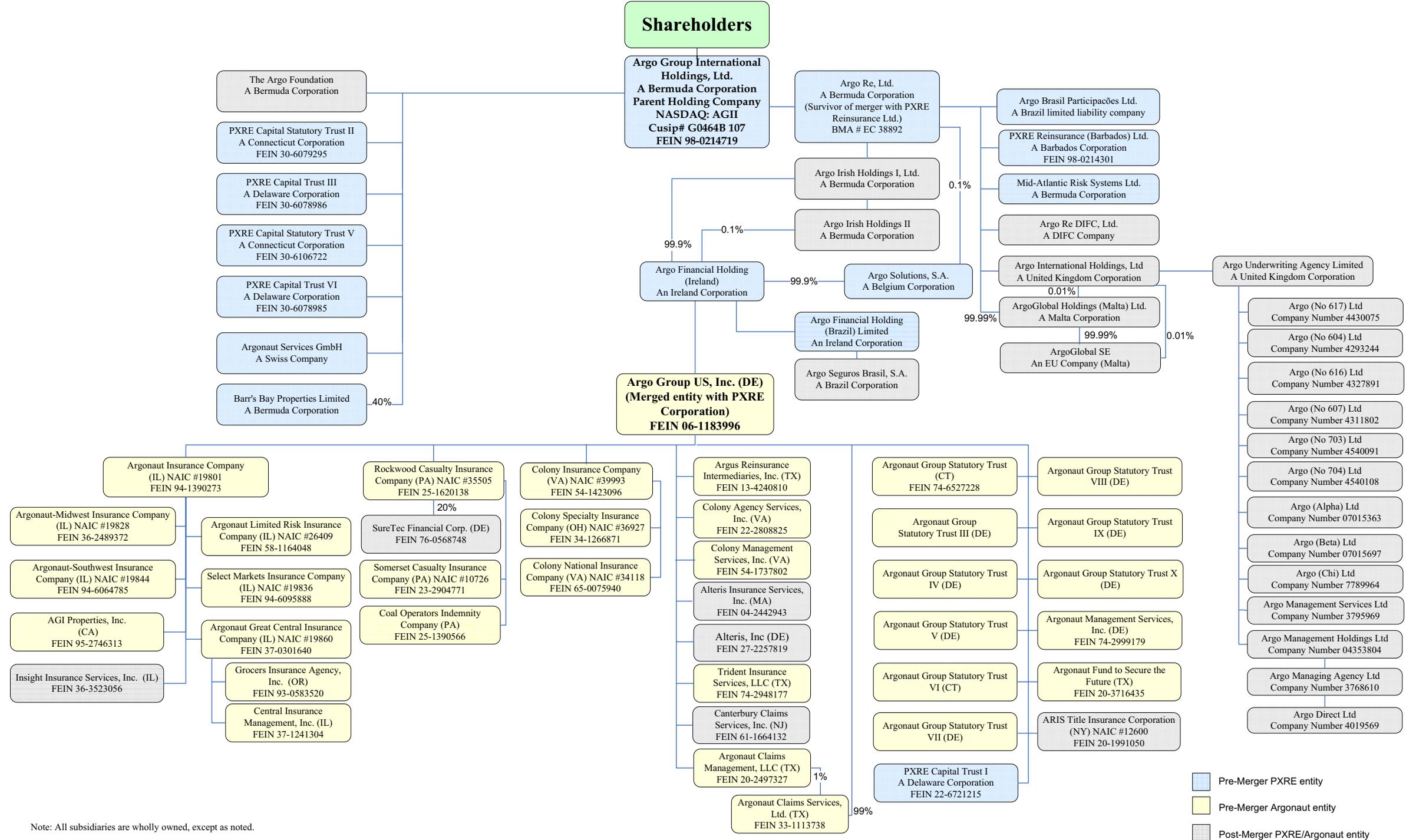
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

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

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

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

PART 1 – ORGANIZATIONAL CHART



Q11

Note: All subsidiaries are wholly owned, except as noted.

Pre-Merger PXRE entity  
 Pre-Merger Argonaut entity  
 Post-Merger PXRE/Argonaut entity

## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
		00000	98-0214719		0001091748	NasdaqGS	Argo Group International Holdings, Ltd	BM	UIP	Shareholders	Ownership	1.000		
		00000					Barr's Bay Properties Limited	BM	NIA	Argo Group International Holdings, Ltd	Ownership	0.400	Argo Group International Holdings, Ltd	
		00000					The Argo Foundation	BM	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000	30-6079295				PXRE Capital Statutory Trust II	CT	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000	30-6078986				PXRE Capital Statutory Trust III	DE	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000	30-6106722				PXRE Capital Statutory Trust V	CT	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000	30-6078985				PXRE Capital Statutory Trust VI	DE	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argonaut Services GmbH	CH	NIA	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000			0001436607		Argo Re Ltd	BM	UIP	Argo Group International Holdings, Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Brasil Participações Ltd	BR	NIA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000	98-0214301				PXRE Reinsurance (Barbados), Ltd	BB	IA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Mid-Atlantic Risk Systems, Ltd	BM	NIA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Re DIFC, Ltd	AE	IA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Irish Holdings I Ltd	BM	UIP	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Irish Holdings II	BM	UIP	Argo Irish Holdings I Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo International Holdings Ltd	GB	NIA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					ArgoGlobal Holdings (Malta) Ltd	MT	NIA	Argo Re Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					ArgoGlobal Holdings (Malta) Ltd	MT	NIA	Argo International Holdings Ltd	Ownership	0.000	Argo Group International Holdings, Ltd	
		00000					ArgoGlobal SE	MT	IA	ArgoGlobal Holdings (Malta) Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					ArgoGlobal SE	MT	IA	Argo International Holdings Ltd	Ownership	0.000	Argo Group International Holdings, Ltd	
		00000					Argo Underwriting Agency Ltd	GB	NIA	Argo International Holdings Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 617), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 604), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 616), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 607), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 703), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (No 704), Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (Alpha) Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (Beta) Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo (Chi) Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Management Services Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Management Holdings Ltd	GB	NIA	Argo Underwriting Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Managing Agency Ltd	GB	IA	Argo Management Holdings Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Direct Ltd	GB	IA	Argo Managing Agency Ltd	Ownership	1.000	Argo Group International Holdings, Ltd	
		00000					Argo Solutions, S.A	BE	NIA	Argo Re Ltd	Ownership	0.001	Argo Group International Holdings, Ltd	
		00000					Argo Financial Holding (Ireland)	IE	UIP	Argo Irish Holdings I Ltd	Ownership	0.999	Argo Group International Holdings, Ltd	

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**Members**

**SCHEDULE Y**

**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
		00000					Argo Financial Holding (Ireland).....	IE.....	UIP.....	Argo Irish Holdings II.....	Ownership.....	.....0.001	Argo Group International Holdings, Ltd.....	
		00000					Argo Financial Holding (Brazil) Limited.....	IE.....	NIA.....	Argo Financial Holding (Ireland).....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argo Seguros Brasil, S.A.....	BR.....	IA.....	Argo Financial Holding (Brazil) Limited.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argo Solutions, S.A.....	BE.....	IA.....	Argo Financial Holding (Ireland).....	Ownership.....	.....0.999	Argo Group International Holdings, Ltd.....	
		00000	06-1183996				Argo Group US, Inc.....	DE.....	UIP.....	Argo Financial Holding (Ireland).....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	22-6721215				PXRE Capital Trust I.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	74-6527228		0001470439		Argonaut Group Statutory Trust.....	CT.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust III.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust IV.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust V.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust VI.....	CT.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust VII.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust VIII.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust IX.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000					Argonaut Group Statutory Trust X.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	74-2999179				Argonaut Management Services, Inc.....	DE.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	20-3716435				Argonaut Fund to Secure the Future.....	TX.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		12600	20-1991050				ARIS Title Insurance Corporation.....	NY.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	13-4240810				Argus Reinsurance Intermediaries, Inc.....	TX.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	22-2808825				Colony Agency Services, Inc.....	VA.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	54-1737802				Colony Management Services, Inc.....	VA.....	NIA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	74-2948177				Trident Insurance Services, LLC.....	TX.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	61-1664132				Canterbury Claims Services, Inc.....	NJ.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	20-2497327				Argonaut Claims Management, LLC.....	TX.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	33-1113738				Argonaut Claims Services, Ltd.....	TX.....	IA.....	Argonaut Claims Management, LLC.....	Ownership.....	.....0.010	Argo Group International Holdings, Ltd.....	
		00000	33-1113738				Argonaut Claims Services, Ltd.....	TX.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....0.990	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	39993	54-1423096				Colony Insurance Company.....	VA.....	UDP.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	34118	65-0075940				Colony National Insurance Company.....	VA.....	IA.....	Colony Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	36927	34-1266871				Colony Specialty Insurance Company.....	OH.....		Colony Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	04-2442943				Alteris Insurance Services, Inc.....	MA.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	27-2257819				Alteris, Inc.....	DE.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	19801	94-1390273				Argonaut Insurance Company.....	IL.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	95-2746313				AGI Properties, Inc.....	CA.....	NIA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
		00000	36-3523056				Insight Insurance Services, Inc.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	19828	36-2489372				Argonaut-Midwest Insurance Company.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	
0457	Argo Group, U.S.....	19844	94-6064785				Argonaut-Southwest Insurance Company.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	

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**SCHEDULE Y**

**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
0457.....	Argo Group, U.S.....	19836.....	94-6095888.....	.....	.....	.....	Select Markets Insurance Company.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
0457.....	Argo Group, U.S.....	26409.....	58-1164048.....	.....	.....	.....	Argonaut Limited Risk Insurance Company.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
0457.....	Argo Group, U.S.....	19860.....	37-0301640.....	.....	.....	.....	Argonaut Great Central Insurance Company.....	IL.....	IA.....	Argonaut Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
.....	.....	00000.....	93-0583520.....	.....	.....	.....	Grocers Insurance Agency, Inc.....	OR.....	IA.....	Argonaut Great Central Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
.....	.....	00000.....	37-1241304.....	.....	.....	.....	Central Insurance Management, Inc.....	IL.....	IA.....	Argonaut Great Central Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
0457.....	Argo Group, U.S.....	35505.....	25-1620138.....	.....	.....	.....	Rockwood Casualty Insurance Company.....	PA.....	IA.....	Argo Group US, Inc.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
0457.....	Argo Group, U.S.....	10726.....	23-2904771.....	.....	.....	.....	Somerset Casualty Insurance Company.....	PA.....	IA.....	Rockwood Casualty Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
.....	.....	00000.....	25-1390566.....	.....	.....	.....	Coal Operators Indemnity Company.....	PA.....	IA.....	Rockwood Casualty Insurance Company.....	Ownership.....	.....1.000	Argo Group International Holdings, Ltd.....	.....
.....	.....	00000.....	76-0568748.....	.....	.....	.....	SureTec Financial Corporation.....	DE.....	IA.....	Rockwood Casualty Insurance Company.....	Ownership.....	.....0.200	Argo Group International Holdings, Ltd.....	.....

## COLONY SPECIALTY INSURANCE COMPANY PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....	32,301	(44,021)	(136.3)	60.5
2. Allied lines.....	59,083	44,317	75.0	24.8
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....	484,902	1,231,707	254.0	113.3
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	9,335	(7,731)	(82.8)	25.0
10. Financial guaranty.....			0.0	
11.1. Medical professional liability - occurrence.....		(240)	0.0	
11.2. Medical professional liability - claims-made.....	22,898	(2,111)	(9.2)	(49.3)
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....	4,559,499	2,799,945	61.4	63.4
17.1. Other liability-occurrence.....	834,259	325,256	39.0	35.4
17.2. Other liability-claims made.....	5,234,017	2,973,015	56.8	68.3
17.3. Excess workers' compensation.....			0.0	
18.1. Products liability-occurrence.....	172,229	(247,000)	(143.4)	(134.0)
18.2. Products liability-claims made.....	8,303	(750)	(9.0)	(1,116.5)
19.1, 19.2. Private passenger auto liability.....			0.0	
19.3, 19.4. Commercial auto liability.....	245,162	102,485	41.8	(45.0)
21. Auto physical damage.....	92,596	11,193	12.1	17.0
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
30. Warranty.....			0.0	
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	11,754,584	7,186,066	61.1	53.2
<b>DETAILS OF WRITE-INS</b>				
3401.....			0.0	
3402.....			0.0	
3403.....			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.0	

## PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....	1,241	2,439	132,276
2. Allied lines.....	27,097	50,490	98,523
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....	142,303	467,386	701,455
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	8,517	13,262	22,668
10. Financial guaranty.....			
11.1. Medical professional liability - occurrence.....			
11.2. Medical professional liability - claims made.....	24,408	42,104	25,486
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....	2,557,598	5,422,526	2,844,346
17.1. Other liability-occurrence.....	515,967	802,462	895,709
17.2. Other liability-claims made.....	2,473,833	4,616,340	6,397,756
17.3. Excess workers' compensation.....			
18.1. Products liability-occurrence.....	233,360	264,665	335,839
18.2. Products liability-claims made.....			1,011
19.1 19.2. Private passenger auto liability.....			
19.3 19.4. Commercial auto liability.....	99,562	198,783	202,733
21. Auto physical damage.....	46,325	83,832	94,091
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	6,130,211	11,964,289	11,751,893
<b>DETAILS OF WRITE-INS</b>			
3401.....			
3402.....			
3403.....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2009 + Prior.....			.0			.0				.0	.0	.0	.0
2. 2010.....			.0			.0				.0	.0	.0	.0
3. Subtotals 2010 + Prior.....	0	0	.0	0	0	.0	0	0	0	.0	0	0	0
4. 2011.....			.0			.0				.0	.0	.0	.0
5. Subtotals 2011 + Prior.....	0	0	.0	0	0	.0	0	0	0	.0	0	0	0
6. 2012.....	.XXX	.XXX	.XXX	.XXX		.0	.XXX			.0	.XXX	.XXX	.XXX
7. Totals.....	0	0	.0	0	0	.0	0	0	0	.0	0	0	0
8. Prior Year-End's Surplus As Regards Policyholders	25,181										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. ....0.0 %	2. ....0.0 %	3. ....0.0 %
													Col. 13, Line 7 Line 8
													4. ....0.0 %

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# COLONY SPECIALTY INSURANCE COMPANY SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	<b>Response</b>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	<div style="border-bottom: 1px solid black; display: inline-block; width: 80px; text-align: center;">NO</div>
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	<div style="border-bottom: 1px solid black; display: inline-block; width: 80px; text-align: center;">YES</div>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<div style="border-bottom: 1px solid black; display: inline-block; width: 80px; text-align: center;">NO</div>
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	<div style="border-bottom: 1px solid black; display: inline-block; width: 80px; text-align: center;">NO</div>

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**



**NONE**

**COLONY SPECIALTY INSURANCE COMPANY  
SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	41,308,136	79,810,484
2. Cost of bonds and stocks acquired.....	28,759,058	52,320,324
3. Accrual of discount.....	18,884	184,253
4. Unrealized valuation increase (decrease).....	139,245	(15,403,729)
5. Total gain (loss) on disposals.....	97,639	20,612,678
6. Deduct consideration for bonds and stocks disposed of.....	14,860,441	95,561,652
7. Deduct amortization of premium.....	71,128	654,221
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	55,391,394	41,308,136
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	55,391,394	41,308,136

### SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	49,933,798	28,754,695	28,332,152	(25,970)	49,933,798	50,330,371		51,984,112
2. Class 2 (a).....	3,462,925		211,039	(561)	3,462,925	3,251,325		2,955,879
3. Class 3 (a).....	324,732			(2,148)	324,732	322,584		326,872
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	53,721,455	28,754,695	28,543,191	(28,679)	53,721,455	53,904,280	0	55,266,863
<b>PREFERRED STOCK</b>								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	53,721,455	28,754,695	28,543,191	(28,679)	53,721,455	53,904,280	0	55,266,863

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....7,515,574; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

**COLONY SPECIALTY INSURANCE COMPANY**  
**SCHEDULE DA - PART 1**

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	10,502,670	XXX	10,502,401	3,436	

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	21,244,182	23,246,328
2. Cost of short-term investments acquired.....	31,233,975	231,702,572
3. Accrual of discount.....	1,068	11,287
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	39	2,114
6. Deduct consideration received on disposals.....	41,976,196	233,671,634
7. Deduct amortization of premium.....	396	46,484
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	10,502,671	21,244,182
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	10,502,671	21,244,182

**Sch. DB-Pt A-Verification  
NONE**

**Sch. DB-Pt B-Verification  
NONE**

**Sch. DB-Pt C-Sn 1  
NONE**

**Sch. DB-Pt C-Sn 2  
NONE**

**Sch. DB-Verification  
NONE**

## SCHEDULE E- VERIFICATION

## Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	(0)	16,549,229
2. Cost of cash equivalents acquired.....	1,774,890	60,480,169
3. Accrual of discount.....	.94	5,246
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	1	268
6. Deduct consideration received on disposals.....	1,774,985	77,034,908
7. Deduct amortization of premium.....		4
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	(0)	(0)
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	(0)	(0)

**Sch. A-Pt 2**  
**NONE**

**Sch. A-Pt 3**  
**NONE**

**Sch. B-Pt 2**  
**NONE**

**Sch. B-Pt 3**  
**NONE**

**Sch. BA-Pt 2**  
**NONE**

**Sch. BA-Pt 3**  
**NONE**

**SCHEDULE D - PART 3**

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Government</b>									
912828 SF 8	US TREASURY N/B		04/05/2012	RBS SECURITIES INC		787,534	800,000	2,462	1
912828 SM 3	US TREASURY N/B		04/25/2012	UBS FINANCIAL SERVICES INC		2,163,361	2,150,000	1,527	1
912828 SV 3	US TREASURY N/B		05/15/2012	UBS FINANCIAL SERVICES INC		6,681,706	6,700,000	956	1
0599999	Total - Bonds - U.S. Government					9,632,602	9,650,000	4,945	XXX
<b>Bonds - U.S. Special Revenue and Special Assessment</b>									
3128PU VC 3	FG J15111		04/19/2012	CREDIT SUISSE SECURITIES (USA)		521,582	493,659	768	1
31417B 2U 0	FN AB5286		06/11/2012	Wells Fargo		654,773	624,057	728	1
3199999	Total - Bonds - U.S. Special Revenue & Special Assessments					1,176,355	1,117,717	1,496	XXX
<b>Bonds - Industrial and Miscellaneous</b>									
46630E AC 4	JPMCC 2006-CB17 A4		06/19/2012	UBS FINANCIAL SERVICES INC		278,994	250,000	792	1FM
46628F AF 8	JPMCC 2006-LDP7 A4		05/17/2012	Goldman Sachs		283,379	250,000	884	1FM
52108H 6W 9	LBUBS 2005-C5 A4		06/07/2012	BARCLAYS CAPITAL INC FIXED INC		274,570	250,000	34	1FM
3899999	Total - Bonds - Industrial & Miscellaneous					836,943	750,000	1,710	XXX
8399997	Total - Bonds - Part 3					11,645,900	11,517,717	8,151	XXX
8399999	Total - Bonds					11,645,900	11,517,717	8,151	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>									
002824 10 0	ABBOTT LABORATORIES		06/18/2012	Morgan Stanley	3,000,000	188,259	XXX		L
009126 20 2	AIR LIQUIDE-UNSPONSORED ADR	R	04/01/2012	ADJUSTMENT	2,300,000	XXX	XXX		U
053015 10 3	AUTOMATIC DATA PROCESSING		06/18/2012	Morgan Stanley	3,000,000	165,414	XXX		L
09247X 10 1	BLACKROCK INC		06/06/2012	VARIOUS	200,000	37,230	XXX		L
110448 10 7	BRITISH AMERICAN TOB-SP ADR	R	04/23/2012	Stifel Nicolaus & Co	1,000,000	103,266	XXX		U
136385 10 1	CANADIAN NATURAL RESOURCES	I	06/18/2012	VARIOUS	8,000,000	249,333	XXX		L
149123 10 1	CATERPILLAR INC		06/21/2012	ISI GROUP INC	2,100,000	181,287	XXX		L
166764 10 0	CHEVRON CORP		06/06/2012	VARIOUS	1,500,000	151,662	XXX		L
25243Q 20 5	DIAGEO PLC-SPONSORED ADR	R	06/18/2012	Morgan Stanley	500,000	50,129	XXX		L
453038 40 8	IMPERIAL OIL LTD	I	06/06/2012	VARIOUS	5,500,000	238,372	XXX		U
459200 10 1	INTL BUSINESS MACHINES CORP		06/21/2012	ISI GROUP INC	900,000	178,077	XXX		L
49456B 10 1	KINDER MORGAN INC		06/21/2012	SIMMONS & COMPANY INTERNATIONA	5,800,000	187,203	XXX		L
580135 10 1	MCDONALD'S CORP		06/21/2012	VARIOUS	5,500,000	493,038	XXX		L
670100 20 5	NOVO-NORDISK A/S-SPONS ADR	R	04/23/2012	Stifel Nicolaus & Co	500,000	74,012	XXX		L
674599 10 5	OCCIDENTAL PETROLEUM CORP		06/18/2012	Morgan Stanley	1,000,000	83,673	XXX		L
742718 10 9	PROCTER & GAMBLE CO/THE		04/23/2012	Stifel Nicolaus & Co	2,000,000	133,562	XXX		L
771195 10 4	ROCHE HOLDINGS LTD-SPONS ADR	R	04/23/2012	Stifel Nicolaus & Co	1,000,000	45,435	XXX		U
780259 20 6	ROYAL DUTCH SHELL PLC-ADR	R	04/10/2012	JP MORGAN SECURITIES LIMITED	1,000,000	68,151	XXX		L
9099999	Total - Common Stocks - Industrial & Miscellaneous					2,628,101	XXX	0	XXX
<b>Common Stocks - Money Market Mutual Funds</b>									
990010 AS 9	CITIBANK		06/01/2012	Citibank	2,602,520	2,603	XXX		V
9399999	Total - Common Stocks - Money Market Mutual Funds					2,603	XXX	0	XXX
9799997	Total - Common Stocks - Part 3					2,630,703	XXX	0	XXX

QE04

### SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
9799999.	Total - Common Stocks.....					2,630,703	.XXX	.0	.XXX
9899999.	Total - Preferred and Common Stocks.....					2,630,703	.XXX	.0	.XXX
9999999.	Total - Bonds, Preferred and Common Stocks.....					14,276,603	.XXX	.8,151	.XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....4.

QE04.1

## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							

**Bonds - U.S. Government**

912828	KP 4	US TREASURY N/B.....	05/15/2012	MATURITY.....		2,000,000	2,000,000	2,000,475	2,000,060		(60)		(60)		2,000,000			0	13,750	05/15/2012	1.....
912828	RS 1	US TREASURY N/B.....	05/15/2012	Goldman Sachs.....		619,998	620,000	619,833	619,840		32		32		619,871		127	127	720	11/30/2013	1.....
912828	SB 7	US TREASURY N/B.....	05/15/2012	Goldman Sachs.....		324,961	325,000	325,217			(32)		(32)		325,185		(224)	(224)	241	01/31/2014	1.....
912828	SE 1	US TREASURY N/B.....	05/15/2012	Goldman Sachs.....		997,067	1,000,000	996,261			290		290		996,552		515	515	639	02/15/2015	1.....
912828	SG 6	US TREASURY N/B.....	05/15/2012	Goldman Sachs.....		324,948	325,000	324,684			33		33		324,717		231	231	174	02/28/2014	1.....
0599999		Total - Bonds - U.S. Government.....				4,266,974	4,270,000	4,266,470	2,619,900	0	263	0	263	0	4,266,325	0	649	649	15,524	XXX...	XXX...

**Bonds - U.S. Special Revenue and Special Assessment**

3135G0	JM 6	FANNIE MAE.....	05/18/2012	JP MORGAN SECURITIES LIMITED.....		151,350	150,000	150,000					0		150,000		1,350	1,350	608	03/28/2022	1.....
3133MN	VV 0	FEDERAL HOME LOAN BANK.....	05/15/2012	MATURITY.....		150,000	150,000	161,950	150,754		(754)		(754)		150,000			0	4,313	05/15/2012	1.....
3133XA	LV 7	FEDERAL HOME LOAN BANK.....	04/16/2012	MATURITY.....		500,000	500,000	500,915	500,041		(41)		(41)		500,000			0	10,625	04/16/2012	1.....
40785E	MX 1	HAMILTON SCH-REF-A.....	06/05/2012	CITIGROUP GLOBAL MARKETS INC.....		887,520	800,000	835,192	817,082		(1,981)		(1,981)		815,101		72,419	72,419	36,444	07/10/2018	1FE.....
312931	K6 4	FG A84817.....	06/01/2012	REDEMPTION.....		845	845	885	884		(39)		(39)		845		(0)	(0)	21	03/01/2039	1.....
3128M4	2P 7	FG G03182.....	06/01/2012	REDEMPTION.....		59,388	59,388	55,973	56,951		2,437		2,437		59,388			0	1,236	05/01/2036	1.....
3128M7	LM 6	FG G05432.....	06/01/2012	REDEMPTION.....		46,161	46,161	48,331	48,142		(1,982)		(1,982)		46,161			0	1,235	04/01/2039	1.....
3128PU	VC 3	FG J15111.....	06/01/2012	REDEMPTION.....		4,301	4,301	4,544			(243)		(243)		4,301			0	13	04/01/2026	1.....
3132GE	S3 5	FG Q01438.....	06/01/2012	REDEMPTION.....		32,605	32,605	33,810	33,766		(1,161)		(1,161)		32,605			0	582	06/01/2041	1.....
31407C	AE 7	FN 826305.....	06/01/2012	REDEMPTION.....		76,051	76,051	71,167	72,505		3,546		3,546		76,051			0	1,599	07/01/2035	1.....
31410P	QW 6	FN 893369.....	06/01/2012	REDEMPTION.....		34,586	34,586	33,086	33,345		1,241		1,241		34,586			0	753	07/01/2033	1.....
31416X	JR 2	FN AB2071.....	06/11/2012	VARIOUS.....		651,434	621,895	641,426	641,251		(910)		(910)		640,340		11,094	11,094	11,507	01/01/2041	1.....
3138AT	GG 9	FN AJ1998.....	06/01/2012	REDEMPTION.....		247,173	247,173	252,811	252,763		(5,591)		(5,591)		247,173			0	3,697	10/01/2041	1.....
3199999		Total - Bonds - U.S. Special Revenue & Assessment.....				2,841,414	2,723,004	2,790,092	2,607,483	0	(5,477)	0	(5,477)	0	2,756,551	0	84,863	84,863	72,632	XXX...	XXX...

**Bonds - Industrial and Miscellaneous**

06051G	EM 7	BANK OF AMERICA CORP.....	04/05/2012	MLPFS INC FIXED INCOME.....		832,544	800,000	838,648			(528)		(528)		838,120		(5,576)	(5,576)	9,753	01/24/2022	1FE.....
37247D	AP 1	GENWORTH FINANCIAL INC.....	06/22/2012	JP MORGAN SECURITIES LIMITED.....		198,128	205,000	211,150			(111)		(111)		211,039		(12,912)	(12,912)	11,362	09/24/2021	2FE.....
17314Q	AY 3	CMLT1 2009-11 6A1.....	06/25/2012	REDEMPTION.....		6,989	6,989	6,150	6,598		390		390		6,989			0	47	10/25/2035	1FM.....
06052F	AC 4	BAAT 2009-2A A3.....	05/15/2012	VARIOUS.....		23,474	23,474	23,474	23,474		0		0		23,474		(0)	(0)	175	09/15/2013	1FE.....
3899999		Total - Bonds - Industrial & Miscellaneous.....				1,061,134	1,035,463	1,079,422	30,072	0	(248)	0	(248)	0	1,079,622	0	(18,488)	(18,488)	21,337	XXX...	XXX...
8399997		Total - Bonds - Part 4.....				8,169,522	8,028,467	8,135,984	5,257,456	0	(5,462)	0	(5,462)	0	8,102,498	0	67,024	67,024	109,494	XXX...	XXX...
8399999		Total - Bonds.....				8,169,522	8,028,467	8,135,984	5,257,456	0	(5,462)	0	(5,462)	0	8,102,498	0	67,024	67,024	109,494	XXX...	XXX...

**Common Stocks - Money Market Mutual Funds**

990010	AS 9	CITIBANK.....	06/04/2012	Citibank.....		2,602,520	2,603	XXX	2,603				0		2,603			0		XXX...	V.....
9399999		Total - Common Stocks - Money Market Mutual Funds.....				2,603	XXX	2,603	0	0	0	0	0	0	2,603	0	0	0	0	XXX...	XXX...
9799997		Total - Common Stocks - Part 4.....				2,603	XXX	2,603	0	0	0	0	0	0	2,603	0	0	0	0	XXX...	XXX...

QE05

### SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
9799999.	Total - Common Stocks.....					2,603	XXX	2,603	0	0	0	0	0	0	2,603	0	0	0	0	0	XXX	XXX
9899999.	Total - Preferred and Common Stocks.....					2,603	XXX	2,603	0	0	0	0	0	0	2,603	0	0	0	0	0	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks.....					8,172,124	XXX	8,138,586	5,257,456	0	(5,462)	0	(5,462)	0	8,105,100	0	67,024	67,024	109,494	0	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

QE05.1

**Sch. DB-Pt A-Sn 1  
NONE**

**Sch. DB-Pt B-Sn 1  
NONE**

**Sch. DB-Pt B-Sn 1B-Broker List  
NONE**

**Sch. DB-Pt D  
NONE**

**Sch. DL-Pt. 1  
NONE**

**Sch. DL-Pt. 2  
NONE**

**COLONY SPECIALTY INSURANCE COMPANY**  
**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

**Open Depositories**

Wells Fargo.....					.....2,271,941	.....2,356,703	.....2,807,630	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	.....0	.....0	.....2,271,941	.....2,356,703	.....2,807,630	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	.....0	.....0	.....2,271,941	.....2,356,703	.....2,807,630	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	.....0	.....0	.....2,271,941	.....2,356,703	.....2,807,630	XXX..

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year

NONE

**Supplement A to Sch. T  
NONE**

**Supplement A to Sch. T  
NONE**

**Supplement A to Sch. T  
NONE**



**SUPPLEMENT "A" TO SCHEDULE T**

**EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

Designate the type of health care providers reported on this page.

**Other Health Care Facilities**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI								
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA	42,104	22,898			(2,351)	10,000		25,302
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. US Virgin Islands.....VI								
56. Northern Mariana Islands.....MP								
57. Canada.....CN								
58. Aggregate Other Alien.....OT	0	0	0	0	0	0	0	0
59. Totals.....	42,104	22,898	0	0	(2,351)	10,000	0	25,302

**DETAILS OF WRITE-INS**

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

**NONE**