



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

Excess Share Insurance Corporation

NAIC Group Code 0359, 0359 NAIC Company Code 10003 Employer's ID Number 31-1383517
(Current Period) (Prior Period)

Organized under the Laws of OH - Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile US

Incorporated/Organized August 17, 1993 Commenced Business December 22, 1993

Statutory Home Office 5656 Frantz Rd., Dublin, Ohio 43017
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 5656 Frantz Rd., Dublin, Ohio 43017 614-764-1900
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 5656 Frantz Rd., Dublin, Ohio 43017
(Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 5656 Frantz Rd., Dublin, Ohio 43017
(Street and Number, City or Town, State, Country and Zip Code)
614-764-1900
(Area Code) (Telephone Number)

Internet Website Address www.excessshare.com

Statutory Statement Contact Curtis Lee Robson 614-764-1900 X 133
(Name) (Area Code) (Telephone Number) (Extension)
crobson@americanshare.com 614-764-1493
(E-Mail Address) (Fax Number)

OFFICERS

Dennis Roy Adams (President)
Curtis Lee Robson (Secretary)
Curtis Lee Robson (Treasurer)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Roy Adams
Curtis Lee Robson
Bruce Allen Ingraham
Elizabeth Ann Calderone
James Crider Miles

State of Ohio }
County of Franklin } SS

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

Dennis Roy Adams
President
Subscribed and sworn to before me this
day of February, 2013

Curtis Lee Robson
Secretary

Curtis Lee Robson
Treasurer

- a. Is this an original filing? Yes (X) No ()
- b. If no: 1. State the amendment number _____
- 2. Date filed _____
- 3. Number of pages attached _____

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|----------------------------|--|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Col 1 - Col 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 42,500,000 | | 42,500,000 | 44,003,321 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | | | | |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | | |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ encumbrances) | | | | |
| 5. Cash (\$ 3,853,281 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 4,851,318 , Schedule DA) | 8,704,599 | | 8,704,599 | 6,618,427 |
| 6. Contract loans (including \$ premium notes) | | | | |
| 7. Derivatives (Schedule DB) | | | | |
| 8. Other invested assets (Schedule BA) | | | | |
| 9. Receivables for securities | | | | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Line 1 through Line 11) | 51,204,599 | | 51,204,599 | 50,621,748 |
| 13. Title plants less \$ charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 123,905 | | 123,905 | 199,245 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | | |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 401,330 earned but unbilled premiums) | 401,330 | | 401,330 | 399,520 |
| 15.3 Accrued retrospective premiums | | | | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | | | | |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | | |
| 17. Amounts receivable relating to uninsured plans | | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | 693,000 | 693,000 | | |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | | | | |
| 21. Furniture and equipment, including health care delivery assets (\$) | | | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | | | | |
| 24. Health care (\$) and other amounts receivable | | | | |
| 25. Aggregate write-ins for other than invested assets | 31,250 | 31,250 | | |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) | 52,454,084 | 724,250 | 51,729,834 | 51,220,513 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Line 26 and Line 27) | 52,454,084 | 724,250 | 51,729,834 | 51,220,513 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) | | | | |
| 2501. Prepaid Expenses | 31,250 | 31,250 | | |
| 2502. | | | | |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) | 31,250 | 31,250 | | |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) | 2,002,000 | 1,762,000 |
| 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) | | |
| 4. Commissions payable, contingent commissions and other similar charges | | |
| 5. Other expenses (excluding taxes, licenses and fees) | 60,342 | 56,137 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | | |
| 7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)) | | 2,617 |
| 7.2 Net deferred tax liability | | |
| 8. Borrowed money \$ and interest thereon \$ | | |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act) | | |
| 10. Advance premium | | |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | | |
| 11.2 Policyholders | | |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | | |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) | | |
| 14. Amounts withheld or retained by company for account of others | | |
| 15. Remittances and items not allocated | | |
| 16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8) | | |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | |
| 18. Drafts outstanding | | |
| 19. Payable to parent, subsidiaries and affiliates | 76,135 | 147,552 |
| 20. Derivatives | | |
| 21. Payable for securities | | |
| 22. Payable for securities lending | | |
| 23. Liability for amounts held under uninsured plans | | |
| 24. Capital notes \$ and interest thereon \$ | | |
| 25. Aggregate write-ins for liabilities | 29,110,000 | 28,805,000 |
| 26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) | 31,248,477 | 30,773,306 |
| 27. Protected cell liabilities | | |
| 28. Total liabilities (Line 26 and Line 27) | 31,248,477 | 30,773,306 |
| 29. Aggregate write-ins for special surplus funds | | |
| 30. Common capital stock | 2,500,000 | 2,500,000 |
| 31. Preferred capital stock | | |
| 32. Aggregate write-ins for other than special surplus funds | | |
| 33. Surplus notes | | |
| 34. Gross paid in and contributed surplus | 4,200,000 | 4,200,000 |
| 35. Unassigned funds (surplus) | 13,781,357 | 13,747,207 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 \$) | | |
| 36.2 shares preferred (value included in Line 31 \$) | | |
| 37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39) | 20,481,357 | 20,447,207 |
| 38. Totals (Page 2, Line 28, Column 3) | 51,729,834 | 51,220,513 |
| DETAILS OF WRITE-INS | | |
| 2501. Premium Deposits | 28,855,000 | 28,685,000 |
| 2502. Premium Deposit Refunds Due | 255,000 | 120,000 |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) | 29,110,000 | 28,805,000 |
| 2901. | | |
| 2902. | | |
| 2903. | | |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | | |
| 2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) | | |
| 3201. | | |
| 3202. | | |
| 3203. | | |
| 3298. Summary of remaining write-ins for Line 32 from overflow page | | |
| 3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) | | |

STATEMENT OF INCOME

| UNDERWRITING INCOME | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Premiums earned (Part 1, Line 35, Column 4) | 1,302,898 | 1,234,651 |
| DEDUCTIONS | | |
| 2. Losses incurred (Part 2, Line 35, Column 7) | 240,000 | 280,000 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | | |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 1,432,610 | 1,500,772 |
| 5. Aggregate write-ins for underwriting deductions | | |
| 6. Total underwriting deductions (Line 2 through Line 5) | 1,672,610 | 1,780,772 |
| 7. Net income of protected cells | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | (369,712) | (546,121) |
| INVESTMENT INCOME | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) | 546,596 | 883,700 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ | | |
| 11. Net investment gain (loss) (Line 9 plus Line 10) | 546,596 | 883,700 |
| OTHER INCOME | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$, amount charged off \$) | | |
| 13. Finance and service charges not included in premiums | | |
| 14. Aggregate write-ins for miscellaneous income | 2,066 | 9,279 |
| 15. Total other income (Line 12 through Line 14) | 2,066 | 9,279 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) | 178,950 | 346,858 |
| 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) | 178,950 | 346,858 |
| 19. Federal and foreign income taxes incurred | 144,800 | 223,000 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | 34,150 | 123,858 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 20,447,207 | 20,354,599 |
| 22. Net income (from Line 20) | 34,150 | 123,858 |
| 23. Net transfers (to) from Protected Cell accounts | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ | | |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | |
| 26. Change in net deferred income tax | 84,000 | 105,000 |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) | (84,000) | (136,250) |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | | |
| 29. Change in surplus notes | | |
| 30. Surplus (contributed to) withdrawn from protected cells | | |
| 31. Cumulative effect of changes in accounting principles | | |
| 32. Capital changes: | | |
| 32.1 Paid in | | |
| 32.2 Transferred from surplus (Stock Dividend) | | |
| 32.3 Transferred to surplus | | |
| 33. Surplus adjustments: | | |
| 33.1 Paid in | | |
| 33.2 Transferred to capital (Stock Dividend) | | |
| 33.3 Transferred from capital | | |
| 34. Net remittances from or (to) Home Office | | |
| 35. Dividends to stockholders | | |
| 36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) | | |
| 37. Aggregate write-ins for gains and losses in surplus | | |
| 38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) | 34,150 | 92,608 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 20,481,357 | 20,447,207 |
| DETAILS OF WRITE-INS | | |
| 0501. | | |
| 0502. | | |
| 0503. | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | | |
| 0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) | | |
| 1401. Miscellaneous Income | 2,066 | 9,279 |
| 1402. | | |
| 1403. | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | |
| 1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) | 2,066 | 9,279 |
| 3701. | | |
| 3702. | | |
| 3703. | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | | |
| 3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) | | |

CASH FLOW

| | 1 | 2 |
|--|--------------|-------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 1,301,088 | 1,213,091 |
| 2. Net investment income | 625,257 | 943,966 |
| 3. Miscellaneous income | 2,066 | 9,279 |
| 4. Total (Line 1 through Line 3) | 1,928,411 | 2,166,336 |
| 5. Benefit and loss related payments | | |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 1,428,261 | 1,498,797 |
| 8. Dividends paid to policyholders | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | 147,561 | 231,105 |
| 10. Total (Line 5 through Line 9) | 1,575,822 | 1,729,902 |
| 11. Net cash from operations (Line 4 minus Line 10) | 352,589 | 436,434 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 38,500,000 | 44,500,000 |
| 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 (Line 12.1 through Line 12.7) | 38,500,000 | 44,500,000 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 37,000,000 | 42,500,000 |
| 13.2 Stocks | | |
| 13.3 Mortgage loans | | |
| 13.4 Real estate | | |
| 13.5 Other invested assets | | |
| 13.6 Miscellaneous applications | | 1,000,000 |
| 13.7 Total investments acquired (Line 13.1 through Line 13.6) | 37,000,000 | 43,500,000 |
| 14. Net increase (decrease) in contract loans and premium notes | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | 1,500,000 | 1,000,000 |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | |
| 16.5 Dividends to stockholders | | |
| 16.6 Other cash provided (applied) | 233,583 | (3,027,895) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 233,583 | (3,027,895) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) | 2,086,172 | (1,591,461) |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 6,618,427 | 8,209,888 |
| 19.2 End of year (Line 18 plus Line 19.1) | 8,704,599 | 6,618,427 |
| Note: Supplemental disclosures of cash flow information for non-cash transactions: | | |
| 20.0001 | | |
| 20.0002 | | |
| 20.0003 | | |
| 20.0004 | | |
| 20.0005 | | |
| 20.0006 | | |
| 20.0007 | | |
| 20.0008 | | |
| 20.0009 | | |
| 20.0010 | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business | 1 Net Premiums Written per Column 6, Part 1B | 2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1 | 3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A | 4 Premiums Earned During Year (Columns 1 plus 2 minus 3) |
|---|--|--|--|---|
| 1. Fire | | | | |
| 2. Allied lines | | | | |
| 3. Farmowners multiple peril | | | | |
| 4. Homeowners multiple peril | | | | |
| 5. Commercial multiple peril | | | | |
| 6. Mortgage guaranty | | | | |
| 8. Ocean marine | | | | |
| 9. Inland marine | | | | |
| 10. Financial guaranty | | | | |
| 11.1 Medical professional liability - occurrence | | | | |
| 11.2 Medical professional liability - claims-made | | | | |
| 12. Earthquake | | | | |
| 13. Group accident and health | | | | |
| 14. Credit accident and health (group and individual) | | | | |
| 15. Other accident and health | | | | |
| 16. Workers' compensation | | | | |
| 17.1 Other liability - occurrence | | | | |
| 17.2 Other liability - claims-made | | | | |
| 17.3 Excess Workers' Compensation | | | | |
| 18.1 Products liability - occurrence | | | | |
| 18.2 Products liability - claims-made | | | | |
| 19.1, 19.2 Private passenger auto liability | | | | |
| 19.3, 19.4 Commercial auto liability | | | | |
| 21. Auto physical damage | | | | |
| 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 | | | | |
| 32. Reinsurance - Nonproportional Assumed Liability | | | | |
| 33. Reinsurance - Nonproportional Assumed Financial Lines | | | | |
| 34. Aggregate write-ins for other lines of business | 1,302,898 | | | 1,302,898 |
| 35. TOTALS | 1,302,898 | | | 1,302,898 |
| DETAILS OF WRITE-INS | | | | |
| 3401. Guaranty of Excess Share Deposits in Credit Unions | 1,302,898 | | | 1,302,898 |
| 3402. | | | | |
| 3403. | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | | |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) | 1,302,898 | | | 1,302,898 |

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Underwriting and Investment Exhibit, Part 1A

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

| Line of Business | 1 Direct Business (a) | Reinsurance Assumed | | Reinsurance Ceded | | 6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5 |
|---|-----------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
| | | 2 From Affiliates | 3 From Non-Affiliates | 4 To Affiliates | 5 To Non-Affiliates | |
| 1. Fire | | | | | | |
| 2. Allied lines | | | | | | |
| 3. Farmowners multiple peril | | | | | | |
| 4. Homeowners multiple peril | | | | | | |
| 5. Commercial multiple peril | | | | | | |
| 6. Mortgage guaranty | | | | | | |
| 8. Ocean marine | | | | | | |
| 9. Inland marine | | | | | | |
| 10. Financial guaranty | | | | | | |
| 11.1 Medical professional liability - occurrence | | | | | | |
| 11.2 Medical professional liability - claims-made | | | | | | |
| 12. Earthquake | | | | | | |
| 13. Group accident and health | | | | | | |
| 14. Credit accident and health (group and individual) | | | | | | |
| 15. Other accident and health | | | | | | |
| 16. Workers' compensation | | | | | | |
| 17.1 Other liability - occurrence | | | | | | |
| 17.2 Other liability - claims-made | | | | | | |
| 17.3 Excess Workers' Compensation | | | | | | |
| 18.1 Products liability - occurrence | | | | | | |
| 18.2 Products liability - claims-made | | | | | | |
| 19.1, 19.2 Private passenger auto liability | | | | | | |
| 19.3, 19.4 Commercial auto liability | | | | | | |
| 21. Auto physical damage | | | | | | |
| 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 | X X X | | | | | |
| 32. Reinsurance - Nonproportional Assumed Liability | X X X | | | | | |
| 33. Reinsurance - Nonproportional Assumed Financial Lines | X X X | | | | | |
| 34. Aggregate write-ins for other lines of business | 1,638,357 | | | | 335,459 | 1,302,898 |
| 35. TOTALS | 1,638,357 | | | | 335,459 | 1,302,898 |
| DETAILS OF WRITE-INS | | | | | | |
| 3401. Guaranty of Excess Share Deposits in Credit Unions | 1,638,357 | | | | 335,459 | 1,302,898 |
| 3402. | | | | | | |
| 3403. | | | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | | | | |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) | 1,638,357 | | | | 335,459 | 1,302,898 |

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes () No (X)
 If yes: 1. The amount of such installment premiums \$
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Excess Share Insurance Corporation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

| Line of Business | Losses Paid Less Salvage | | | | 5 | 6 | 7 | 8 |
|---|--------------------------|-----------------------------|-------------------------------|--|--|------------------------------------|---|--|
| | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Recovered | 4 Net Payments (Columns 1 plus 2 minus 3) | Net Losses Unpaid Current Year (Part 2A, Column 8) | Net Losses Unpaid Prior Year | Losses Incurred Current Year (Columns 4 plus 5 minus 6) | Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1) |
| 1. Fire | | | | | | | | |
| 2. Allied lines | | | | | | | | |
| 3. Farmowners multiple peril | | | | | | | | |
| 4. Homeowners multiple peril | | | | | | | | |
| 5. Commercial multiple peril | | | | | | | | |
| 6. Mortgage guaranty | | | | | | | | |
| 8. Ocean marine | | | | | | | | |
| 9. Inland marine | | | | | | | | |
| 10. Financial guaranty | | | | | | | | |
| 11.1 Medical professional liability - occurrence | | | | | | | | |
| 11.2 Medical professional liability - claims-made | | | | | | | | |
| 12. Earthquake | | | | | | | | |
| 13. Group accident and health | | | | | | | | |
| 14. Credit accident and health (group and individual) | | | | | | | | |
| 15. Other accident and health | | | | | | | | |
| 16. Workers' compensation | | | | | | | | |
| 17.1 Other liability - occurrence | | | | | | | | |
| 17.2 Other liability - claims-made | | | | | | | | |
| 17.3 Excess Workers' Compensation | | | | | | | | |
| 18.1 Products liability - occurrence | | | | | | | | |
| 18.2 Products liability - claims-made | | | | | | | | |
| 19.1, 19.2 Private passenger auto liability | | | | | | | | |
| 19.3, 19.4 Commercial auto liability | | | | | | | | |
| 21. Auto physical damage | | | | | | | | |
| 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 | | | | | | | |
| 32. Reinsurance- Nonproportional Assumed Liability | XXX | | | | | | | |
| 33. Reinsurance- Nonproportional Assumed Financial Lines | XXX | | | | | | | |
| 34. Aggregate write-ins for other lines of business | | | | | 2,002,000 | 1,762,000 | 240,000 | 18.4 |
| 35. TOTALS | | | | | 2,002,000 | 1,762,000 | 240,000 | 18.4 |
| DETAILS OF WRITE-INS | | | | | | | | |
| 3401. Guaranty of Excess Share Deposits in Credit Unions | | | | | 2,002,000 | 1,762,000 | 240,000 | 18.4 |
| 3402. | | | | | | | | |
| 3403. | | | | | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | | | | | | |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) | | | | | 2,002,000 | 1,762,000 | 240,000 | 18.4 |

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Excess Share Insurance Corporation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

| Line of Business | Reported Losses | | | | Incurred But Not Reported | | | 8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7) | 9 Net Unpaid Loss Adjustment Expenses |
|---|-----------------|--------------------------|--|--|---------------------------|-----------------------------|---------------------------|--|--|
| | 1 Direct | 2 Reinsurance Assumed | 3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | 4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3) | 5 Direct | 6 Reinsurance Assumed | 7 Reinsurance Ceded | | |
| 1. Fire | | | | | | | | | |
| 2. Allied lines | | | | | | | | | |
| 3. Farmowners multiple peril | | | | | | | | | |
| 4. Homeowners multiple peril | | | | | | | | | |
| 5. Commercial multiple peril | | | | | | | | | |
| 6. Mortgage guaranty | | | | | | | | | |
| 8. Ocean marine | | | | | | | | | |
| 9. Inland marine | | | | | | | | | |
| 10. Financial guaranty | | | | | | | | | |
| 11.1 Medical professional liability - occurrence | | | | | | | | | |
| 11.2 Medical professional liability - claims-made | | | | | | | | | |
| 12. Earthquake | | | | | | | | | |
| 13. Group accident and health | | | | | | | | (a) | |
| 14. Credit accident and health (group and individual) | | | | | | | | (a) | |
| 15. Other accident and health | | | | | | | | | |
| 16. Workers' compensation | | | | | | | | | |
| 17.1 Other liability - occurrence | | | | | | | | | |
| 17.2 Other liability - claims-made | | | | | | | | | |
| 17.3 Excess Workers' Compensation | | | | | | | | | |
| 18.1 Products liability - occurrence | | | | | | | | | |
| 18.2 Products liability - claims-made | | | | | | | | | |
| 19.1, 19.2 Private passenger auto liability | | | | | | | | | |
| 19.3, 19.4 Commercial auto liability | | | | | | | | | |
| 21. Auto physical damage | | | | | | | | | |
| 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 | | | | |
| 32. Reinsurance- Nonproportional Assumed Liability | XXX | | | | XXX | | | | |
| 33. Reinsurance- Nonproportional Assumed Financial Lines | XXX | | | | XXX | | | | |
| 34. Aggregate write-ins for other lines of business | | | | | 2,002,000 | | | 2,002,000 | |
| 35. TOTALS | | | | | 2,002,000 | | | 2,002,000 | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 3401. Guaranty of Excess Share Deposits in Credit Union | | | | | 2,002,000 | | | 2,002,000 | |
| 3402. | | | | | | | | | |
| 3403. | | | | | | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | | | | | | | | |
| 3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above) | | | | | 2,002,000 | | | 2,002,000 | |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

| | 1 | 2 | 3 | 4 |
|---|--------------------------|-----------------------------|---------------------|-----------|
| | Loss Adjustment Expenses | Other Underwriting Expenses | Investment Expenses | Total |
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | | | | |
| 1.2 Reinsurance assumed | | | | |
| 1.3 Reinsurance ceded | | | | |
| 1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3) | | | | |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct excluding contingent | | 8,137 | | 8,137 |
| 2.2 Reinsurance assumed excluding contingent | | | | |
| 2.3 Reinsurance ceded excluding contingent | | | | |
| 2.4 Contingent - direct | | | | |
| 2.5 Contingent - reinsurance assumed | | | | |
| 2.6 Contingent - reinsurance ceded | | | | |
| 2.7 Policy and membership fees | | | | |
| 2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7) | | 8,137 | | 8,137 |
| 3. Allowances to manager and agents | | | | |
| 4. Advertising | | 36,431 | | 36,431 |
| 5. Boards, bureaus and associations | | 5,603 | | 5,603 |
| 6. Surveys and underwriting reports | | | | |
| 7. Audit of assureds' records | | | | |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | | 715,745 | 28,900 | 744,645 |
| 8.2 Payroll taxes | | 50,996 | 2,063 | 53,059 |
| 9. Employee relations and welfare | | 153,715 | 6,220 | 159,935 |
| 10. Insurance | | 37,518 | | 37,518 |
| 11. Directors' fees | | 10,200 | | 10,200 |
| 12. Travel and travel items | | 1,238 | | 1,238 |
| 13. Rent and rent items | | | | |
| 14. Equipment | | | | |
| 15. Cost or depreciation of EDP equipment and software | | | | |
| 16. Printing and stationery | | 6,045 | | 6,045 |
| 17. Postage, telephone and telegraph, exchange and express | | 23,999 | | 23,999 |
| 18. Legal and auditing | | 92,464 | | 92,464 |
| 19. Totals (Line 3 through Line 18) | | 1,133,954 | 37,183 | 1,171,137 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ | | | | |
| 20.2 Insurance department licenses and fees | | 84,363 | | 84,363 |
| 20.3 Gross guaranty association assessments | | | | |
| 20.4 All other (excluding federal and foreign income and real estate) | | | | |
| 20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4) | | 84,363 | | 84,363 |
| 21. Real estate expenses | | 72,118 | | 72,118 |
| 22. Real estate taxes | | | | |
| 23. Reimbursements by uninsured plans | | | | |
| 24. Aggregate write-ins for miscellaneous expenses | | 134,038 | | 134,038 |
| 25. Total expenses incurred | | 1,432,610 | 37,183 | 1,469,793 |
| 26. Less unpaid expenses - current year | | 60,342 | | 60,342 |
| 27. Add unpaid expenses - prior year | | 56,137 | | 56,137 |
| 28. Amounts receivable relating to uninsured plans, prior year | | | | |
| 29. Amounts receivable relating to uninsured plans, current year | | | | |
| 30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29) | | 1,428,405 | 37,183 | 1,465,588 |
| DETAILS OF WRITE-INS | | | | |
| 2401. Information System | | 35,620 | | 35,620 |
| 2402. Line of Credit, Custodial Fees and Other | | 98,418 | | 98,418 |
| 2403. | | | | |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | | | | |
| 2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above) | | 134,038 | | 134,038 |

(a) Includes management fees of \$ 1,139,700 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | 1 | 2 |
|---|-----------------------|--------------------|
| | Collected During Year | Earned During Year |
| 1. U.S. Government bonds | (a) 652,982 | 577,677 |
| 1.1 Bonds exempt from U.S. tax | (a) | |
| 1.2 Other bonds (unaffiliated) | (a) | |
| 1.3 Bonds of affiliates | (a) | |
| 2.1 Preferred stocks (unaffiliated) | (b) | |
| 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) 6,137 | 6,102 |
| 7. Derivative instruments | (f) | |
| 8. Other invested assets | | |
| 9. Aggregate write-ins for investment income | | |
| 10. Total gross investment income | 659,119 | 583,779 |
| 11. Investment expenses | | (g) 37,183 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g) |
| 13. Interest expense | | (h) |
| 14. Depreciation on real estate and other invested assets | | (i) |
| 15. Aggregate write-ins for deductions from investment income | | |
| 16. Total deductions (Line 11 through Line 15) | | 37,183 |
| 17. Net investment income (Line 10 minus Line 16) | | 546,596 |

| DETAILS OF WRITE-INS | | |
|---|--|--|
| 0901. | | |
| 0902. | | |
| 0903. | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) | | |
| 1501. | | |
| 1502. | | |
| 1503. | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | | |
| 1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above) | | |

| | |
|---|--|
| <p>(a) Includes \$ 171 accrual of discount less \$ 3,492 amortization of premium and less \$ 952 paid for accrued interest on purchases.</p> <p>(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.</p> <p>(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.</p> <p>(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.</p> <p>(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.</p> | <p>(f) Includes \$ accrual of discount less \$ amortization of premium.</p> <p>(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.</p> <p>(h) Includes \$ interest on surplus notes and \$ interest on capital notes.</p> <p>(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.</p> |
|---|--|

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 | 2 | 3 | 4 | 5 |
|--|---|----------------------------|--|--|---|
| | Realized Gain (Loss) on Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Col. 1 + Col. 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. U.S. Government bonds | | | | | |
| 1.1 Bonds exempt from U.S. tax | | | | | |
| 1.2 Other bonds (unaffiliated) | | | | | |
| 1.3 Bonds of affiliates | | | | | |
| 2.1 Preferred stocks (unaffiliated) | | | | | |
| 2.11 Preferred stocks of affiliates | | | | | |
| 2.2 Common stocks (unaffiliated) | | | | | |
| 2.21 Common stocks of affiliates | | | | | |
| 3. Mortgage loans | | | | | |
| 4. Real estate | | | | | |
| 5. Contract loans | | | | | |
| 6. Cash, cash equivalents and short-term investments | | | | | |
| 7. Derivative instruments | | | | | |
| 8. Other invested assets | | | | | |
| 9. Aggregate write-ins for capital gains (losses) | | | | | |
| 10. Total capital gains (losses) | | | | | |
| NONE | | | | | |
| DETAILS OF WRITE-INS | | | | | |
| 0901. | | | | | |
| 0902. | | | | | |
| 0903. | | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | | | | | |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) | | | | | |

EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|---|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) | | | |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | | | |
| 2.2 Common stocks | | | |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | | | |
| 3.2 Other than first liens | | | |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | | | |
| 4.2 Properties held for the production of income | | | |
| 4.3 Properties held for sale | | | |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | | | |
| 6. Contract loans | | | |
| 7. Derivatives (Schedule DB) | | | |
| 8. Other invested assets (Schedule BA) | | | |
| 9. Receivables for securities | | | |
| 10. Securities lending reinvested collateral assets (Schedule DL) | | | |
| 11. Aggregate write-ins for invested assets | | | |
| 12. Subtotals, cash and invested assets (Line 1 to Line 11) | | | |
| 13. Title plants (for Title insurers only) | | | |
| 14. Investment income due and accrued | | | |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | | | |
| 15.3 Accrued retrospective premiums | | | |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | | | |
| 16.2 Funds held by or deposited with reinsured companies | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | |
| 17. Amounts receivable relating to uninsured plans | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | |
| 18.2 Net deferred tax asset | 693,000 | 609,000 | (84,000) |
| 19. Guaranty funds receivable or on deposit | | | |
| 20. Electronic data processing equipment and software | | | |
| 21. Furniture and equipment, including health care delivery assets | | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | |
| 23. Receivable from parent, subsidiaries and affiliates | | | |
| 24. Health care and other amounts receivable | | | |
| 25. Aggregate write-ins for other than invested assets | 31,250 | 31,250 | |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) | 724,250 | 640,250 | (84,000) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 28. Total (Line 26 and Line 27) | 724,250 | 640,250 | (84,000) |
| DETAILS OF WRITE-INS | | | |
| 1101. | | | |
| 1102. | | | |
| 1103. | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | |
| 1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) | | | |
| 2501. Prepaid Expenses | 31,250 | 31,250 | |
| 2502. | | | |
| 2503. | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | |
| 2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) | 31,250 | 31,250 | |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The financial statements of Excess Share Insurance Corporation (the Company, or ESI) are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department and in accordance with the NAIC Statutory Principles (NAIC SAP). All of the Company's significant statutory accounting practices are prescribed practices.
- B. The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. Policies and Other Information

- 1. General – Excess Share Insurance Corporation (the “Company”) is a licensed Ohio property and casualty insurance company insuring the share deposit accounts of its insured credit unions for up to \$250,000 in excess of the insurance limit imposed by the credit union’s primary insurer. All federally insured credit unions which have the Company’s excess insurance coverage are generally insured for up to \$250,000 in excess of the \$250,000 federal deposit insurance limits for the sum of all checking, savings and certificates of deposit, while IRAs are separately insured up to \$250,000 in excess of the \$250,000 federal insurance limits.

The Company is a wholly owned subsidiary of American Mutual Share Insurance Corporation (Parent), a licensed Ohio credit union share guaranty corporation.

The Company was organized in 1993 and began writing business in 1995. The Company is currently licensed in Ohio, Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, New Hampshire, New Jersey, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington and the District of Columbia. In addition, existing excess insurance business written by its Parent, in states in which ESI is authorized to transact business, has been transferred to ESI since 1995. There were no transfers of insurance-in-force or premium deposits in 2012 or 2011. The Company currently has no pending applications for any state insurance licenses.

- 2. Investments – The Company accounts for its investments in bonds at amortized cost. Bonds consist of obligations issued and guaranteed by the U.S. Government or its agencies. The Company utilizes the level-yield method to amortize premiums and accrete discounts over the stated maturity period of the related investment and is reported in net investment income.

Gains or losses on investments sold are based on the specific identification method and are included in investment income. Investment purchases and sales are recorded on the trade date. Interest income is accrued when earned.

- 3. Cash, Cash Equivalents and Short-Term Investments – The Company considers cash equivalents to be other deposit accounts and investment securities purchased with maturities of three months or less. Cash and cash equivalents also include non-negotiable certificates of deposit with a carrying value of \$1,075,044 at December 31, 2012 and 2011, the majority of which were on deposit for the benefit of various state insurance departments as a condition to write business in those states.
- 4. Reserve for Guaranty Losses – The Company provides for guaranty losses incurred and reported, as well as losses incurred but not reported (IBNR), during the period such losses become evident based on monthly analysis of insured credit unions’ financial statements, on-site examination results and other significant data.

The reserve for guaranty losses account represents an estimate of the cost of all guaranty losses which are unpaid at year-end. The estimates are continually reviewed, and as adjustments become necessary, such adjustments are reflected in current operations. Since this liability is based on estimates and historical experience, the actual cost of the losses may vary from the amounts reflected in the financial statements. Management utilizes the services of an independent actuary who has reviewed the assumptions and methods used by the Company in determining its reserves for guaranty losses as of December 31, 2012 and 2011. Management believes that the Company has recorded sufficient reserves for losses.

- 5. Advertising and Marketing Costs – Advertising, marketing and promotional costs are expensed as incurred.
- 6. Federal Income Taxes – The Company files a Federal income tax return separate from its Parent. Total income taxes of \$147,561 and \$231,105 were paid during 2012 and 2011,

NOTES TO FINANCIAL STATEMENTS

respectively.

The Company accounts for deferred income taxes using the liability method and deferred tax assets that are not anticipated to be realized within three years are treated as non-admitted assets in the accompanying statutory basis financial statements. All of the Company's deferred tax assets (\$693,000 and \$609,000 at December 31, 2012 and 2011, respectively, relating primarily to its reserve for guaranty losses) are treated as non-admitted assets

7. Premium Deposits – Credit unions insured under the Company's excess share insurance contract ("Excess-insureds") are required to maintain a premium deposit with the Company equal to 1% of the aggregate limits of liability, as defined by the Company's excess insurance contract with such credit unions. Premium deposits are adjusted as needed for changes in each Excess-insured's aggregate limits of liability. In addition to the premium deposit, the Company also assesses and earns a monthly risk-based premium, which is remitted by Excess-insureds in arrears after the end of each calendar quarter.

All premium deposits are refunded no sooner than 90 days following the date of termination of insurance, to the extent such premium deposits are not needed to satisfy guaranty losses. Premium deposits to be refunded for terminated contracts were \$255,000 and \$120,000 at December 31, 2012 and 2011, respectively. Guaranty losses under the Company's excess insurance contracts are paid first from the Company's reserve for guaranty losses, then from its current and retained earnings, up to a maximum of 10% of statutory capital and surplus on any individual loss, and then from the \$7,000,000 guarantee from its Parent. A claim would be made against the Company's reinsurance policy for up to \$7,500,000 in aggregate losses exceeding the Company's and its Parent's combined \$7,500,000 retention (prior to February 1, 2011 the retention was \$8,200,000). Thereafter, losses are charged pro rata to the premium deposit accounts held by the Company and then pro rata to Excess-insureds' premium deposit accounts held by the Parent. The Company had \$28,855,000 and \$28,685,000 of premium deposits at December 31, 2012 and 2011, respectively.

8. Reinsurance – Effective February 1, 2011, the Company and its Parent (the "Companies") entered into a renewal reinsurance agreement with an authorized U.S. third-party reinsurer, for a two-year term through February 1, 2013, to reinsure its excess share insurance program. The agreement consists of a single layer of reinsurance coverage which provides per occurrence and aggregate loss coverage of \$7,500,000 in excess of the Companies' aggregate retention of \$7,500,000. Annual premiums under the reinsurance agreement are \$375,000 and allocated between the Company and its Parent pro rata based on their monthly excess insurance in force.

Effective February 1, 2013, the Companies entered into another renewal reinsurance agreement with the same reinsurer, for a two-year term through February 1, 2015, with substantially the same terms and conditions as the current reinsurance agreement. These terms include a single layer of aggregate reinsurance coverage of \$7,500,000, aggregate retention of \$7,500,000 and annual premiums of \$375,000, which will be allocated between the Company and its Parent pro rata based on their monthly excess insurance in force.

Prior to February 1, 2011, the Companies had a three-year reinsurance agreement on its excess share insurance program with the same reinsurer, which expired on February 1, 2011. This reinsurance agreement provided the Companies with \$7,500,000 reinsurance coverage in excess of aggregate retention by the Companies of \$8,200,000. Annual premiums under the reinsurance agreement were \$650,000 which were allocated between the Company and its Parent pro rata based on their monthly excess insurance in force.

9. Adoption of New Accounting Pronouncements – In November 2011, the NAIC Statutory Accounting Principles Working Group ("SAPWG") issued Statement on Statutory Accounting Principle ("SSAP") No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10 ("SSAP No. 101"), which alters the calculation of the three-step test for admissibility of deferred tax assets. In addition, this statement establishes statutory accounting principles for accounting for uncertainty in income taxes, defining the recognition and measurement criteria that must be met for a reporting entity to recognize any benefit of any tax position in the reporting entity's financial statements. SSAP No. 101 supersedes SSAP No. 10R, Income Taxes-Revised, A Temporary Replacement for SSAP No. 10, and SSAP No. 10, Income Taxes. SSAP No. 101 is effective January 1, 2012 and the Company's adoption in 2012 did not have a significant effect on the Company's financial statements.

Under generally accepted accounting principles, in October 2010, the Financial Accounting Standards Board (FASB) amended ASC Topic 944, Financial Services – Insurance, Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts. The

NOTES TO FINANCIAL STATEMENTS

amendment, effective for fiscal years beginning after December 15, 2011, specifies that certain costs incurred in the successful acquisition of new and renewal insurance contracts should be capitalized. Those costs include incremental direct costs of successful contract acquisition and certain costs related to those acquisition activities. The Company adopted FASB's guidance in amended ASC Topic 944 in 2012, which did not have a material impact on the Company's financial statements.

In May 2011, the FASB issued guidance that clarifies the application of existing fair value measurement and disclosure requirements under ASC Topic 820, Fair Value Measurement, and amended certain fair value measurement principles, requirements and disclosures. To improve consistency in global application, changes in wording were made. The guidance in FASB's amended ASC Topic 820, effective for fiscal years beginning after December 15, 2011, was adopted by the Company in 2012, and did not have a material impact on the Company's financial statements.

2. Accounting Changes and Corrections of Errors
 - A. There were no material changes in accounting principles and/or correction of errors.
3. Business Combinations and Goodwill
 - A. Statutory Purchase Method – Does not apply.
 - B. Statutory Mergers – Does not apply.
 - C. Impairment Losses – Does not apply.
4. Discontinued Operations – Does not apply.
5. Investments
 - A. Mortgage Loans – Does not apply.
 - B. Debt Restructuring – Does not apply.
 - C. Reverse Mortgages – Does not apply.
 - D. Loan-Backed Securities – Does not apply.
 - E. Repurchase Agreements – Does not apply.
 - F. Real Estate – Does not apply.
 - G. Low-income Housing Credits -- Does not apply.
6. Joint Ventures, Partnerships and Limited Liability Companies
 - A. Detail for Those Greater than 10% of Admitted Assets – Does not apply.
 - B. Writedowns for Impairment of Joint Ventures, Partnerships and LLCs – Does not apply.
7. Investment Income – Does not apply.
8. Derivative Instruments – Does not apply.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

| | 2012 | | | 2011 | | | Change | | |
|---|----------|---------|----------------|----------|---------|----------------|----------------|----------------|----------------|
| | 1 | 2 | 3 (Col 1+2) | 4 | 5 | 6 (Col 4+5) | 7 (Col 1+4) | 8 (Col 2-5) | 9 (Col 7+8) |
| 1. | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Gross deferred tax assets | 693,000 | 0 | 693,000 | 609,000 | 0 | 609,000 | 84,000 | 0 | 84,000 |
| b. Statutory valuation allowance adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c. Adjusted gross deferred tax assets (1a-1b) | 693,000 | 0 | 693,000 | 609,000 | 0 | 609,000 | 84,000 | 0 | 84,000 |
| d. Deferred tax assets nonadmitted | 693,000 | 0 | 693,000 | 609,000 | 0 | 609,000 | 84,000 | 0 | 84,000 |
| e. Subtotal net admitted deferred tax asset (1c-1d) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f. Deferred tax liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g. Net admitted deferred tax asset/(net deferred tax liability) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Parts 2, 3 and 4 of this Section A disclosure are none (zeros).

B. Does not apply.

C. Federal income taxes incurred consist of the following components:

| | 19 | 20 | 21 |
|----------------------------------|---------|---------|----------|
| | 2012 | 2011 | Change |
| 1. Current Income Tax | | | |
| a. Current Federal Income Taxes | 144,800 | 223,000 | (78,200) |
| b. Foreign | 0 | 0 | 0 |
| c. Subtotal | 144,800 | 223,000 | (78,200) |
| g. Federal Income Taxes Incurred | 144,800 | 223,000 | (78,200) |
| 2. Deferred Tax Assets | | | |
| a. Ordinary - Other | 693,000 | 609,000 | 84,000 |
| Subtotal | 693,000 | 609,000 | 84,000 |
| c. Nonadmitted | 693,000 | 609,000 | 84,000 |
| d. Admitted | 0 | 0 | 0 |

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference at December 31, 2012, and 2011, were as follows:

| | 2012 | | 2011 | |
|---------------------------------------|------------|--------|------------|--------|
| | | | | |
| Provision Computed at Statutory Rate | \$ 60,843 | 34.0 % | \$ 117,932 | 34.0 % |
| Other Amounts | (43) | 0 | 68 | 0 |
| Total Statutory Income Taxes | \$ 60,800 | 34.0 % | \$ 118,000 | 34.0 % |
| Federal Income Tax Expense Incurred | \$ 144,800 | 80.9 % | \$ 223,000 | 64.3 % |
| Decrease in Net Deferred Income Taxes | (84,000) | (46.9) | (105,000) | (30.3) |
| Total Statutory Income Taxes | \$ 60,800 | 34.0 % | \$ 118,000 | 34.0 % |

NOTES TO FINANCIAL STATEMENTS

- E. Federal income taxes incurred and available for recoupment in the event of future operating losses were \$144,800 for 2012 and \$223,000 for 2011.
- F. The Company files a federal income tax return separate from that of its parent, American Mutual Share Insurance Corporation.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective February 9, 1994 the Company entered into a cost sharing services agreement with its Parent through which the Parent provides various management services and the use of equipment and facilities to the Company for its operations. The agreement is renewable annually and may be terminated by either party with 90 days notice. The Company pays the Parent a monthly fee of \$105,100 (\$114,600 in 2011) under the agreement with an annual “true up” adjustment to reflect the actual costs of services provided by the Parent to the Company. Total management fees under this agreement \$1,139,700 and \$1,202,700 in 2012 and 2011, respectively. The Company has allocated the management fee in the “Underwriting and Investment Exhibit” to various expense categories. The allocation is based on the time spent by the parent’s personnel on Company business (for salaries, benefits and taxes) and based on the Company’s gross revenues as a percent of the sum of the Company’s and Parent’s revenues (for all other administrative expenses).

Under an unused committed line-of-credit agreement with the Parent, the Company may borrow, on a demand basis, up to \$10,000,000 at an interest rate equal to the prevailing prime rate. Borrowings under the line must be collateralized by investment securities and other assets. The arrangement is subject to annual renewal by both parties. In accordance with the terms of the line-of-credit agreement, the Company pays the Parent an annual commitment fee, which was \$25,000 in 2012 and 2011.

The Parent has entered into a guaranty agreement dated February 9, 1994, and amended January 1, 2001, with the Ohio Department of Insurance whereby the Parent guarantees, up to a maximum aggregate commitment of \$7,000,000, that the capital and surplus of the Company will be maintained at the appropriate statutory level of at least \$5,000,000.

The Company and the Parent have an agreement which provides that, in the event the Company incurs an insuring loss, the Parent will make available to the Company the premium deposits the Parent holds for its excess share business (\$3,345,000 at December 31, 2012) in order that the Company can meet its obligations under its excess insurance contracts.

- 11. Debt - Does not apply.
- 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and other Postretirement Benefit Plans – Does not apply.
- 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
 - 1. The Company has 30,000 shares of authorized common stock with \$100 par value per share and 25,000 shares outstanding at December 31, 2012 and 2011.
 - 2. The Company has no preferred stock authorized or outstanding.
 - 3. The maximum amount of dividends which can be paid by insurers domiciled in the state of Ohio to shareholders without prior approval of the Ohio Superintendent of Insurance is limited to the greater of the net income of the preceding calendar year or 10% of capital and surplus as of the immediately preceding year. In 2013, the maximum dividend that can be paid by the Company to the Parent (sole) stockholder without prior approval is \$2,048,136. The Company has never paid a dividend and has no plans to pay a dividend in the foreseeable future.
 - 4. See Item 13(3) above.
 - 5. See Item 13(3) above for amount that may be paid as dividends to the Company's sole stockholder
 - 6. There are no restrictions on unassigned surplus except as noted in 13(3) above.
 - 7. Does not apply.
 - 8. Does not apply.
 - 9. Does not apply.
 - 10. Unassigned funds of \$14,419,207 at December 31, 2012 have been reduced by \$637,850 to \$13,781,357 in the statutory financial statements as a result of non-admitted deferred tax assets and prepaid expenses. There are no unrestricted gains or losses that impact unassigned funds.
 - 11. The Company has no surplus debentures or similar obligations.

NOTES TO FINANCIAL STATEMENTS

12. Does not apply.

13. Does not apply.

14. Contingencies

The Company has no contingent commitments, guarantees or similar obligations, and is not aware of any assessments or gain contingencies.

15. Leases

The Company has no material lease obligations at this time.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – Does not apply.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities – Does not apply.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – Does not apply.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – Does not apply.

20. Fair Value Measurements

A. Assets Measured at Fair Value on Recurring Basis - Does not apply.

B. Assets and Liabilities Measured at Fair Value on Nonrecurring Basis - Does not apply.

C. Other Fair Value Disclosures - Does not apply.

D. Reasons Not Practical to Estimate Fair Value - Does not apply.

21. Other Items – Does not apply.

22. Events Subsequent

There have been no events subsequent to December 31, 2012, through the date of this filing (February 27, 2013), which could have a material effect on the Company's financial condition.

23. Reinsurance – Does not apply.

24. Retrospectively Rated Contracts & Contract Subject to Redetermination – Does not apply.

25. Change in Incurred Losses and Loss Adjustment Expenses

The Company writes only one line of business, "Other" (excess share insurance) and sets loss reserves on a prudent basis for potential claims events. Excess insurance claims events are infrequent (rare) but potentially severe and as a result, upon consultation with the Company's independent actuary, the Company provides annual loss reserve additions so that cumulative loss reserves are within an actuarially accepted range. Further, since the Company has no specific loss events identified, for which a loss reserve would normally be established, all of the Company's loss reserves are unallocated IBNR loss reserves. As a result, for purposes of Schedule P, in any given year the cumulative loss reserves held are considered to have occurred as follows: (1) 60% in current year; (2) 30% in the previous year; and (3) 10% in the second previous year and have been allocated as such in Schedule P, which is comparable to methods used by other insurance companies with infrequent claims events. Since claims events are rare (infrequent but potentially severe), the typical year shows favorable development. A summary of the favorable loss development for the Company's single line of business ("Other") follows (dollars in thousands):

NOTES TO FINANCIAL STATEMENTS

| Year of Development | Col. 1 Prior Year (2011) Loss Reserve Allocated | Col. 2 Current Year (2012) Loss Reserves Allocated | Col. 3 Current Calendar Year (2012) Losses and LAE Incurred (Col 2 – Col 1) | Col. 4 Schedule P Part 2 Unfavorable (Favorable) Development (Col 2 – Col 1) | Col. 5 Gross Losses Incurred for Unallocated IBNR Loss Reserves (Col 3 – Col 4) |
|--------------------------------------|--|---|--|---|--|
| 2009 | \$ 176 | N/A | | \$ (176) | |
| 2010 | 529 | 200 | | (329) | |
| 2011 | 1,057 | 601 | | (456) | |
| 2012 | <u>N/A</u> | <u>1,201</u> | | <u>N/A</u> | |
| Total Loss Reserves | <u>\$ 1,762</u> | <u>\$2,002</u> | | | |
| Increase (Decrease) in Loss Reserves | | | <u>\$ 240</u> | <u>\$ (961)</u> | <u>\$ 1,201</u> |

No additional premiums have been accrued as a result of the impact of the changes in the provision for incurred loss and LAE expenses attributable to insured events of prior years.

26. Intercompany Pooling Arrangements – Does not apply.

27. Structured Settlements – Does not apply.

28. Health Care Receivables – Does not apply.

29. Participating Accident and Health Policies – Does not apply.

30. Premium Deficiency Reserves

The Company provides deposit insurance to participating credit unions for up to \$250,000 in excess of the insurance limit imposed by the credit union's primary insurer. Credit unions insured under the Company's excess insurance contract are required to maintain a premium deposit with the Company equal to 1% of the aggregate limits of liability. The premium deposits are recorded as a liability by the Company and are non-interest bearing. The investment earnings therefrom in addition to a monthly risk-based premium charge are used to fund the Company's deposit insurance program. The premium deposits are at-risk to the insured credit unions and ultimately can act as a reserve that is available to pay claims if needed. The aggregate of premium deposits that are available to pay claims are \$28,855,000 at December 31, 2012. Therefore the Company has determined there is not a need for a premium deficiency reserve and none has been recorded at December 31, 2012. This evaluation was completed on February 18, 2013. The Company considers investment income when evaluating the need for premium deficiency reserves.

| | |
|---|-------------------|
| 1. Liability for premium deficiency reserve | 0 |
| 2. Date of most recent evaluation | February 18, 2013 |
| 3. Was anticipated investment income utilized in calculation? | Yes (X) No () |

31. High Deductibles – Does not apply.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses – Does not apply.

33. Asbestos/Environmental Reserves – Does not apply.

34. Subscriber Savings Accounts – Does not apply.

35. Multiple Peril Crop – Does not apply.

36. Financial Guaranty Insurance -- Does not apply.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

- | | |
|--|------------------------|
| 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? | Yes (X) No () |
| 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? | Yes (X) No () N/A () |
| 1.3 State Regulating? | Ohio |
| 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? | Yes () No (X) |
| 2.2 If yes, date of change: | |
| 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. | 12/31/2007 |
| 3.2 State the as of date of 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. | 12/31/2007 |
| 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). | 01/15/2009 |
| 3.4 By what department or departments? Ohio Department of Insurance | |
| 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? | Yes () No () N/A (X) |
| 3.6 Have all of the recommendations within the latest financial examination report been complied with? | Yes () No () N/A (X) |
| 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of: | |
| 4.11 sales of new business? | Yes () No (X) |
| 4.12 renewals? | Yes () No (X) |
| 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of: | |
| 4.21 sales of new business? | Yes () No (X) |
| 4.22 renewals? | Yes () No (X) |

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)

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

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

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

6.2 If yes, give full information:
.....

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

7.2 If yes, 7.21 State the percentage of foreign control;%

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

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |

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

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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 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 |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche 180 E. Broad St. , Columbus Oh 43215
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule) , or substantially similar state law or regulation? Yes () No (X)
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Model Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes () No (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws? Yes (X) No () N/A ()
- 10.6 If the response to 10.5 is no or n/a, please explain:
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Elissa M. Sirovatka, FCAS, MAAA, Towers Watson / 71 S. Wacker Dr. , Suite 2600, Chicago, IL 60606-4637
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes () No (X)
- 12.11 Name of real estate holding company
.....
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If yes, provide explanation
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes () No ()
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes () No ()
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes () No () N/A (X)
- 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?
(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. Yes (X) No ()
- 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 where the issuing or confirming bank is not on the SVO Bank List? Yes () No (X)
- 15.2 If the response to 15.1 is yes, indicated the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

GENERAL INTERROGATORIES
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 () |

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 | \$ |
| | 20.12 To stockholders not officers | \$ |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$ |
| 20.2 | Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans): | |
| | 20.21 To directors or other officers | \$ |
| | 20.22 To stockholders not officers | \$ |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$ |
| 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 () No (X) |
| 23.2 | If yes, indicate any amounts receivable from parent included in the Page 2 amount: | \$ |

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

- 24.01 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 24.03) Yes (X) No ()
- 24.02 If no, give full and complete information relating thereto:
.....
.....
- 24.03 For the 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)
.....
.....
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes () No () N/A (X)
- 24.05 If answer to 24.04 is YES, report amount of collateral for conforming programs. \$
- 24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$
- 24.07 Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes () No () N/A (X)
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes () No () N/A (X)
- 24.09 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)
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.103 Total payable for securities lending reported on the liability page \$
- 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 24.03) Yes (X) No ()
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|--------------------|
| | 25.21 Subject to repurchase agreements | \$ |
| | 25.22 Subject to reverse repurchase agreements | \$ |
| | 25.23 Subject to dollar repurchase agreements | \$ |
| | 25.24 Subject to reverse dollar repurchase agreements | \$ |
| | 25.25 Pledged as collateral | \$ |
| | 25.26 Placed under option agreements | \$ |
| | 25.27 Letter stock or securities restricted as to sale | \$ |
| | 25.28 On deposit with state or other regulatory body | \$ 3,500,044 |
| | 25.29 Other | \$ |

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

25.3 For category (25.27) provide the following:

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

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes () No (X)
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes () No () N/A (X)
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes () No (X)
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F - Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes () No (X)

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

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------|--------------------------|
|---------------------------|--------------------------|

JP MORGAN CHASE 100 E. BROAD ST. COLUMBUS, OHIO 43215

CITIZENS INVESTMENT MGT. SVC P. O. BOX 9587, PROVIDENCE, RHODE ISLAND 02940

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

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

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

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

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

28.05 Identify all investment advisors, 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 Number(s) | 2 Name | 3 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 CUSIP Number | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|-------------------|--------------------------|-----------------------------------|
|-------------------|--------------------------|-----------------------------------|

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

| 1 Name of Mutual Fund (from question 29.2) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|--|--|---|------------------------|
|--|--|---|------------------------|

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|-----------------------------|------------------------------------|---------------------|---|
| 30.1 Bonds | \$ 47,351,318 | \$ 47,587,248 | \$ 235,930 |
| 30.2 Preferred stocks | \$ | \$ | \$ |
| 30.3 Totals | \$ 47,351,318 | \$ 47,587,248 | \$ 235,930 |

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

Custodian market values compared to independent broker market values and published quotes
.....

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:
.....
.....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

34.1 Amount of payments for legal expenses, if any? \$ 464

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|------------------------------------|------------------|
| Benesch, Freidlander, Coplan | \$ 464 |
| | \$ |
| | \$ |
| | \$ |

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

GENERAL INTERROGATORIES
PART 2 - PROPERTY 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 Line (1.2) above. \$

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$

1.62 Total incurred claims \$

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned \$

1.65 Total incurred claims \$

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$

1.72 Total incurred claims \$

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned \$

1.75 Total incurred claims \$

1.76 Number of covered lives

2. Health Test:

| | 1 Current Year | 2 Prior Year |
|---------------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator | \$ | \$ |
| 2.2 Premium Denominator | \$ | \$ |
| 2.3 Premium Ratio (Line 2.1/Line 2.2) | | |
| 2.4 Reserve Numerator | \$ | \$ |
| 2.5 Reserve Denominator | \$ | \$ |
| 2.6 Reserve Ratio (Line 2.4/Line 2.5) | | |

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 Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes () No (X)

4.2 Does the reporting entity issue non-assessable policies? Yes () No (X)

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 (X)

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes () No () N/A (X)

5.22 As a direct expense of the exchange Yes () No () N/A (X)

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

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes () No ()

5.5 If yes, give full information.

.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Does not apply.
- 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:
 Gross loss exposure based on historic claims of primary insurer, reduced by expected collections, parent guarantee & reinsurance to determine net loss
- 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 has a guaranty agreement with its Parent, whereby the Parent guarantees up to a \$7 million commitment, that the Company's capital will be maintained at \$5 million. Losses in excess of \$7.5 million are covered by reinsurance. Premium deposits are also at-risk and available to pay claims
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes () No (X)
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.
 The Company holds \$28,855,000 in at-risk premium deposits from its insureds that are available to pay claims and may be reassessed under contract.
- 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 (X)
- 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 noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes () 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 the prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes () 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 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes () 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 Yes () No (X)
 (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, Yes () No (X)
 (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)

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done? Yes () No () N/A (X)
- 11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes () No (X)
- 11.2 If yes, give full information.

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | |
|---|--|----------|
| 12.11 Unpaid losses | | \$ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ |
- 12.2 Of the amount on Line 15.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes () No () 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 the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|----------------------------------|--|----------|
| 12.61 Letters of credit | | \$ |
| 12.62 Collateral and other funds | | \$ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 2,048,136
- 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 (X) No ()
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes () No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes () No (X)
- 14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes () No (X)
- 14.5 If the answer to 14.4 is no, please explain:
 N/A

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes () No (X)
- 15.2 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

16.1 Does the reporting entity write any warranty business? Yes () No (X)

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes () No (X)

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

Provide the following information for this exemption:

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes () No (X)

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

18.3 Do you act as an administrator for health savings accounts? Yes () No (X)

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

FIVE-YEAR HISTORICAL DATA

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

| | 1 2012 | 2 2011 | 3 2010 | 4 2009 | 5 2008 |
|---|------------|------------|------------|-------------|------------|
| Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3) | | | | | |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) | | | | | |
| 2. Property lines (Lines 1, 2, 9, 12, 21 and 26) | | | | | |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) | | | | | |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) | 1,638,357 | 1,590,988 | 1,567,809 | 1,284,516 | 3,650,924 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 and 33) | | | | | |
| 6. Total (Line 35) | 1,638,357 | 1,590,988 | 1,567,809 | 1,284,516 | 3,650,924 |
| Net Premiums Written (Page 8, Part 1B, Column 6) | | | | | |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) | | | | | |
| 8. Property lines (Lines 1, 2, 9, 12, 21 and 26) | | | | | |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) | | | | | |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) | 1,302,898 | 1,234,651 | 1,038,320 | 825,676 | 3,205,538 |
| 11. Nonproportional reinsurance lines (Line 31, 32 and 33) | | | | | |
| 12. Total (Line 35) | 1,302,898 | 1,234,651 | 1,038,320 | 825,676 | 3,205,538 |
| Statement of Income (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | (369,712) | (546,121) | (842,807) | (1,030,046) | 1,148,553 |
| 14. Net investment gain (loss) (Line 11) | 546,596 | 883,700 | 1,137,176 | 1,549,872 | 2,086,891 |
| 15. Total other income (Line 15) | 2,066 | 9,279 | 9,399 | 19,215 | 11,565 |
| 16. Dividends to policyholders (Line 17) | | | | | |
| 17. Federal and foreign income taxes incurred (Line 19) | 144,800 | 223,000 | 151,000 | 260,100 | 1,104,200 |
| 18. Net income (Line 20) | 34,150 | 123,858 | 152,768 | 278,941 | 2,142,809 |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3) | 51,729,834 | 51,220,513 | 54,850,680 | 62,087,036 | 67,572,059 |
| 20. Premiums and considerations (Page 2, Column 3) | | | | | |
| 20.1 In course of collection (Line 15.1) | | | | | |
| 20.2 Deferred and not yet due (Line 15.2) | 401,330 | 399,520 | 377,960 | 331,740 | 382,280 |
| 20.3 Accrued retrospective premiums (Line 15.3) | | | | | |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 31,248,477 | 30,773,306 | 34,496,081 | 41,885,205 | 47,655,002 |
| 22. Losses (Page 3, Line 1) | 2,002,000 | 1,762,000 | 1,482,000 | 1,342,000 | 1,117,000 |
| 23. Loss adjustment expenses (Page 3, Line 3) | | | | | |
| 24. Unearned premiums (Page 3, Line 9) | | | | | |
| 25. Capital paid up (Page 3, Line 30 and Line 31) | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 20,481,357 | 20,447,207 | 20,354,599 | 20,201,831 | 19,917,057 |
| Cash Flow (Page 5) | | | | | |
| 27. Net cash from operations (Line 11) | 352,588 | 436,434 | 356,205 | 801,386 | 2,444,387 |
| Risk-Based Capital Analysis | | | | | |
| 28. Total adjusted capital | 20,481,357 | 20,447,207 | 20,354,599 | 20,201,831 | 19,917,057 |
| 29. Authorized control level risk-based capital | 672,106 | 686,416 | 816,190 | 780,121 | 787,436 |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0 | | | | | |
| 30. Bonds (Line 1) | 83.0 | 86.9 | 84.9 | 70.0 | 61.2 |
| 31. Stocks (Line 2.1 and Line 2.2) | | | | | |
| 32. Mortgage loans on real estate (Line 3.1 and Line 3.2) | | | | | |
| 33. Real estate (Lines 4.1, 4.2 and 4.3) | | | | | |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 17.0 | 13.1 | 15.1 | 30.0 | 38.8 |
| 35. Contact loans (Line 6) | | | | | |
| 36. Derivatives (Line 7) | | | | X X X | X X X |
| 37. Other invested assets (Line 8) | | | | | |
| 38. Receivables for securities (Line 9) | | | | | |
| 39. Securities lending reinvested collateral assets (Line 10) | | | | X X X | X X X |
| 40. Aggregate write-ins for invested assets (Line 11) | | | | | |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1) | | | | | |
| 43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) | | | | | |
| 44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) | | | | | |
| 45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10) | | | | | |
| 46. Affiliated mortgage loans on real estate | | | | | |
| 47. All other affiliated | | | | | |
| 48. Total of above Line 42 through Line 47 | | | | | |
| 49. Total investment in parent included in Line 42 through Line 47 above | | | | | |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) | | | | | |

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2012 | 2 2011 | 3 2010 | 4 2009 | 5 2008 |
|--|-----------|-----------|-----------|-----------|-----------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | | | | | |
| 52. Dividends to stockholders (Line 35) | | | | | |
| 53. Change in surplus as regards policyholders for the year (Line 38) | 34,150 | 92,608 | 152,768 | 284,774 | 2,132,810 |
| Gross Losses Paid (Page 9, Part 2, Columns 1 and 2) | | | | | |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) | | | | | |
| 55. Property lines (Lines 1, 2, 9, 12, 21 and 26) | | | | | |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) | | | | | |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) | | | | | |
| 58. Nonproportional reinsurance lines (Lines 31, 32, and 33) | | | | | |
| 59. Total (Line 35) | | | | | |
| Net Losses Paid (Page 9, Part 2, Column 4) | | | | | |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) | | | | | |
| 61. Property lines (Lines 1, 2, 9, 12, 21 and 26) | | | | | |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) | | | | | |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34) | | | | | |
| 64. Nonproportional reinsurance lines (Lines 31, 32, and 33) | | | | | |
| 65. Total (Line 35) | | | | | |
| Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0 | | | | | |
| 66. Premiums earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 67. Losses incurred (Line 2) | 18.4 | 22.7 | 13.5 | 27.3 | 0.9 |
| 68. Loss expenses incurred (Line 3) | | | | | |
| 69. Other underwriting expenses incurred (Line 4) | 110.0 | 121.6 | 167.7 | 197.5 | 63.2 |
| 70. Net underwriting gain (loss) (Line 8) | (28.4) | (44.2) | (81.2) | (124.8) | 35.8 |
| Other Percentages | | | | | |
| 71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) | 109.8 | 120.8 | 166.8 | 195.2 | 62.9 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0) | 18.4 | 22.7 | 13.5 | 27.3 | 0.9 |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) | 6.4 | 6.0 | 5.1 | 4.1 | 16.1 |
| One Year Loss Development (000 omitted) | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) | (961) | (777) | (749) | (580) | (640) |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) | (4.7) | (3.8) | (3.7) | (2.9) | (3.6) |
| Two Year Loss Development (000 omitted) | | | | | |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) | (1,282) | (1,166) | (969) | (953) | (825) |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) | (6.3) | (5.8) | (4.9) | (5.4) | (5.4) |

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? If no, please explain:

Yes () No ()

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 (Columns 1 - 2) | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | 10 Salvage and Subrogation Received | | 11 Total Net Paid (Columns 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 | | | | | | | | | XXX |
| 2. 2003 | 2,218 | 295 | 1,923 | | | | | | | | | XXX |
| 3. 2004 | 2,427 | 290 | 2,137 | | | | | | | | | XXX |
| 4. 2005 | 2,697 | 358 | 2,339 | | | | | | | | | XXX |
| 5. 2006 | 3,100 | 377 | 2,723 | | | | | | | | | XXX |
| 6. 2007 | 3,578 | 390 | 3,188 | | | | | | | | | XXX |
| 7. 2008 | 3,651 | 445 | 3,206 | | | | | | | | | XXX |
| 8. 2009 | 1,285 | 459 | 826 | | | | | | | | | XXX |
| 9. 2010 | 1,568 | 529 | 1,039 | | | | | | | | | XXX |
| 10. 2011 | 1,591 | 356 | 1,235 | | | | | | | | | XXX |
| 11. 2012 | 1,638 | 335 | 1,303 | | | | | | | | | XXX |
| 12. Totals | XXX | XXX | XXX | | | | | | | | | 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 & Assumed |
|-----|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 Direct and Assumed | 22 Ceded | | | |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | | | | | |
| 1. | | | | | | | | | | | | | XXX |
| 2. | | | | | | | | | | | | | XXX |
| 3. | | | | | | | | | | | | | XXX |
| 4. | | | | | | | | | | | | | XXX |
| 5. | | | | | | | | | | | | | XXX |
| 6. | | | | | | | | | | | | | XXX |
| 7. | | | | | | | | | | | | | XXX |
| 8. | | | | | | | | | | | | | XXX |
| 9. | | | 200 | | | | | | | | | | XXX |
| 10. | | | 601 | | | | | | | | | | XXX |
| 11. | | | 1,201 | | | | | | | | | | XXX |
| 12. | | | 2,002 | | | | | | | | | | 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 |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | | | XXX | | |
| 2. | | | | | | | | | | | |
| 3. | | | | | | | | | | | |
| 4. | | | | | | | | | | | |
| 5. | | | | | | | | | | | |
| 6. | | | | | | | | | | | |
| 7. | | | | | | | | | | | |
| 8. | | | | | | | | | | | |
| 9. | 200 | | 200 | 12.8 | | 19.2 | | | | 200 | |
| 10. | 601 | | 601 | 37.8 | | 48.7 | | | | 601 | |
| 11. | 1,201 | | 1,201 | 73.3 | | 92.2 | | | | 1,201 | |
| 12. | XXX | XXX | XXX | XXX | XXX | XXX | | | XXX | 2,002 | |

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 2003 | 2 2004 | 3 2005 | 4 2006 | 5 2007 | 6 2008 | 7 2009 | 8 2010 | 9 2011 | 10 2012 | 11 One Year | 12 Two Year | |
| 1. Prior | | | | | | | | | | | | | |
| 2. 2003 | 476 | 249 | 86 | | | | | | | | | | |
| 3. 2004 | X X X | 497 | 260 | 94 | | | | | | | | | |
| 4. 2005 | X X X | X X X | 519 | 281 | 109 | | | | | | | | |
| 5. 2006 | X X X | X X X | X X X | 562 | 326 | 112 | | | | | | | |
| 6. 2007 | X X X | X X X | X X X | X X X | 652 | 335 | 134 | | | | | | |
| 7. 2008 | X X X | X X X | X X X | X X X | X X X | 670 | 403 | 148 | | | | (148) | |
| 8. 2009 | X X X | X X X | X X X | X X X | X X X | X X X | 805 | 445 | 176 | | | (176) | (445) |
| 9. 2010 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 889 | 529 | 200 | | (329) | (689) |
| 10. 2011 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 1,057 | 601 | | (456) | X X X |
| 11. 2012 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 1,201 | | X X X | X X X |
| | | | | | | | | | | | 12. Totals | (961) | (1,282) |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 | 12 |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---|--|
| | 1 2003 | 2 2004 | 3 2005 | 4 2006 | 5 2007 | 6 2008 | 7 2009 | 8 2010 | 9 2011 | 10 2012 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| 1. Prior | 0 0 0 | | | | | | | | | | X X X | X X X |
| 2. 2003 | | | | | | | | | | | X X X | X X X |
| 3. 2004 | X X X | | | | | | | | | | X X X | X X X |
| 4. 2005 | X X X | X X X | | | | | | | | | X X X | X X X |
| 5. 2006 | X X X | X X X | X X X | | | | | | | | X X X | X X X |
| 6. 2007 | X X X | X X X | X X X | | | | | | | | X X X | X X X |
| 7. 2008 | X X X | X X X | X X X | | | | | | | | X X X | X X X |
| 8. 2009 | X X X | X X X | X X X | | | | | | | | X X X | X X X |
| 9. 2010 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | | | | X X X | X X X |
| 10. 2011 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | | | X X X | X X X |
| 11. 2012 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | | X X X | X X X |

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 2003 | 2 2004 | 3 2005 | 4 2006 | 5 2007 | 6 2008 | 7 2009 | 8 2010 | 9 2011 | 10 2012 |
| 1. Prior | 238 | 83 | | | | | | | | |
| 2. 2003 | 476 | 279 | 86 | | | | | | | |
| 3. 2004 | X X X | 497 | 260 | 94 | | | | | | |
| 4. 2005 | X X X | X X X | 519 | 281 | 109 | | | | | |
| 5. 2006 | X X X | X X X | X X X | 562 | 326 | 112 | | | | |
| 6. 2007 | X X X | X X X | X X X | X X X | 652 | 335 | 134 | | | |
| 7. 2008 | X X X | X X X | X X X | X X X | X X X | 670 | 403 | 148 | | |
| 8. 2009 | X X X | X X X | X X X | X X X | X X X | X X X | 805 | 445 | 176 | |
| 9. 2010 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 889 | 529 | 200 |
| 10. 2011 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 1,057 | 601 |
| 11. 2012 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | 1,201 |

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, Etc. | 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---------------|--|-----------|-----------|---|---|---------|-----------|---|---|
| | Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken | | | | | | | | |
| 1. Alabama | AL | L | 100,271 | 100,271 | | | | | | |
| 2. Alaska | AK | N | | | | | | | | |
| 3. Arizona | AZ | N | | | | | | | | |
| 4. Arkansas | AR | L | 13,059 | 13,059 | | | | | | |
| 5. California | CA | N | | | | | | | | |
| 6. Colorado | CO | L | 3,032 | 3,032 | | | | | | |
| 7. Connecticut | CT | N | | | | | | | | |
| 8. Delaware | DE | L | 29,938 | 29,938 | | | | | | |
| 9. Dist. Columbia | DC | L | 21,157 | 21,157 | | | | | | |
| 10. Florida | FL | L | 59,391 | 59,391 | | | | | | |
| 11. Georgia | GA | L | 16,787 | 16,787 | | | | | | |
| 12. Hawaii | HI | L | | | | | | | | |
| 13. Idaho | ID | L | 18,719 | 18,719 | | | | | | |
| 14. Illinois | IL | L | 186,128 | 186,128 | | | | | | |
| 15. Indiana | IN | L | 106,151 | 106,151 | | | | | | |
| 16. Iowa | IA | L | 16,403 | 16,403 | | | | | | |
| 17. Kansas | KS | L | 12,475 | 12,475 | | | | | | |
| 18. Kentucky | KY | L | 22,691 | 22,691 | | | | | | |
| 19. Louisiana | LA | N | | | | | | | | |
| 20. Maine | ME | L | 19,869 | 19,869 | | | | | | |
| 21. Maryland | MD | L | 80,564 | 80,564 | | | | | | |
| 22. Massachusetts | MA | N | | | | | | | | |
| 23. Michigan | MI | L | 48,326 | 48,326 | | | | | | |
| 24. Minnesota | MN | L | 67,305 | 67,305 | | | | | | |
| 25. Mississippi | MS | N | | | | | | | | |
| 26. Missouri | MO | L | 44,951 | 44,951 | | | | | | |
| 27. Montana | MT | N | | | | | | | | |
| 28. Nebraska | NE | N | | | | | | | | |
| 29. Nevada | NV | L | 51,044 | 51,044 | | | | | | |
| 30. New Hampshire | NH | L | 36,055 | 36,055 | | | | | | |
| 31. New Jersey | NJ | L | 48,814 | 48,814 | | | | | | |
| 32. New Mexico | NM | N | | | | | | | | |
| 33. New York | NY | N | | | | | | | | |
| 34. North Carolina | NC | L | 8,492 | 8,492 | | | | | | |
| 35. North Dakota | ND | L | 24,059 | 24,059 | | | | | | |
| 36. Ohio | OH | L | 184,321 | 184,321 | | | | | | |
| 37. Oklahoma | OK | L | 40,678 | 40,678 | | | | | | |
| 38. Oregon | OR | L | 10,154 | 10,154 | | | | | | |
| 39. Pennsylvania | PA | L | 111,799 | 111,799 | | | | | | |
| 40. Rhode Island | RI | N | | | | | | | | |
| 41. South Carolina | SC | L | 12,852 | 12,852 | | | | | | |
| 42. South Dakota | SD | N | | | | | | | | |
| 43. Tennessee | TN | L | 41,102 | 41,102 | | | | | | |
| 44. Texas | TX | L | 151,607 | 151,607 | | | | | | |
| 45. Utah | UT | L | | | | | | | | |
| 46. Vermont | VT | N | | | | | | | | |
| 47. Virginia | VA | N | | | | | | | | |
| 48. Washington | WA | L | 50,163 | 50,163 | | | | | | |
| 49. West Virginia | WV | N | | | | | | | | |
| 50. Wisconsin | WI | N | | | | | | | | |
| 51. Wyoming | WY | N | | | | | | | | |
| 52. American Samoa | AS | N | | | | | | | | |
| 53. Guam | GU | N | | | | | | | | |
| 54. Puerto Rico | PR | N | | | | | | | | |
| 55. U.S. Virgin Islands | VI | N | | | | | | | | |
| 56. Northern Mariana Islands | MP | N | | | | | | | | |
| 57. Canada | CAN | N | | | | | | | | |
| 58. Aggregate other alien | OT | X X X | | | | | 240,000 | 2,002,000 | | |
| 59. Totals | (a) 33 | | 1,638,357 | 1,638,357 | | | 240,000 | 2,002,000 | | |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 58001. Unassigned | | X X X | | | | | 240,000 | 2,002,000 | | |
| 58002. | | X X X | | | | | | | | |
| 58003. | | X X X | | | | | | | | |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | | X X X | | | | | | | | |
| 58999. Totals (Line 58001 through Line 58003 plus Line 58998) (Line 58 above) | | X X X | | | | | 240,000 | 2,002,000 | | |

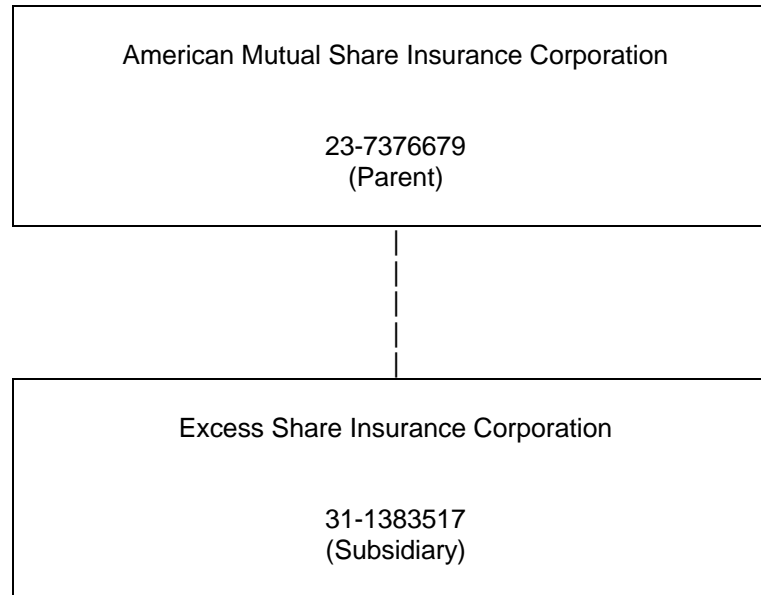
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Premiums are allocated to those states where the insured risks are located.

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Excess Share Insurance Corporation
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Property and Casualty

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