



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

Infinity Preferred Insurance Company

NAIC Group Code.....3495, 3495 (Current Period) (Prior Period)	NAIC Company Code..... 10195	Employer's ID Number..... 34-1785809
Organized under the Laws of Ohio	State of Domicile or Port of Entry Ohio	Country of Domicile US
Incorporated/Organized..... November 7, 1994		Commenced Business..... July 1, 1995
Statutory Home Office	1400 Provident Tower, One East Fourth Street..... Cincinnati OH 45202 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	3700 Colonnade Parkway, Suite 600..... Birmingham AL 35243-3216 205-870-4000 <i>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</i>	
Mail Address	P.O. Box 830189..... Birmingham AL 35283-0189 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	3700 Colonnade Parkway, Suite 600..... Birmingham AL 35243-3216 205-870-4000 <i>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</i>	
Internet Web Site Address	www.infinityauto.com	
Statutory Statement Contact	Rachelle Shealy Talley <i>(Name)</i> rachelle.talley@ipacc.com <i>(E-Mail Address)</i>	205-803-8326 <i>(Area Code) (Telephone Number) (Extension)</i> 205-803-8080 <i>(Fax Number)</i>

POLICYHOLDER SERVICES AND CLAIMS REPORTING: 1-800-477-5056

OFFICERS

Name	Title	Name	Title
Glen Nelson Godwin	President & CEO	Samuel James Simon	Senior Vice President & Secretary
Amy Kay Jordan #	Vice President & Treasurer/Controller		

OTHER

Troy Perry Ballard	Assistant Treasurer	Mary Linn Clark	Assistant Treasurer
Vicki Windham Daniell	Assistant Treasurer	James Henry Romaker	Assistant Secretary
Mitchell Silverman	Assistant Secretary	Roger Smith	Senior Vice President & CFO
Shelia Heldenbrand Williams	Vice President		

DIRECTORS OR TRUSTEES

James Randall Gober	Glen Nelson Godwin	Amy Kay Jordan #	Scott Christopher Pitrone
Samuel James Simon	Roger Smith	Shelia Heldenbrand Williams	

State of..... Alabama
County of..... Jefferson

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.

Glen Nelson Godwin

Samuel James Simon

Amy Kay Jordan

President & CEO

Senior Vice President & Secretary

Vice President & Treasurer/Controller

Subscribed and sworn to before me
This 22nd day of February, 2013

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 _____

My Commission Expires April 15, 2013

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	5,079,239		5,079,239	4,469,128
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....52,228, Schedule DA).....	52,228		52,228	62,237
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	5,131,467	0	5,131,467	4,531,365
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	17,545		17,545	26,477
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	90,543		90,543	94,526
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	69,039		69,039	
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	4,437		4,437	
18.2 Net deferred tax asset.....	46,883		46,883	43,544
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	5,359,914	0	5,359,914	4,695,912
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	5,359,914	0	5,359,914	4,695,912

DETAILS OF WRITE-INS

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

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	410,624	345,208
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	73,914	67,517
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	148,394	135,375
4. Commissions payable, contingent commissions and other similar charges.....	3,982	3,051
5. Other expenses (excluding taxes, licenses and fees).....	20,529	20,276
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,555	4,298
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		4,501
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	535,505	472,397
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 \$.....0 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.....	84,485	18,060
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	179	150
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,283,167	1,070,833
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,283,167	1,070,833
29. Aggregate write-ins for special surplus funds.....	0	1,729
30. Common capital stock.....	1,500,000	1,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	1,500,000	734,000
35. Unassigned funds (surplus).....	1,076,747	1,389,350
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	4,076,747	3,625,079
38. TOTALS (Page 2, Line 28, Col. 3).....	5,359,914	4,695,912

DETAILS OF WRITE-INS

2501. Accounts payable and other liabilities.....	179	150
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	179	150
2901. Additional admitted deferred tax assets.....		1,729
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	1,729
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

Annual Statement for the year 2012 of the **Infinity Preferred Insurance Company**
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	1,184,090	1,019,060
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	782,740	628,584
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	160,917	139,878
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	325,098	302,651
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	1,268,755	1,071,113
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(84,665)	(52,053)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	69,757	81,866
10. Net realized capital gains (losses) less capital gains tax of \$....193 (Exhibit of Capital Gains (Losses)).....	(193)	1,676
11. Net investment gain (loss) (Lines 9 + 10).....	69,564	83,542
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....2,654 amount charged off \$....24,041).....	(21,387)	(19,974)
13. Finance and service charges not included in premiums.....	66,393	61,992
14. Aggregate write-ins for miscellaneous income.....	25,755	20,062
15. Total other income (Lines 12 through 14).....	70,761	62,080
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	55,660	93,569
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).....	55,660	93,569
19. Federal and foreign income taxes incurred.....	23,331	35,884
20. Net income (Line 18 minus Line 19) (to Line 22).....	32,329	57,685
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	3,625,079	3,936,405
22. Net income (from Line 20).....	32,329	57,685
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	3,110	4,188
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	229	1,801
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.....	766,000	
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(350,000)	(375,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	451,668	(311,326)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	4,076,747	3,625,079
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Other fee income.....	26,715	20,692
1402. Miscellaneous income or (expense).....	(960)	(630)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	25,755	20,062
3701. Additional admitted deferred tax assets.....		1,729
3702. Reclassification of additional admitted deferred tax assets to special surplus funds.....		(1,729)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	1,251,181	1,045,156
2. Net investment income.....	73,423	96,074
3. Miscellaneous income.....	70,761	62,080
4. Total (Lines 1 through 3).....	1,395,365	1,203,310
5. Benefit and loss related payments.....	779,966	594,792
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	471,911	436,542
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.... 193 tax on capital gains (losses).....	32,462	35,514
10. Total (Lines 5 through 9).....	1,284,339	1,066,848
11. Net cash from operations (Line 4 minus Line 10).....	111,026	136,462
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,920,000	2,005,200
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,920,000	2,005,200
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,523,489	1,776,721
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,523,489	1,776,721
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(603,489)	228,479
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.....	766,000	
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	350,000	375,000
16.6 Other cash provided (applied).....	66,454	(78)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	482,454	(375,078)
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).....	(10,009)	(10,137)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	62,237	72,374
19.2 End of year (Line 18 plus Line 19.1).....	52,228	62,237

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....				.0
17.2 Other liability - claims-made.....				.0
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....	791,142	287,983	329,155	749,970
19.3, 19.4 Commercial auto liability.....	58,380	24,757	30,285	52,852
21. Auto physical damage.....	397,676	159,657	176,065	381,268
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....				.0
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	1,247,198	472,397	535,505	1,184,090

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical professional liability - occurrence.....					.0
11.2 Medical professional liability - claims-made.....					.0
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....					.0
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
17.3 Excess workers' compensation.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	329,155				329,155
19.3, 19.4 Commercial auto liability.....	30,285				30,285
21. Auto physical damage.....	176,065				176,065
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Warranty.....					.0
31. Reinsurance - nonproportional assumed property.....					.0
32. Reinsurance - nonproportional assumed liability.....					.0
33. Reinsurance - nonproportional assumed financial lines.....					.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	.0
35. TOTALS.....	535,505	0	0	0	535,505
36. Accrued retrospective premiums based on experience.....					.0
37. Earned but unbilled premiums.....					.0
38. Balance (sum of Lines 35 through 37).....					535,505

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....						0
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	331	791,142		331		791,142
19.3, 19.4 Commercial auto liability.....		58,380				58,380
21. Auto physical damage.....	(708)	397,676		(708)		397,676
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	(377)	1,247,198	0	(377)	0	1,247,198

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....				.0	2	4	(2)	
2.	Allied lines.....		25		25	3	1	27	
3.	Farmowners multiple peril.....				.0			.0	
4.	Homeowners multiple peril.....		257		257	512	479	290	
5.	Commercial multiple peril.....				.0			.0	
6.	Mortgage guaranty.....				.0			.0	
8.	Ocean marine.....				.0			.0	
9.	Inland marine.....				.0	6	6	.0	
10.	Financial guaranty.....				.0			.0	
11.1	Medical professional liability - occurrence.....				.0			.0	
11.2	Medical professional liability - claims-made.....				.0			.0	
12.	Earthquake.....				.0			.0	
13.	Group accident and health.....				.0			.0	
14.	Credit accident and health (group and individual).....				.0			.0	
15.	Other accident and health.....				.0			.0	
16.	Workers' compensation.....				.0			.0	
17.1	Other liability - occurrence.....		212		212	56	34	234	
17.2	Other liability - claims-made.....				.0			.0	
17.3	Excess workers' compensation.....				.0			.0	
18.1	Products liability - occurrence.....				.0			.0	
18.2	Products liability - claims-made.....				.0			.0	
19.1, 19.2	Private passenger auto liability.....	429,558	464,552	429,558	464,552	357,416	299,350	522,618	
19.3, 19.4	Commercial auto liability.....		29,658		29,658	40,848	36,834	33,672	
21.	Auto physical damage.....	3,537	222,620	3,537	222,620	11,781	8,500	225,901	
22.	Aircraft (all perils).....				.0			.0	
23.	Fidelity.....				.0			.0	
24.	Surety.....				.0			.0	
26.	Burglary and theft.....				.0			.0	
27.	Boiler and machinery.....				.0			.0	
28.	Credit.....				.0			.0	
29.	International.....				.0			.0	
30.	Warranty.....				.0			.0	
31.	Reinsurance - nonproportional assumed property.....	.XXX			.0			.0	
32.	Reinsurance - nonproportional assumed liability.....	.XXX			.0			.0	
33.	Reinsurance - nonproportional assumed financial lines.....	.XXX			.0			.0	
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	
35.	TOTALS.....	433,095	717,324	433,095	717,324	410,624	345,208	782,740	

DETAILS OF WRITE-INS

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

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 (Cols. 4 + 5 + 6 - 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 (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0		2		2	
2. Allied lines.....		2		2		1		3	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....		512		512				512	60
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0		6		6	
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....		32		32		24		56	2
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	566,178	183,856	566,178	183,856	(212)	173,560	(212)	357,416	114,274
19.3, 19.4 Commercial auto liability.....		18,923		18,923		21,925		40,848	12,857
21. Auto physical damage.....	(7,376)	(10,002)	(7,376)	(10,002)	(1,993)	21,783	(1,993)	11,781	21,201
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	558,802	193,323	558,802	193,323	(2,205)	217,301	(2,205)	410,624	148,394

DETAILS OF WRITE-INS

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

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

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.....	15,812			15,812
1.2 Reinsurance assumed.....	33,282			33,282
1.3 Reinsurance ceded.....	15,812			15,812
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	33,282	0	0	33,282
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		(37)		(37)
2.2 Reinsurance assumed, excluding contingent.....		158,403		158,403
2.3 Reinsurance ceded, excluding contingent.....		(37)		(37)
2.4 Contingent - direct.....		(5)		(5)
2.5 Contingent - reinsurance assumed.....		2,270		2,270
2.6 Contingent - reinsurance ceded.....		(5)		(5)
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	160,673	0	160,673
3. Allowances to manager and agents.....		4,294		4,294
4. Advertising.....		8,208		8,208
5. Boards, bureaus and associations.....	66	1,939		2,005
6. Surveys and underwriting reports.....	3,343	19,055		22,398
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	72,411	52,199		124,610
8.2 Payroll taxes.....	5,790	3,674		9,464
9. Employee relations and welfare.....	11,276	8,947		20,223
10. Insurance.....	387	152		539
11. Directors' fees.....				0
12. Travel and travel items.....	3,930	1,235		5,165
13. Rent and rent items.....	7,008	4,687		11,695
14. Equipment.....	2,078	3,092		5,170
15. Cost or depreciation of EDP equipment and software.....	10,007	9,201		19,208
16. Printing and stationery.....	549	1,670		2,219
17. Postage, telephone and telegraph, exchange and express.....	5,754	10,843		16,597
18. Legal and auditing.....	553	1,896		2,449
19. Totals (Lines 3 to 18).....	123,152	131,092	0	254,244
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		23,322		23,322
20.2 Insurance department licenses and fees.....	104	3,788		3,892
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....	139	435		574
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	243	27,545	0	27,788
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	4,240	5,788	8,448	18,476
25. Total expenses incurred.....	160,917	325,098	8,448	(a) 494,463
26. Less unpaid expenses - current year.....	148,394	27,307	2,758	178,459
27. Add unpaid expenses - prior year.....	135,375	26,223	1,402	163,000
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	147,898	324,014	7,092	479,004

DETAILS OF WRITE-INS

2401. Other expenses.....	4,240	5,788		10,028
2402. Investment expenses.....			8,448	8,448
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	4,240	5,788	8,448	18,476

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a) .....87,137	.....78,205
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)	
7. Derivative instruments.....	(f)	
8. Other invested assets.....		
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....87,137	.....78,205
11. Investment expenses.....		(g) .....8,448
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g)
13. Interest expense.....		(h)
14. Depreciation on real estate and other invested assets.....		(i) .....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....8,448
17. Net investment income (Line 10 minus Line 16).....		.....69,757

DETAILS OF WRITE-INS

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

- (a) Includes \$.....8,354 accrual of discount less \$.....1,732 amortization of premium and less \$.....892 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

DETAILS OF WRITE-INS

0901. ....			.....0		
0902. ....			.....0		
0903. ....			.....0		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....		229	229
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.0	229	229
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	.0	229	229

DETAILS OF WRITE-INS

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

NOTES TO FINANCIAL STATEMENTS

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Accounting Practices**

The financial statements of Infinity Preferred Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio.

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

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

C. Accounting Policies

Invested asset values are generally stated as follows:

Bonds are stated at amortized cost using the interest method.

Short-term investments are stated at amortized cost.

Unpaid Losses and Loss Adjustment Expense Reserves - The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses and development on reported losses based on past experience net of salvage and subrogation recoveries; and (d) estimates based on experience of expenses for investigating and adjusting claims. The total of these factors is reduced for portions ceded to other insurers. All such estimates are based on the current state of the law and coverage litigation, which could change substantially by the time claims are settled. These liabilities are subject to the impact of changes in claim amounts, frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses ("LAE") are adequate. Changes in estimates of the liabilities for losses and LAE are reflected in the statement of income in the period in which determined.

Premium Deficiency Reserve - The Company uses anticipated investment income as a factor in the premium deficiency calculation.

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

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

2.) ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

1. During 2012, the Company corrected its accounting related to the cession of premium and losses to the intercompany pool to be consistent with the provision of SSAP No. 63 (see Note 26 for information on the Intercompany Pooling Arrangement). As a result, the Company has begun recording an amount recoverable from reinsurers and ceded reinsurance premiums payable. There was no impact to surplus from this correction.

3.) BUSINESS COMBINATIONS AND GOODWILL

- A. Statutory Purchase Method - The Company does not have any unamortized goodwill reported as a component of an investment.
- B. Statutory Merger - The Company was not a party to any merger transactions during 2012.
- C. Impairment Loss - Not applicable.

4.) DISCONTINUED OPERATIONS

The Company did not have any discontinued operations during 2012.

5.) INVESTMENTS

- A. Mortgage Loans - The Company does not have any investment in mortgage loans.
- B. Debt Restructuring - The Company does not hold any investments involved in debt restructuring.
- C. Reverse Mortgages - The Company does not invest in reverse mortgages.
- D. Loan-Backed Securities
 1. Prepayment assumptions used are derived by the Securities Industry and Financial Markets Association (SIFMA) and Interactive Data Corporation (IDC). Effective yields are determined at the date of purchase, while significant changes in estimated cash flow from the original prepayment assumptions are accounted for on a prospective basis.
 2. The Company does not invest in loan-backed securities.
 3. None.
 4. None.

NOTES TO FINANCIAL STATEMENTS

5. The determination of whether unrealized losses on investments are other-than-temporary requires judgement based on subjective as well as objective factors. Factors considered and resources used by management include:
- whether the unrealized loss is credit-driven or a result of changes in market interest rates;
 - the length of time the security's market value has been below its amortized cost (bonds) or cost (unaffiliated common stocks);
 - the extent to which fair value is less than amortized cost (bonds) or cost (unaffiliated common stocks) basis;
 - the intent to sell the security;
 - whether it is more likely than not that there will be a requirement to sell the security before its anticipated recovery;
 - historical operating, balance sheet and cash flow data contained in issuer's SEC filings;
 - issuer news releases;
 - near-term prospects for improvement in the issuer and/or its industry;
 - industry research and communications with industry specialists; and
 - third-party research and credit rating reports.

E. Repurchase Agreements and/or Securities Lending Transactions - The Company does not participate in repurchase agreements or securities lending transactions.

F. Real Estate - The Company does not have any real estate investments.

G. Low-Income Housing Tax Credits - The Company does not have investments in low-income housing tax credits.

6.) JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Impairment - Not applicable.

7.) INVESTMENT INCOME

The Company did not exclude any due and accrued income from surplus at December 31, 2012.

8.) DERIVATIVE INSTRUMENTS

The Company's investment objectives do not include holding or issuing derivative financial instruments.

9.) INCOME TAXES

A. The amount of gross deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") comprising net DTAs/(DTLs) is shown below as well as admitted, nonadmitted, and change in nonadmitted DTAs:

1.

	2012			2011			Change		
	(1) Ordinary	(2) Capital	(3) Total	(4) Ordinary	(5) Capital	(6) Total	(7) Ordinary	(8) Capital	(9) Total
(a) Gross Deferred Tax Assets	\$ 55,803	\$ 0	\$ 55,803	\$ 51,179	\$ 0	\$ 51,179	\$ 4,624	\$ 0	\$ 4,624
(b) Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	55,803	0	55,803	51,179	0	51,179	4,624	0	4,624
(d) Deferred Tax Assets Nonadmitted	0	0	0	229	0	229	(229)	0	(229)
(e) Subtotal Net Deferred Tax Assets (1c - 1d)	55,803	0	55,803	50,950	0	50,950	4,853	0	4,853
(f) Deferred Tax Liabilities	5,393	3,527	8,920	3,786	3,620	7,406	1,607	(93)	1,514
(g) Net Admitted Deferred Tax Assets/(Net Deferred Tax Liability) (1e - 1f)	\$ 50,410	\$ (3,527)	\$ 46,883	\$ 47,164	\$ (3,620)	\$ 43,544	\$ 3,246	\$ 93	\$ 3,339

NOTES TO FINANCIAL STATEMENTS2. Admission Calculation Components
SSAP No. 101

	2012		
	(1) Ordinary	(2) Capital	(3) Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 49,520	\$ 0	\$ 49,520
(b) Adjusted Gross Deferred Tax Assets Expected to Be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) Above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	989	0	989
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	989	0	989
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	xxx	xxx	604,480
(c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from 2(a) and 2(b) Above) Offset by Gross Deferred Tax	5,294	0	5,294
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101. Total (2(a) + 2(b) +2(c))	\$ 55,803	\$ 0	\$ 55,803

	2011		
	(4) Ordinary	(5) Capital	(6) Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 42,863	\$ 0	\$ 42,863
(b) Adjusted Gross Deferred Tax Assets Expected to Be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) Above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	681	0	681
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	681	0	681
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	xxx	xxx	537,230
(c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from 2(a) and 2(b) Above) Offset by Gross Deferred Tax	7,406	0	7,406
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) +2(c))	\$ 50,950	\$ 0	\$ 50,950

	Change		
	(7) Ordinary	(8) Capital	(9) Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 6,657	\$ 0	\$ 6,657
(b) Adjusted Gross Deferred Tax Assets Expected to Be Realized (Excluding the Amount of Deferred Tax Assets from 2(a) Above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	308	0	308
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	308	0	308
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	xxx	xxx	67,250
(c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from 2(a) and 2(b) Above) Offset by Gross Deferred Tax	(2,112)	0	(2,112)
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) +2(c))	\$ 4,853	\$ 0	\$ 4,853

3. Other Admissibility Criteria

	2012	2011
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	5345%	5270%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	\$ 4,029,864	\$ 3,581,535

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

	2012		
	(1) Ordinary	(2) Capital	(3) Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

	2011		
	(4) Ordinary	(5) Capital	(6) Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

	Change		
	(7) Ordinary	(8) Capital	(9) Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%

(c) Does the Company's tax-planning strategies include the use of reinsurance? Yes [] No [X]

B. The Company has recognized all deferred tax liabilities.

C. Current Tax and Change in Deferred Tax

1. Current income tax:

	(1) 2012	(2) 2011	(3) Change
(a) Federal	\$ 23,370	\$ 35,884	\$ (12,514)
(b) Foreign	0	0	0
(c) Subtotal	23,370	35,884	(12,514)
(d) Federal income tax on net capital gains	193	2,617	(2,424)
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	(39)	0	(39)
(g) Federal and Foreign income taxes incurred	\$ 23,524	\$ 38,501	\$ (14,977)

NOTES TO FINANCIAL STATEMENTS

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

2. Deferred Tax Assets:

	(1) 2012	(2) 2011	(3) Change
(a) Ordinary:			
(1) Discounting of unpaid losses	\$ 9,293	\$ 9,173	\$ 120
(2) Unearned premium reserve	37,485	33,068	4,417
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Deferred acquisition costs	0	0	0
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	0	0	0
(8) Compensation and benefits accrual	6,149	6,099	50
(9) Pension accrual	0	0	0
(10) Receivables - nonadmitted	0	0	0
(11) Net operating loss carry-forward	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items <5% of total ordinary tax assets)	2,876	2,839	37
(99) Subtotal	55,803	51,179	4,624
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	0	229	(229)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	55,803	50,950	4,853
(e) Capital:			
(1) Investments	0	0	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	0	0	0
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets (2e99-2f-2g)	0	0	0
(i) Admitted deferred tax assets (2d+2h)	\$ 55,803	\$ 50,950	\$ 4,853

3. Deferred Tax Liabilities:

	(1) 2012	(2) 2011	(3) Change
(a) Ordinary:			
(1) Investments	\$ 5,156	\$ 3,520	\$ 1,636
(2) Fixed assets	0	0	0
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax assets)	9	0	9
(6) Discount of accrued salvage and subrogation	228	266	(38)
(99) Subtotal	5,393	3,786	1,607
(b) Capital:			
(1) Investments	3,527	3,620	(93)
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	3,527	3,620	(93)
(c) Deferred tax liabilities (3a99+3b99)	\$ 8,920	\$ 7,406	\$ 1,514

4. Net Deferred Tax Assets/Liabilities:

	(1) 2012	(2) 2011	(3) Change
Net Deferred Tax Assets/Liabilities (2i-3c)	\$ 46,883	\$ 43,544	\$ 3,339

NOTES TO FINANCIAL STATEMENTS**D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

The Company's income tax expense and change in deferred income taxes differs from the amount obtained by applying the federal statutory rate of 35% to net income after dividends to policyholders. The significant items causing this difference are as follows:

	2012	Effective Tax Rate (%)
Income taxes at the statutory rate	\$ 19,548	35.0%
(Over) under accrual of prior year tax	(5)	0.0%
Non-admitted assets	0	0.0%
Tax exempt interest deduction	0	0.0%
Valuation allowance for capital loss carryforward	0	0.0%
Other	871	1.5%
Securities	0	0.0%
Total	\$ 20,414	36.5%
Federal and foreign income taxes incurred	\$ 23,331	41.8%
Current taxes on realized capital gains	193	0.3%
Change in net deferred income taxes excluding unrealized	(3,110)	-5.6%
Total statutory income taxes	\$ 20,414	36.5%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- At December 31, 2012, the Company had \$0 of net capital loss carryforward.
- The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

Year	Amount
2012	\$ 23,563
2011	\$ 38,462

- The Company did not have any protective tax deposits admitted under section 6603 of the Internal Revenue Service Code.
- The Company's federal income tax return is consolidated.
- The Company's federal income tax return is consolidated with the following entities:

Atlanta Casualty Group, Inc.	Budget Insurance Premiums, Inc.
Granite Finance Co., Inc.	Hillstar Insurance Company
Infinity Agency of Texas, Inc.	Infinity Assurance Insurance Company
Infinity Auto Insurance Company	Infinity Casualty Insurance Company
Infinity Group, Inc. (The)	Infinity Indemnity Insurance Company
Infinity Insurance Company	Infinity Preferred Insurance Company
Infinity Premier Insurance Company	Infinity Property and Casualty Corporation
Infinity Property and Casualty Services, Inc.	Infinity Reserve Insurance Company
Infinity Safeguard Insurance Company	Infinity Security Insurance Company
Infinity Select Insurance Company	Infinity Standard Insurance Company
Leader Group, Inc.	Leader Managing General Agency, Inc.
Windsor Group, Inc.	

- The Company is included in the consolidated federal income tax return filed by Infinity Property and Casualty Corporation ("IPCC").

The method of allocation among the affiliated companies is subject to a written agreement that covers all periods in which the companies are included in the consolidated federal income tax return filed by IPCC. The agreement states that each subsidiary agrees to pay IPCC an amount of tax equal to its allocated share of the consolidated federal income tax liability based on the rules provided by the Internal Revenue Code of 1986, as amended. IPCC agrees to pay each subsidiary for the tax benefit, if any, of losses that are utilized by other members included in the consolidated federal income tax return.

10.) INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- The Company is an indirect wholly owned subsidiary of IPCC; 100% of the outstanding stock of the Company is directly owned by Infinity Insurance Company ("Infinity"). See Schedule Y, Part 1, Organizational Chart.

B. Detail of Transactions Greater Than 1/2% of Admitted Assets

The Company paid an ordinary dividend of \$375,000 to Infinity in cash on December 22, 2011. The Company paid an ordinary dividend of \$350,000 to Infinity in cash on December 26, 2012.

The Company received a contribution of capital of \$766,000 on September 25, 2012 in cash from Infinity.

C. Change in Terms of Intercompany Arrangements - None**D. Amounts Due To or From Related Parties**

At December 31, 2012 and December 31, 2011, the Company had payables due to Infinity of \$84,485 and \$18,060, respectively. Each balance was as a result of the intercompany reinsurance pooling agreement described in Note 26.

NOTES TO FINANCIAL STATEMENTS

- E. Guarantees or Contingencies for Related Parties - The Company has not made any guarantees or undertakings for the benefit of an affiliate or related party that result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. Certain administrative, management, accounting, data processing, underwriting, claim and collection services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or its affiliates.
- G. All outstanding shares of the Company are owned by Infinity.
- H. The Company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.
- I. The Company has no investment in a subsidiary, controlled or affiliated company that exceeds 10% of its admitted assets.
- J. Impairment - Not applicable.
- K. Investment in Foreign Insurance Subsidiary - Not applicable.
- L. Investment in Downstream Non-Insurance Holding Company - Not applicable.

11.) DEBT

- A. The Company does not have any capital note obligations.
- B. The Company does not have any Federal Home Loan Bank agreements.

12.) RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

- A. Defined Benefit Plans - The Company does not have any defined benefit plans.
- B. Defined Contribution Plans - The Company does not have any defined contribution plans.
- C. Multiemployer Plans - The Company does not have any multiemployer plans.
- D. Consolidated / Holding Company Plans

Employee Retirement Plan

All employees meeting minimum requirements regarding service are eligible to participate in the Infinity Property and Casualty Corporation's ("Parent") 401(k) Retirement Plan ("the Plan") for the benefit of employees of the Parent and its participating subsidiaries. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has two types of contributions, including 401(k) Contributions made by participating employees and Contributions made by the Company. Participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. The Parent also has a Supplemental Executive Retirement Plan ("SERP") for a select group of management or highly compensated employees. The SERP enables eligible employees to receive additional retirement contributions from the Company that are precluded by law due to limitations of a qualified retirement plan. SERP costs are funded as they accrue and vested benefits are fully funded. Matching Contributions to the SERP are subject to the discretion of the Parent, and the Company has no liability for future contributions to the SERP. The Company's share of the expense for the Plan and the SERP during 2012 was \$4,549.

Postretirement Benefit Plan

The Company provides postretirement benefits to employees based on date of retirement, age, and service requirements through plans sponsored by the Parent. The retiree medical care plan is a contributory plan. Some employees pay the full cost of retiree medical coverage as outlined by the plan. The Company paid the full cost of life insurance coverage in 2012 for retirees eligible for this coverage. The Parent has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.

The Company accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2012, the Company's accumulated postretirement benefit obligation ("APBO") was \$4,036 using a discount rate of 3.30% of which \$4,036 is currently accrued. Net postretirement benefits costs for the year ended December 31, 2012, were \$153 which includes administrative cost, service cost and interest cost.

Health care costs are assumed to increase at a rate of 8.0% for 2013, 7.0% for 2014-2015, 6.0% for 2016-2035 followed by a declining rate of increase. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the APBO at December 31, 2012 by \$389.

- E. Postemployment Benefits and Compensated Absences

The Company has accrued for postemployment benefits and compensated absences in accordance with SSAP No. 11.

- F. Impact of Medicare Modernization Act on Postretirement Benefits

During 2006, IPCC determined that the benefits provided under the plan described in Note 12D were actuarially equivalent to those benefits provided by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA"). IPCC did not reflect the government subsidy provided by the MMA in the calculation of the APBO as of December 31, 2012 other than as reflected in the insured over 65 rates going forward.

13.) CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- A. The Company has 25,000 shares of common stock authorized, of which 12,000 shares are issued and outstanding with a par value of \$125 per share.
- B. The Company has no preferred stock outstanding.
- C. The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the state of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance, is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which may be paid in 2013 based on policyholders' surplus is \$407,674.
- D. The Company paid an ordinary dividend of \$350,000 to Infinity in cash on December 26, 2012.

NOTES TO FINANCIAL STATEMENTS

- E. Within the limitations of (C) above, there are no specific restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- F. There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E. These unassigned funds are held for the benefit of the owner and policyholders.
- G. Mutual Surplus Advance - Not applicable.
- H. No stock of the Company or its affiliates is held by the Company for special purposes.
- I. Special Surplus Funds
The Company does not have any special surplus funds as of December 31, 2012. The balance at December 31, 2011 in the amount of \$1,729 due to the adoption of SSAP 10R, ¶10.e has been eliminated.
- J. The portion of unassigned funds reduced by cumulative unrealized gains and losses is \$0 at the end of 2012.
- K. The Company does not have any surplus debentures or similar obligations.
- L. and M. Quasi-Reorganizations - Not applicable.

14.) CONTINGENCIES

- A. Contingent Commitments – The Company does not have any contingent commitments.
1. The Company does not have any contingent commitments.
 2. Detail of Other Contingent Commitments

(1) Nature and Circumstances of Guarantee and Key Attributes, Including Date and Duration of Agreement	(2) Liability Recognition of Guarantee	(3) Ultimate Financial Statement Impact if Action Under the Guarantee is Required	(4) Maximum Potential Amount of Future Payments the Guarantor Could be Required to Make	(5) Current Status of Payment or Performance Risk of Guarantee
NONE				
Total				

3. Summary of Detail in 14A2

(1) Description	(2) Amount
(a) Aggregate maximum potential amount of future payments guarantor could be required to make	\$ 0
(b) Current liability recognized in financial statements:	
(1) Noncontingent liabilities	0
(2) Contingent liabilities	0
(c) Ultimate financial statement impact if action under guarantee required	
(1) Investments in SCA	0
(2) Joint venture	0
(3) Dividends to Stockholder (capital contribution)	0
(4) Expense	0
(5) Other	0
(6) Total	\$ 0

- B. Assessments

The Company receives notification of insolvency of other insurance companies from state insurance departments or guaranty funds. These insolvencies could result in future assessments against the Company. At this time the Company is unable to estimate the possible amounts, if any, of such assessments. Accordingly, the Company is unable to determine the impact, if any, such assessments may have on the Company's financial position or results of operations.

- C. Gain Contingencies - The Company does not have any gain contingencies.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits - None

NOTES TO FINANCIAL STATEMENTS

E. Product Warranties – Not applicable.

F. All Other Contingencies

Various lawsuits against the Company have arisen in the ordinary course of the Company's business. The Company's management believes that contingent liabilities arising from such litigation and other matters will not have a material effect on the financial position or results of operations of the Company.

15.) LEASES

A. Lessee Leasing Arrangements – Not applicable.

B. Lessor Leasing Arrangements – Not applicable.

16.) INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not have any financial instruments with off-balance sheet risk or concentrations of credit risk.

17.) SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. The Company did not sell any receivable balances during 2012.

B. Transfer and Servicing of Financial Assets - Not applicable.

C. Wash Sales - The Company was not involved in any wash sale transactions during 2012.

18.) GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company does not serve as an administrator for uninsured accident and health plans or uninsured portions of partially insured plans.

19.) DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

The Company did not have any direct premium written by a managing general agent or third party administrator.

20.) FAIR VALUE MEASUREMENTS

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurement by Level 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy. The three-level fair value hierarchy is based on the degree of subjectivity in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Fair value measurements are based on quoted prices in active markets for identical assets. This category includes U.S Treasury securities and an exchange-traded fund that makes up the majority of the Company's equity portfolio.

Level 2 - Fair value measurements are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant techniques are observable in active markets. This category includes bonds and common stocks which are not exchange-traded.

Level 3 - Fair value measurements are based on valuations derived from valuation techniques in which one or more significant inputs are unobservable in the marketplace. This category includes bonds for which there is no active or inactive market for similar instruments, bonds whose fair value is determined based on unobservable inputs and bonds, other than those backed by the U.S. Government, that are not rated by a nationally recognized statistical rating organization.

The Company values all assets and liabilities at amortized cost.

2. Rollforward of Level 3 Items – Not Applicable.

3. Policy on Transfers Into and Out of Level 3 – Not Applicable.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Value

Fair value measurements categorized within Level 2 and Level 3 are generally obtained from the Securities Valuation Office of the National Association of Insurance Commissioners or from Interactive Data Corporation (IDC), a global provider of financial market data and related services to financial institutions. Should IDC not price a bond, fair value information is obtained from the Company's investment managers, custodial bank, Bloomberg or calculated by the Company using available market data.

Broker quotes are obtained either through IDC, as part of the normal pricing process or by request from an investment manager or custodial bank who have relationships with nationally-known brokers.

The Company's procedures for validating market prices obtained from third parties include, but are not limited to, periodic review of model pricing methodologies and periodic testing of sales activity to determine if there are any significant differences between the market price used to value the instrument as of the balance sheet date and the sales price of the instrument for sales that occurred around the balance sheet date.

B. Other Fair Value Disclosures – Not Applicable.

NOTES TO FINANCIAL STATEMENTS

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 5,264,650	\$ 5,131,467	\$ 5,264,650	\$ 0	\$ 0	\$ 0

D. Financial Instruments for Which Not Practicable to Estimate Fair Values – Not Applicable

21.) OTHER ITEMS

- A. Extraordinary Items - Not applicable.
- B. Troubled Debt Restructuring: Debtors - Not applicable.
- C. Other Disclosures – None.
- D. At the end of the current and prior year, the Company had admitted assets of \$90,543 and \$94,526, respectively, in premiums receivable. The current amount is due from Infinity under the Company's participation in the intercompany pooling arrangement as described in Note 26.
- E. Business Interruption Insurance Recoveries - Not applicable.
- F. State Transferable and Non-transferable Tax Credits - Not applicable.
- G. Subprime Mortgage Related Risk Exposure
- The Company does not engage in direct subprime residential or other mortgage lending. There were no impairment write downs taken during 2012 and no realized gains or losses recognized on sales of investments with subprime exposure.
 - Directly Held Subprime Mortgage Loans - The Company does not have any risk exposure through direct investment in subprime mortgage loans.
 - Direct Exposure Through Other Investments – The Company does not have direct exposure to subprime mortgage related risk through any other type investments.
 - Subprime Underwriting Exposure - The Company does not write Mortgage Guaranty or Financial Guaranty insurance coverage.

22.) EVENTS SUBSEQUENT

Subsequent events have been considered through February 22, 2013 for the statutory statement issued on December 31, 2012. There have not been any subsequent events which may have a material effect on the financial condition of the Company.

23.) REINSURANCE

A. Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate reinsurance recoverable that exceeds 3% of its policyholder surplus due from Infinity (NAIC Group Code 3495, Federal Employer Identification Number 31-0943862) in the amount of \$739,826 as a result of the intercompany reinsurance pooling agreement described in Note 26.

B. Reinsurance Recoverable in Dispute - The Company does not have any reinsurance recoverable on losses in dispute that individually exceed 5% or in the aggregate exceed 10% of its policyholder surplus.

C. Reinsurance Assumed and Ceded

- The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2012, of all reinsurance agreements is as follows:

	ASSUMED		CEDED		NET	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
(a) Affiliates	\$ 535,505	\$ 67,206	\$ 0	\$ 0	\$ 535,505	\$ 67,206
(b) All Other	0	0	0	0	0	0
(c) Totals	\$ 535,505	\$ 67,206	\$ 0	\$ 0	\$ 535,505	\$ 67,206
(d) Direct Unearned Premium Reserve	\$ 0					

- Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at the end of the current year are as follows:

Description	Direct	Assumed	Ceded	Net
(a) Contingent Commissions	\$ 0	\$ 2,120	\$ 0	\$ 2,120
(b) Sliding Scale Adjustments	0	0	0	0
(c) Other Profit Commission Agreements	0	0	0	0
(d) Totals	\$ 0	\$ 2,120	\$ 0	\$ 2,120

- The Company does not use protected cells as an alternative to traditional reinsurance.
- D. Uncollectible Reinsurance – None.
- E. Commutation of Ceded Reinsurance - The Company did not commute any ceded reinsurance treaties during 2012.
- F. Retroactive Reinsurance - Not applicable.

NOTES TO FINANCIAL STATEMENTS

- G. Reinsurance Accounted for as a Deposit - Not applicable.
- H. Disclosures for the Transfer of Property and Casualty Run-off Agreements – Not applicable.
- I. Certified Reinsurance Downgraded or Status Subject to Revocation – Not applicable.

24.) RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company does not have any retrospective reinsurance agreements in force.

25.) CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides an analysis of the change in loss and LAE reserves net of reinsurance recoverables (in thousands):

	2012	2011
Balance at beginning of period	\$ 481	\$ 461
Loss and LAE incurred:		
Current accident year	927	764
Prior accident years	17	5
	944	769
Loss and LAE payments made for:		
Current accident year	(555)	(460)
Prior accident years	(311)	(289)
	(866)	(749)
Balance at end of period	\$ 559	\$ 481

Reserves as of December 31, 2011 were \$481,000. As of December 31, 2012, \$311,000 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$187,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Private Passenger Auto and Commercial Auto lines of insurance. As a result, there has been a \$17,000 unfavorable prior year development during 2012 as compared to a \$5,000 unfavorable development during 2011. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. See table below for the effect resulting from the inclusion of extra-contractual obligations.

Beginning in 2005, losses and expenses associated with extra-contractual obligations were reflected in the underwriting section of the income statement. The following table reflects the effect to Schedule P of the extra-contractual obligations (in thousands):

Year	Payments for Loss and LAE	Outstanding Loss and LAE	Loss and LAE Incurred
Prior	\$ 0	\$ 0	\$ 0
2003	10	0	10
2004	3	0	3
2005	4	0	4
2006	2	0	2
2007	2	0	2
2008	0	0	0
2009	1	1	2
2010	0	0	0
2011	0	0	0
2012	0	0	0
	\$ 22	\$ 1	\$ 23

26.) INTERCOMPANY POOLING ARRANGEMENTS

The Company and its insurance affiliates maintain an intercompany reinsurance pooling agreement with the Company's parent, Infinity. The effect is to transfer all direct insurance liabilities of the pool members to Infinity and to cede specified percentages of the net underwriting results of Infinity to the participating pool members as follows:

Company	NAIC Company Code	Participation Percentage
Infinity Insurance Company	22268	98.9%
Hillstar Insurance Company	10068	0.10%
Infinity Assurance Insurance Company	39497	0.10%
Infinity Auto Insurance Company	11738	0.10%
Infinity Casualty Insurance Company	21792	0.10%
Infinity Indemnity Insurance Company	10061	0.10%
Infinity Preferred Insurance Company	10195	0.10%
Infinity Reserve Insurance Company	10968	0.10%
Infinity Safeguard Insurance Company	16802	0.10%
Infinity Security Insurance Company	38873	0.10%
Infinity Select Insurance Company	20260	0.10%
Infinity Standard Insurance Company	12599	0.10%

NOTES TO FINANCIAL STATEMENTS

The Company's net underwriting results are determined after making cessions to various other non-affiliated reinsurers under terms of other reinsurance agreements. Substantially all of these cessions are made subsequent to the pooling of business from the pool members to Infinity. There are no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and the corresponding entries on the assumed and ceded reinsurance schedules of other pool participants. The Provision for Reinsurance (Schedule F, Part 7), if any, is recorded by Infinity and is not shared with the other pool participants. Uncollectible reinsurance balances which are written off are subject to the terms of the pooling agreement.

Amounts due between Infinity and all affiliated entities participating in the intercompany pooling arrangement in accordance with SSAP 63 as of December 31, 2012 are as follows:

Company	Assumed Loss and LAE Reinsurance	Assumed Agent's Balances	Ceded Loss and LAE Reinsurance	Ceded Agent's Balances
Infinity Insurance Company	\$ 813,054	\$ (995,973)	\$ (41,751,073)	\$ 51,316,437
Hillstar Insurance Company	(73,914)	90,543	2,608,713	(1,031,448)
Infinity Assurance Insurance Company	(73,914)	90,543	3,003,122	(4,352,928)
Infinity Auto Insurance Company	(73,914)	90,543	24,411,367	(29,360,774)
Infinity Casualty Insurance Company	(73,914)	90,543	789,596	(1,281,003)
Infinity Indemnity Insurance Company	(73,914)	90,543	5,128,363	(8,527,316)
Infinity Preferred Insurance Company	(73,914)	90,543	69,039	0
Infinity Reserve Insurance Company	(73,914)	90,543	3,569	0
Infinity Safeguard Insurance Company	(73,914)	90,543	292,398	(417,118)
Infinity Security Insurance Company	(73,914)	90,543	5,232	0
Infinity Select Insurance Company	(73,914)	90,543	3,864,351	(5,296,940)
Infinity Standard Insurance Company	(73,914)	90,543	1,575,323	(1,048,910)

27.) STRUCTURED SETTLEMENTS

A. The Company has not purchased any annuities under which it is owner and payee to fund future payments that are fixed.

B. Not applicable.

28.) HEALTH CARE RECEIVABLES

Not applicable.

29.) PARTICIPATING POLICIES

Not applicable.

30.) PREMIUM DEFICIENCY RESERVES

The Company does not have any premium deficiency reserves. The Company uses anticipated investment income as a factor in the premium deficiency calculation. The need for a premium deficiency reserve was evaluated on January 31, 2013.

31.) HIGH DEDUCTIBLES

The Company does not write any high deductible policies.

32.) DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount liabilities for unpaid losses or unpaid LAE.

33.) ASBESTOS / ENVIRONMENTAL RESERVES

The Company does not have any exposure for asbestos or environmental claims.

34.) SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal exchange, and accordingly, has nothing to report.

35.) MULTIPLE PERIL CROP INSURANCE

The Company does not write multiple peril crop insurance.

36.) FINANCIAL GUARANTY INSURANCE

The Company does not write financial guaranty insurance.

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: 12/31/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006
- 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). 12/15/2007
- 3.4 By what department or departments? Ohio
-
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [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]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Co. Code | 3
State of Domicile |
|---------------------|--------------------|------------------------|
| Not Applicable | | |
- 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: Not Applicable
-
- 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(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| Not Applicable | |
- 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. Not Applicable
-
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| Not Applicable | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? Ernst & Young LLP, 1901 Sixth Avenue North - Suite 1200, Birmingham, Alabama 35203
-
- 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: Not Applicable
-
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: Not Applicable
-
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain. Not Applicable
-
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? Martha A. Winslow, FCAS, MAAA, Senior Consultant of Towers Watson, 8400 Normandale Lake Blvd., Suite 1700, Minneapolis, Minnesota 55437

GENERAL INTERROGATORIES

- 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
 Not Applicable
-
- 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value
- 12.2 If yes, provide explanation.
 Not Applicable
-
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 Not Applicable
-
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 The code of ethics has been amended to reflect new Corporate Governance Hotline procedures.
-
- 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).
 Not Applicable
-
- 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, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount
	Not Applicable		

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$.....0
 20.12 To stockholders not officers \$.....0
 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$.....0
 20.22 To stockholders not officers \$.....0
 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others
 21.22 Borrowed from others
 21.23 Leased from others
 21.24 Other
 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment
 22.22 Amount paid as expenses
 22.23 Other amounts paid
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount.

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 []

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.02 If no, give full and complete information relating thereto.
Not Applicable

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The Company does not have any security lending programs.

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

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

24.08 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 reinvested 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 \$.....0

25.22 Subject to reverse repurchase agreements \$.....0

25.23 Subject to dollar repurchase agreements \$.....0

25.24 Subject to reverse dollar repurchase agreements \$.....0

25.25 Pledged as collateral \$.....0

25.26 Placed under option agreements \$.....0

25.27 Letter stock or securities restricted as to sale \$.....0

25.28 On deposit with state or other regulatory body \$.....158,963

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Not Applicable		

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	One Wall Street, New York, New York 10286

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)
Not Applicable		

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
Not Applicable			

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Not Applicable	Wellington Management Company	280 Congress Street, Boston, MA 02210

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
Not Applicable		
29.2999. TOTAL		0

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
Not Applicable			

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	5,131,467	5,264,650	133,183
30.2 Preferred stocks.....			0
30.3 Totals.....	5,131,467	5,264,650	133,183

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

Generally, market values for publicly traded bonds not available from the Securities Valuation Office of the National Association of Insurance Commissioners are obtained from Interactive Data Corporation (IDC), a global provider of financial market data and related services to financial institutions. Should IDC not price a bond, fair value information is obtained from Infinity's investment managers, custodial bank, Bloomberg or calculated by Infinity using available market data.

- 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 [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 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.
Not Applicable
- 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:
Not Applicable

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....1,301
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Automobile Insurance Plans Service Office	472

- 34.1 Amount of payments for legal expenses, if any? \$.....1,530
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
None	

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

1	2
Name	Amount Paid
Not Applicable	

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:
Not Applicable

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....0	\$.....0
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....0	\$.....0
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 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:

- 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?
Not Applicable - Line of Business not written.

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company utilizes historical catastrophe loss data to estimate the Company's probable maximum loss (PML) in areas where there is a concentration of automobiles insured. The Company's PML is limited since auto comprehensive is the primary property coverage sold. The Company used Risklink 11.0 SP3 and AIR CLASIC/2 version 14.0 to estimate its PML.

- 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, as a wholly owned subsidiary of Infinity Insurance Company, was covered under a catastrophe reinsurance agreement that provided \$25 million of coverage in excess of the first \$5 million of loss for an event. See Note 26 in the Notes to Financial Statements for information regarding the intercompany pooling agreement.

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:
Not Applicable

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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 []
- 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:
Not Applicable
-
- 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 prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its 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 [X] No []
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
Not Applicable
-
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] 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 a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit
 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,100
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.1

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Not Applicable

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:
Not Applicable

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]
 15.2 If yes, give full information:
Not Applicable

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: Not Applicable

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

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

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:
 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
 17.19 Unfunded portion of Interrogatory 17.18
 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
 17.21 Case reserves portion of Interrogatory 17.18
 17.22 Incurred but not reported portion of Interrogatory 17.18
 17.23 Unearned premium portion of Interrogatory 17.18
 17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [] No [X]
 18.2 If yes, please provide the amount of custodial funds held as of the reporting date.
 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
 18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	849,853	991,003	2,400,584	3,601,986	5,880,728
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	396,968	512,223	1,210,911	2,000,704	3,352,105
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,246,821	1,503,226	3,611,495	5,602,690	9,232,833
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	849,522	719,849	636,763	549,866	565,923
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	397,676	356,127	310,106	294,003	326,167
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	1,247,198	1,075,976	946,869	843,869	892,090
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(84,665)	(52,053)	26,279	48,334	23,615
14. Net investment gain (loss) (Line 11).....	69,564	83,542	106,903	173,917	224,942
15. Total other income (Line 15).....	70,761	62,080	59,803	48,807	46,303
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	23,331	35,884	69,076	103,685	80,909
18. Net income (Line 20).....	32,329	57,685	123,909	167,373	213,951
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	5,359,914	4,695,912	4,907,537	4,878,258	5,450,736
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	90,543	94,526	63,706	55,940	52,365
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	1,283,167	1,070,833	971,132	949,792	990,634
22. Losses (Page 3, Line 1).....	410,624	345,208	328,201	340,915	356,058
23. Loss adjustment expenses (Page 3, Line 3).....	148,394	135,375	132,880	150,346	167,878
24. Unearned premiums (Page 3, Line 9).....	535,505	472,397	415,481	374,531	379,053
25. Capital paid up (Page 3, Lines 30 & 31).....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	4,076,747	3,625,079	3,936,405	3,928,466	4,460,102
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	111,026	136,462	158,873	147,376	115,467
Risk-Based Capital Analysis					
28. Total adjusted capital.....	4,076,747	3,625,079	3,936,405	3,928,466	4,460,102
29. Authorized control level risk-based capital.....	75,401	67,960	63,887	63,655	77,026
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	99.0	98.6	98.5	94.0	99.9
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	1.0	1.4	1.5	6.0	0.1
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....	(350,000)	(375,000)	(120,000)	(446,000)	
53. Change in surplus as regards policyholders for the year (Line 38).....	451,668	(311,326)	7,939	(531,636)	196,965
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)....	923,980	1,400,047	2,374,885	4,170,944	6,445,375
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	226,182	342,896	734,056	1,336,345	3,137,023
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	257	308	166	366	368
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	1,150,419	1,743,251	3,109,107	5,507,655	9,582,766
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)....	494,422	419,539	356,833	333,072	404,419
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	222,645	191,730	156,710	148,361	178,426
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	257	308	166	366	368
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	717,324	611,577	513,709	481,799	583,213
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).....	66.1	61.7	55.3	55.0	60.2
68. Loss expenses incurred (Line 3).....	13.6	13.7	11.7	11.5	10.1
69. Other underwriting expenses incurred (Line 4).....	27.5	29.7	30.1	27.8	27.1
70. Net underwriting gain (loss) (Line 8).....	(7.2)	(5.1)	2.9	5.7	2.6
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	20.4	22.4	22.5	22.2	22.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	79.7	75.4	67.0	66.5	70.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	30.6	29.7	24.1	21.5	20.0
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, Col. 11).....	13	(3)	(74)	(65)	(21)
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, Col. 1 x 100).....	0.3	(0.1)	(1.9)	(1.5)	(0.5)
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, Col. 12).....	(15)	(89)	(111)	(71)	(48)
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, Col. 2 x 100.0).....	(0.4)	(2.3)	(2.5)	(1.7)	(1.2)

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	2	0	0	0	0	0	0	2	XXX
2. 2003.....	1,355	314	1,041	748	195	82	1	138	1	35	770	XXX
3. 2004.....	1,909	94	1,815	1,113	31	7	0	228	0	36	1,317	XXX
4. 2005.....	988	27	961	506	17	17	1	110		37	615	XXX
5. 2006.....	964	15	949	501	5	17	0	114		39	628	XXX
6. 2007.....	1,039	7	1,032	584	4	22	0	108		47	710	XXX
7. 2008.....	928	5	923	511	2	21	0	101		41	631	XXX
8. 2009.....	853	5	848	475	2	19	0	90		41	583	XXX
9. 2010.....	911	5	906	546	1	18	0	92		50	654	XXX
10. 2011.....	1,025	6	1,019	579	1	12		95		54	685	XXX
11. 2012.....	1,191	7	1,184	475	2	6		75		37	554	XXX
12. Totals.....	XXX	XXX	XXX	6,040	259	222	4	1,151	2	417	7,149	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 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. Prior.....	14	11	1	1	0	0	0	0	1	0	0	3	XXX
2. 2003.....	0		0	0	0		0	0	0	(0)	0	1	XXX
3. 2004.....	0		0	0	0		0	0	0	(0)	0	1	XXX
4. 2005.....	0		0	0	0		0	0	0	0	0	1	XXX
5. 2006.....	0	0	2	0	0		0	0	1	0	0	3	XXX
6. 2007.....	1		1	0	0		0	0	2		0	5	XXX
7. 2008.....	1		4		1		0		3		0	9	XXX
8. 2009.....	5		6		2		1		3		0	17	XXX
9. 2010.....	17	1	10		7		2		6		1	42	XXX
10. 2011.....	40	0	31		11		8		13		3	103	XXX
11. 2012.....	126	0	163		15		18		51		23	372	XXX
12. Totals.....	206	12	218	1	38	0	29	0	81	0	28	559	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. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3	1
2. 2003.	969	198	770	71.5	63.0	74.0			1.00	1	0
3. 2004.	1,349	31	1,318	70.7	33.2	72.6			1.00	0	0
4. 2005.	635	18	617	64.2	66.6	64.2			0.10	1	1
5. 2006.	636	5	631	66.0	35.3	66.4			0.10	2	1
6. 2007.	719	4	715	69.2	58.4	69.3			0.10	2	3
7. 2008.	642	2	640	69.2	39.1	69.4			0.10	5	4
8. 2009.	601	2	600	70.5	32.9	70.7			0.10	11	6
9. 2010.	698	2	696	76.6	33.0	76.9			0.10	27	16
10. 2011.	790	1	789	77.0	15.7	77.4			0.10	71	33
11. 2012.	929	2	927	78.0	28.7	78.3			0.10	289	84
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	411	148

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.....	470	504	554	552	560	575	571	570	571	570	(1)	0
2. 2003.....	663	628	649	648	644	637	636	634	634	634	0	(0)
3. 2004.....	XXX	1,206	1,125	1,112	1,107	1,100	1,093	1,090	1,089	1,089	0	(1)
4. 2005.....	XXX	XXX	560	546	536	521	513	508	506	506	(0)	(2)
5. 2006.....	XXX	XXX	XXX	560	555	537	525	519	516	516	(0)	(3)
6. 2007.....	XXX	XXX	XXX	XXX	632	643	626	614	609	605	(4)	(8)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	577	562	543	539	537	(3)	(7)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	539	511	510	507	(3)	(4)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	587	598	598	0	11
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	656	680	24	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	801	XXX	XXX
12. Totals.....											13	(15)

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.....	000	255	463	511	526	560	563	565	566	567	XXX	XXX
2. 2003.....	218	405	585	616	627	631	633	633	633	633	XXX	XXX
3. 2004.....	XXX	548	1,013	1,057	1,078	1,085	1,087	1,088	1,089	1,089	XXX	XXX
4. 2005.....	XXX	XXX	300	440	483	497	503	504	505	505	XXX	XXX
5. 2006.....	XXX	XXX	XXX	316	452	493	505	510	513	513	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	373	544	580	594	601	602	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	335	474	509	525	530	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	303	436	479	493	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	345	516	562	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	397	590	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	480	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior.....	118	50	29	10	4	4	2	1	0	0
2. 2003.....	223	89	24	12	8	3	2	1	0	0
3. 2004.....	XXX	338	48	17	16	9	3	1	0	0
4. 2005.....	XXX	XXX	112	45	27	16	7	3	1	0
5. 2006.....	XXX	XXX	XXX	113	50	25	12	5	2	1
6. 2007.....	XXX	XXX	XXX	XXX	123	53	25	10	5	1
7. 2008.....	XXX	XXX	XXX	XXX	XXX	127	50	16	8	4
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	129	33	13	6
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	118	36	12
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	136	39
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	181

Infinity Preferred Insurance Company SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	4 Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		5 Dividends Paid or Credited to Policyholders on Direct Business	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned					
1. Alabama.....AL	N							
2. Alaska.....AK	N							
3. Arizona.....AZ	N							
4. Arkansas.....AR	N							
5. California.....CA	N							
6. Colorado.....CO	N							
7. Connecticut.....CT	N							
8. Delaware.....DE	N							
9. District of Columbia.....DC	N							
10. Florida.....FL	N							
11. Georgia.....GA	N							
12. Hawaii.....HI	N							
13. Idaho.....ID	N							
14. Illinois.....IL	N							
15. Indiana.....IN	N							
16. Iowa.....IA	N							
17. Kansas.....KS	N							
18. Kentucky.....KY	N							
19. Louisiana.....LA	N							
20. Maine.....ME	N							
21. Maryland.....MD	N							
22. Massachusetts.....MA	N							
23. Michigan.....MI	N							
24. Minnesota.....MN	N							
25. Mississippi.....MS	N							
26. Missouri.....MO	N							
27. Montana.....MT	N							
28. Nebraska.....NE	N							
29. Nevada.....NV	N							
30. New Hampshire.....NH	N							
31. New Jersey.....NJ	N							
32. New Mexico.....NM	N							
33. New York.....NY	N							
34. North Carolina.....NC	N							
35. North Dakota.....ND	N							
36. Ohio.....OH	L	628	5,874		72,552	30,420	13,980	298
37. Oklahoma.....OK	N							
38. Oregon.....OR	N							
39. Pennsylvania.....PA	L	(1,005)	16,420		360,543	(65,521)	542,617	582
40. Rhode Island.....RI	N							
41. South Carolina.....SC	N							
42. South Dakota.....SD	N							
43. Tennessee.....TN	N							
44. Texas.....TX	N							
45. Utah.....UT	N							
46. Vermont.....VT	N							
47. Virginia.....VA	N							
48. Washington.....WA	N							
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. US Virgin Islands.....VI	N							
56. Northern Mariana Islands.....MP	N							
57. Canada.....CAN	N							
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0
59. Totals.....(a)	2	(377)	22,294	0	433,095	(35,101)	556,597	880

DETAILS OF WRITE-INS

58001.....	XXX							
58002.....	XXX							
58003.....	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0

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

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

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

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

Auto Liability and Auto Physical Damage - Location of principal garage of insured

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

PART 1 - ORGANIZATIONAL CHART

	<u>FEIN Number</u>	<u>NAIC Co. Code</u>	<u>Domiciliary State</u>
INFINITY PROPERTY AND CASUALTY CORPORATION	03-0483872		
Hillstar Insurance Company*	31-1358834	10068	IN
Infinity Financial Centers, LLC	20-4363792		
Infinity Insurance Company*	31-0943862	22268	IN
Infinity Agency of Texas	74-2641866		
Infinity Assurance Insurance Company*	75-1227771	39497	OH
Infinity Auto Insurance Company*	34-0927698	11738	OH
Budget Insurance Premiums, Inc.	34-0936546		
Leader Managing General Agency, Inc.	75-2280915		
Leader Group, Inc.	34-1852743		
Infinity Casualty Insurance Company*	58-1132392	21792	OH
Atlanta Casualty Group, Inc.	58-1293110		
Infinity County Mutual Insurance Company* @	43-6030348	13820	TX
Infinity Indemnity Insurance Company*	34-1767787	10061	IN
Infinity Preferred Insurance Company*	34-1785809	10195	OH
Infinity Reserve Insurance Company*	31-1627506	10968	OH
Infinity Safeguard Insurance Company*	73-0772113	16802	OH
Granite Finance Company	74-1537031		
Infinity Security Insurance Company*	58-1806192	38873	IN
Infinity Select Insurance Company*	31-1333017	20260	IN
Infinity Standard Insurance Company*	58-1806189	12599	IN
Infinity Property and Casualty Services, Inc.	58-1080659		
Casualty Underwriters, Inc.	58-0642684		
Windsor Group, Inc.	58-1948692		
The Infinity Group, Inc.	31-1357130		

*Denotes Insurer

@ Denotes company which is affiliated but not owned

2012 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	59
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	59
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	59
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	60
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	60
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	60
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	60
General Interrogatories	15	Schedule P-Part 2M-International	60
Jurat Page	1	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	61
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	61
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	61
Overflow Page For Write-ins	101	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	62
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	62
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	62
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	62
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	63
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	63
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	63
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	63
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	63
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1 -Medical Professional Liability-Occurrence	64
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	64
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	64
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	64
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	64
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	65
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	65
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	65
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	65
Schedule D-Part 3	E13	Schedule P-Part 3M-International	65
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	66
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	66
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	66
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	67
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	67
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	67
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	67
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	68
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	68
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	68
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	68
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	68
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	69
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	69
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	69
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	69
Schedule DB-Part D	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	69
Schedule DB-Verification	SI14	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	70
Schedule DL-Part 1	E23	Schedule P-Part 4J-Auto Physical Damage	70
Schedule DL-Part 2	E24	Schedule P-Part 4K-Fidelity/Surety	70
Schedule E-Part 1-Cash	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	70
Schedule E-Part 2-Cash Equivalents	E26	Schedule P-Part 4M-International	70
Schedule E-Part 3-Special Deposits	E27	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	71
Schedule E-Verification Between Years	SI15	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	71
Schedule F-Part 1	20	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	72
Schedule F-Part 3	22	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	72
Schedule F-Part 4	23	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	72
Schedule F-Part 5	24	Schedule P-Part 4T-Warranty	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5A-Homeowners/Farmowners	73
Schedule F-Part 6-Section 2	27	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	74
Schedule F-Part 7	28	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	75
Schedule F-Part 8	29	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	76
Schedule F-Part 9	30	Schedule P-Part 5E-Commercial Multiple Peril	77
Schedule H-Accident and Health Exhibit-Part 1	31	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	79
Schedule H-Part 2, Part 3 and Part 4	32	Schedule P-Part 5F-Medical Professional Liability-Occurrence	78
Schedule H-Part 5-Health Claims	33	Schedule P-Part 5H-Other Liability-Claims-Made	81
Schedule P-Part 1-Summary	34	Schedule P-Part 5H-Other Liability-Occurrence	80
Schedule P-Part 1A-Homeowners/Farmowners	36	Schedule P-Part 5R-Products Liability-Claims-Made	83
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	37	Schedule P-Part 5R-Products Liability-Occurrence	82
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	38	Schedule P-Part 5T-Warranty	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	39	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	85
Schedule P-Part 1E-Commercial Multiple Peril	40	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	41	Schedule P-Part 6E-Commercial Multiple Peril	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	42	Schedule P-Part 6H-Other Liability-Claims-Made	87
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	43	Schedule P-Part 6H-Other Liability-Occurrence	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	44	Schedule P-Part 6M-International	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	45	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	88
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	46	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	88
Schedule P-Part 1J-Auto Physical Damage	47	Schedule P-Part 6R-Products Liability-Claims-Made	89
Schedule P-Part 1K-Fidelity/Surety	48	Schedule P-Part 6R-Products Liability-Occurrence	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	49	Schedule P-Part 7A-Primary Loss Sensitive Contracts	90
Schedule P-Part 1M-International	50	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	92
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	51	Schedule P Interrogatories	94
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	52	Schedule T-Exhibit of Premiums Written	95
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	53	Schedule T-Part 2-Interstate Compact	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	54	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	55	Schedule Y-Detail of Insurance Holding Company System	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	56	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	99
Schedule P-Part 1T-Warranty	57	Statement of Income	4
Schedule P-Part 2, Part 3 and Part 4 - Summary	35	Summary Investment Schedule	SI01
Schedule P-Part 2A-Homeowners/Farmowners	58	Supplemental Exhibits and Schedules Interrogatories	100
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	58	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	58	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	58	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2E-Commercial Multiple Peril	58	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	59	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	59	Underwriting and Investment Exhibit Part 3	11