



## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D) .....	19,115,399		19,115,399	19,109,680
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....4,123,755 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA) .....	4,123,755		4,123,755	1,047,105
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivables for securities .....	1,806		1,806	1,806
10. Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	23,240,960		23,240,960	20,158,591
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	270,009		270,009	270,850
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	4,620		4,620	762
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	73,762		73,762	95,605
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	(734,907)		(734,907)	8,163,402
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	51,627	51,627		
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	(705,937)		(705,937)	(388,090)
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	22,200,134	51,627	22,148,507	28,301,120
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	22,200,134	51,627	22,148,507	28,301,120
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....				

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....		
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....	(38,196)	49,440
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 \$.....72,327,615 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act) .....		
10. Advance premiums .....	1,121,254	1,157,854
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,603,153	(4,932,349)
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 .....	(1,463)	(1,487)
15. Remittances and items not allocated .....	(11,315)	(5,808)
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 .....	5,098,399	10,945,486
19. Payable to parent, subsidiaries and affiliates .....	(1,703,748)	5,858,919
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 .....	433,884	618,821
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	6,501,968	13,690,876
27. Protected cell liabilities .....		
28. TOTAL Liabilities (Lines 26 and 27) .....	6,501,968	13,690,876
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....	1,000,000	1,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	4,241,335	4,241,335
35. Unassigned funds (surplus) .....	10,405,204	9,368,909
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	15,646,539	14,610,244
38. TOTALS (Page 2, Line 28, Column 3) .....	22,148,507	28,301,120
<b>DETAILS OF WRITE-INS</b>		
2501. All Other Liabilities .....	433,884	618,821
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	433,884	618,821
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

# STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....		
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7) .....		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....		
5. Aggregate write-ins for underwriting deductions .....		
6. TOTAL Underwriting Deductions (Lines 2 through 5) .....		
7. Net income of protected cells .....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....		
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	899,339	904,867
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)) .....	164,648	
11. Net investment gain or (loss) (Lines 9 + 10) .....	1,063,987	904,867
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0) .....		
13. Finance and service charges not included in premiums .....		110
14. Aggregate write-ins for miscellaneous income .....		
15. TOTAL Other Income (Lines 12 through 14) .....		110
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	1,063,987	904,977
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) .....	1,063,987	904,977
19. Federal and foreign income taxes incurred .....	27,692	16,204
20. Net income (Line 18 minus Line 19) (to Line 22) .....	1,036,295	888,773
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	14,610,244	13,721,471
22. Net income (from Line 20) .....	1,036,295	888,773
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 .....	15,543	(19,139)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3) .....	(15,543)	19,139
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
29. Change in surplus notes .....		
30. Surplus (contributed to) withdrawn from protected cells .....		
31. Cumulative effect of changes in accounting principles .....		
32. Capital changes:		
32.1 Paid in .....		
32.2 Transferred from surplus (Stock Dividend) .....		
32.3 Transferred to surplus .....		
33. Surplus adjustments:		
33.1 Paid in .....		
33.2 Transferred to capital (Stock Dividend) .....		
33.3 Transferred from capital .....		
34. Net remittances from or (to) Home Office .....		
35. Dividends to stockholders .....		
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1) .....		
37. Aggregate write-ins for gains and losses in surplus .....		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	1,036,295	888,773
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	15,646,539	14,610,244
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		
1401. ....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		
3701. ....		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above) .....		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	6,516,887	1,176,810
2.	Net investment income .....	913,443	918,004
3.	Miscellaneous income .....		110
4.	Total (Lines 1 through 3) .....	7,430,330	2,094,924
5.	Benefit and loss related payments .....	(8,898,309)	8,199,031
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....		
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	115,328	(33,236)
10.	Total (Lines 5 through 9) .....	(8,782,981)	8,165,795
11.	Net cash from operations (Line 4 minus Line 10) .....	16,213,311	(6,070,871)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	2,958,592	
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 .....		64
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	2,958,592	64
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	2,812,926	
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) .....	2,812,926	
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	145,666	64
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(13,282,327)	815,874
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(13,282,327)	815,874
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	3,076,650	(5,254,933)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	1,047,105	6,302,038
19.2	End of year (Line 18 plus Line 19.1) .....	4,123,755	1,047,105

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001			
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**6 Underwriting and Investment Exhibit Pt 1 ..... NONE**

**7 Underwriting and Investment Exhibit Pt 1A ..... NONE**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	74,768			74,768		
2. Allied lines .....	83,797			56,035	27,762	
3. Farmowners multiple peril .....	77,805			77,805		
4. Homeowners multiple peril .....	59,063,683			59,063,683		
5. Commercial multiple peril .....	3,642,394			3,642,394		
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	14,513			14,513		
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	102,011			102,011		
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....	764,923			447,610	317,313	
16. Workers' compensation .....	238,771			238,771		
17.1 Other liability - occurrence .....	2,092,614			2,092,614		
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....	7,197			7,197		
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....	73,987,436			73,987,436		
19.3 19.4 Commercial auto liability .....	431,225			431,225		
21. Auto physical damage .....	52,302,635			52,302,635		
22. Aircraft (all perils) .....						
23. Fidelity .....	528			528		
24. Surety .....						
26. Burglary and theft .....	70			70		
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	X X X					
32. Reinsurance-Nonproportional Assumed Liability .....	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	192,884,370			192,539,295	345,075	
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes  No    
 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, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire								
2. Allied lines	35,903		35,903					
3. Farmowners multiple peril								
4. Homeowners multiple peril	38,414,473		38,414,473					
5. Commercial multiple peril	1,485,118		1,485,118					
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	3,388		3,388					
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	594,350		594,350					
16. Workers' compensation	9,617		9,617					
17.1 Other liability - occurrence	765,644		765,644					
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability	46,320,328		46,320,328					
19.3 19.4 Commercial auto liability	286,092		286,092					
21. Auto physical damage	30,218,796		30,218,796					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	118,133,709		118,133,709					
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)								

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 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 (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....					4,741		4,741		
2. Allied Lines .....					6,582		6,582		
3. Farmowners multiple peril .....					6,325		6,325		
4. Homeowners multiple peril .....	3,933,114		3,933,114		7,773,232		7,773,232		
5. Commercial multiple peril .....	483,200		483,200		446,878		446,878		
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....					399		399		
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....									
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....									
15. Other accident & health .....					93,087		93,087	(a)	
16. Workers' compensation .....	38,283		38,283		38,372		38,372		
17.1 Other liability - occurrence .....	200,201		200,201		2,595,102		2,595,102		
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....	29,082,086		29,082,086		29,082,178		29,082,178		
19.3 19.4 Commercial auto liability .....	235,233		235,233		410,582		410,582		
21. Auto physical damage .....	2,240,505		2,240,505		(1,373,850)		(1,373,850)		
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	36,212,622		36,212,622		39,083,628		39,083,628		
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	3,145,711	608		3,146,319
1.2 Reinsurance assumed .....				
1.3 Reinsurance ceded .....	3,145,711			3,145,711
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....		608		608
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		17,611,425		17,611,425
2.2 Reinsurance assumed, excluding contingent .....				
2.3 Reinsurance ceded, excluding contingent .....	19,777,864	85,717,424		105,495,288
2.4 Contingent - direct .....		953,835		953,835
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....		953,835		953,835
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	(19,777,864)	(68,105,999)		(87,883,863)
3. Allowances to manager and agents .....		11,034,226		11,034,226
4. Advertising .....		23,224,234		23,224,234
5. Boards, bureaus and associations .....	80,314	19,903		100,217
6. Surveys and underwriting reports .....	5,179	2,098,332		2,103,511
7. Audit of assureds' records .....				
8. Salary and related items:				
8.1 Salaries .....	11,941,656	11,926,034	16,480	23,884,170
8.2 Payroll taxes .....	891,362	861,095	1,244	1,753,701
9. Employee relations and welfare .....	1,790,501	1,739,657	2,974	3,533,132
10. Insurance .....	47,715	20,759	108	68,582
11. Directors' fees .....		49,733	42	49,775
12. Travel and travel items .....	844,507	921,221	1,004	1,766,732
13. Rent and rent items .....	1,074,222	1,839,274	3,434	2,916,930
14. Equipment .....	108,704	506,549	545	615,798
15. Cost or depreciation of EDP equipment and software .....	1,396,037	2,661,870	7,047	4,064,954
16. Printing and stationery .....	90,483	185,961	380	276,824
17. Postage, telephone and telegraph, exchange and express .....	359,823	1,813,629	1,696	2,175,148
18. Legal and auditing .....	510,882	4,078,186	2,633	4,591,701
19. TOTALS (Lines 3 to 18) .....	19,141,385	62,980,663	37,587	82,159,635
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		3,878,422		3,878,422
20.2 Insurance department licenses and fees .....		150,181		150,181
20.3 Gross guaranty association assessments .....		(50,930)		(50,930)
20.4 All other (excluding federal and foreign income and real estate) .....	33,090	109,915	6	143,011
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	33,090	4,087,588	6	4,120,684
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	603,389	1,037,140	1,142	1,641,671
25. TOTAL expenses incurred .....			38,735	(a) 38,735
26. Less unpaid expenses - current year .....				
27. Add unpaid expenses - prior year .....				
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....			38,735	38,735
<b>DETAILS OF WRITE-INS</b>				
2401. Outside Services and Miscellaneous .....	603,389	1,037,140	1,142	1,641,671
2402. ....				
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	603,389	1,037,140	1,142	1,641,671

(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) 3,135	5,405
1.1 Bonds exempt from U.S. tax	(a) 935,716	932,605
1.2 Other bonds (unaffiliated)	(a) 37	37
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) 27	27
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	938,915	938,074
11. Investment expenses		(g) 37,587
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 6
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		1,142
16. Total deductions (Lines 11 through 15)		38,735
17. Net Investment income (Line 10 minus Line 16)		899,339

**DETAILS OF WRITE-INS**

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501. Miscellaneous Expense		1,142
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		1,142

- (a) Includes \$.....1,855 accrual of discount less \$.....15,118 amortization of premium and less \$.....1,621 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					
1.1 Bonds exempt from U.S. tax	164,254		164,254		
1.2 Other bonds (unaffiliated)	394		394		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	164,648		164,648		

**DETAILS OF WRITE-INS**

0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	51,627	36,084	(15,543)
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....			
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	51,627	36,084	(15,543)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	51,627	36,084	(15,543)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			

## Notes to Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

- A. American Family Insurance Company (the Company) prepares its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Ohio (OCI). Prescribed statutory accounting practices include the National Association of Insurance Commissioners' (NAIC) "Accounting Practices and Procedures Manual", version effective March 1, 2012, as well as state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in a particular state. In addition, the OCI has a right to permit other specific practices that may deviate from prescribed practices. No permitted differences in statutory accounting practices between the OCI and the NAIC are used in the preparation of these statutory financial statements.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Ohio is shown below:

<u>NET INCOME</u>	<u>State of Domicile</u>	2012	2011
(1) State Basis (Page 4, Line 20, Columns 1 & 2)	OH	\$ 1,036,295	\$ 888,773
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:	OH	0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP:	OH	0	0
(4) NAIC SAP (1-2-3=4)	OH	\$ 1,036,295	\$ 888,773
 <u>SURPLUS</u>			
(5) State Basis (Page 3, Line 37, Columns 1 & 2)	OH	\$ 15,646,539	\$ 14,610,244
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:	OH	0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP:	OH	0	0
(8) NAIC SAP (5-6-7=8)	OH	\$ 15,646,539	\$ 14,610,244

- B. The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.
- C. Premiums, reserves and expenses are accounted for in accordance with the NAIC Accounting Practices and Procedures manual, subject to deviations prescribed or permitted by the State of Ohio as described above.

In addition, the Company uses the following accounting policies:

- (1) Investments in short-term bonds rated "1" (highest quality), or "2" (high quality) by the Securities Valuation Office ("SVO") of the NAIC are reported in the financial statements at amortized cost. Bonds rated "3" (medium quality), "4" (low quality), "5" (lower quality), or "6" (lowest quality) by the SVO are reported at the lower of amortized cost or fair value. The interest method is used to amortize any purchase premium or discount, including estimates of future prepayments obtained from independent sources. Money market mutual funds are recorded at amortized cost, which approximates fair market value.
- (2) Investments in bonds rated "1" (highest quality), or "2" (high quality) by the Securities Valuation Office ("SVO") of the NAIC are reported in the financial statements at amortized cost. Bonds rated "3" (medium quality), "4" (low quality), "5" (lower quality), or "6" (lowest quality) by the SVO are reported at the lower of amortized cost or fair value.
- (3) The Company holds no common stocks.
- (4) The Company holds no preferred stocks.
- (5) The Company holds no mortgage loans.
- (6) The Company holds no loan-backed securities.
- (7) Investments in subsidiary, controlled and affiliated companies are stated as follows: The Company is wholly owned by AMFAM Inc., a holding company, which is wholly owned by American Family Mutual Insurance Company (AFMIC).
- (8) The Company has no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company holds no derivatives.
- (10) The Company does not anticipate investment income as a factor in premium deficiency calculations.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates are continually reviewed and any adjustments are reflected in the period determined.

## Notes to Financial Statements

(12) The Company has not modified its capitalization policy during the reporting period.

(13) The Company does not have pharmaceutical rebate receivables.

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company did not have any accounting changes and corrections of errors during 2012.

### 3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method – None

B. Statutory Merger – None

C. Impairment Loss – None

### 4. DISCONTINUED OPERATIONS

The Company had no discontinued operations during 2012.

### 5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans - None.

B. Debt Restructuring - None.

C. Reverse Mortgages - None.

D. Loan-Backed Securities – None.

E. Repurchase Agreements - None.

F. Real Estate – None.

G. Investments in Low-Income Housing Tax Credits (LIHTC) - None.

### 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 admitted assets.

B. The Company has no investments in impaired Joint Ventures, Partnerships and Limited Liability Companies.

### 7. INVESTMENT INCOME

A. The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

B. The total amount nonadmitted was \$0.

### 8. DERIVATIVE INSTRUMENTS

The Company holds no derivative instruments.

## Notes to Financial Statements

### 9. INCOME TAXES

A. The components of the net deferred tax asset/(liability) at December 31, 2012 are as follows:

1.	12/31/2012			12/31/2011			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	57,946	0	57,946	36,058	26	36,084	21,888	(26)	21,862
(b) Statutory Valuation Allowance Adjustments	0	0	0	0	0	0	0	0	0
(c ) Adjusted Gross Deferred Tax Assets (1a - 1b)	57,946	0	57,946	36,058	26	36,084	21,888	(26)	21,862
(d) Deferred Tax assets nonadmitted	51,627	0	51,627	36,058	26	36,084	15,569	(26)	15,543
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	6,319	0	6,319	0	0	0	6,319	0	6,319
(f) Deferred Tax Liabilities	0	6,319	6,319	0	0	0	0	6,319	6,319
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	6,319	(6,319)	0	0	0	0	6,319	(6,319)	0

2.	12/31/2012			12/31/2011			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101									
(a) Fed Inc Taxes Paid in Prior Years Recov through Loss Carrybacks	0	0	0	0	0	0	0	0	0
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding the Amount of Def Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	0	0	0	0	0	0	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0	0	0	0	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	0	XXX	XXX	0	XXX	XXX	0
(c ) Adjusted Gross Deferred Tax Assets (Excluding the Amount Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	0	0	0	0	0	0	0	0	0
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101, Total (2(a) + 2(b) + 2(c ))	0	0	0	0	0	0	0	0	0

## Notes to Financial Statements

	2012	2011
3.		
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	N/A	N/A
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	N/A	N/A

4.	12/31/2012			12/31/2011			Change		
	(1) Ordinary %	(2) Capital %	(3) (Col 1+2) Total %	(1) Ordinary %	(2) Capital %	(3) (Col 1+2) Total %	(1) Ordinary %	(2) Capital %	(3) (Col 1+2) Total %
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0	0	0	0	0	0	0	0	0
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0	0	0	0	0	0	0	0	0
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes _____ No <u>X</u>								

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	(51,868)	71,440	(123,308)
(b) Foreign	0	0	0
(c) Subtotal	(51,868)	71,440	(123,308)
(d) Federal Income Tax on Net Capital Gains	57,672	0	57,672
(e) Utilization of Capital Loss Carry-forwards			0
(f) Other - Taxes Incurred for Audit	0	0	0
(f) Other - Prior Year Underaccrual (Overaccrual)	21,888	(55,236)	77,124
(g) Federal and Foreign Income Taxes Incurred	27,692	16,204	11,488

## Notes to Financial Statements

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
2. Deferred Tax Assets:			
(a) Ordinary:			
(1) Tax Credit Carry-Forward	57,946	36,058	21,888
(2) Other - Nonadmitted Assets	0	0	0
Subtotal	57,946	36,058	21,888
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Nonadmitted DTAs	51,627	36,058	15,569
(d) Admitted Ordinary Deferred Tax Assets	6,319	0	6,319
(e) Capital:			
(1) Investments	0	26	(26)
(2) Other	0	0	0
Subtotal	0	26	(26)
(f) Statutory Valuation Allowance Adjustment	0	0	0
(g) Nonadmitted DTAs	0	26	(26)
(h) Admitted Capital Deferred Tax Assets	0	0	0
(i) Admitted Deferred Tax Assets 2(d) + 2(h)	6,319	0	6,319

## 3. Deferred Tax Liabilities

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
(a) Ordinary			
(1) Other	0	0	0
Subtotal	0	0	0
(b) Capital			
(1) Investments	6,319	0	6,319
Subtotal	6,319	0	6,319
(c) Deferred Tax Liabilities	6,319	0	6,319
4. Net Deferred Tax Assets/(Liabilities)	0	0	0

## Components of Change in Net Deferred Income Tax :

	12/31/2012	12/31/2011	Change
Total Deferred Tax Assets	57,946	36,084	21,862
Total Deferred Tax Liabilities	6,319	0	6,319
Net Deferred Tax Asset (Liability)	51,627	36,084	15,543
Tax Effect of Unrealized Gains (Losses)			0
Change in Net Deferred Income Tax			15,543

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Description	Amount	Tax Effect at 35%	Effective Tax Rate
Income Before Taxes	1,063,988	372,396	35.00%
Tax Exempt Interest	(1,210,914)	(423,820)	-39.83%
T.E. Interest Proration	181,637	63,573	5.97%
Other	0	-	0.00%
Total	34,711	12,149	1.14%
Federal & Foreign income tax incurred		27,692	2.60%
Change in net deferred income tax		(15,543)	-1.46%
Total statutory income taxes (excluding taxes on unrealized gains/losses)		12,149	1.14%

## Notes to Financial Statements

### E. Operating Loss and Tax Credit Carryforwards

- (1) The Company reported the following carryforwards:

AMT credit carryforward, which do not expire, in the amount of:	12/31/2012	12/31/2011
	57,946	36,058

- (2) The following is income tax expense for 2012, 2011, and 2010 that is available for recoupment in the event of future net losses. Ordinary losses can be carried back two years and capital losses can be carried back three years.

	Year	Amount
	2012	141,937
	2011	57,946
	2010	0

- (3) Deposits admitted under Section 6603 of the Internal Revenue Service Code – Not Applicable

### F. Consolidated Federal Income Tax Return

- (1) The Companies file a consolidated federal income tax return with the following entities:

American Family Mutual Insurance Company (Parent Company)  
 American Standard Insurance Company of Wisconsin  
 American Family Life Insurance Company  
 American Family Financial Services, Inc.  
 AmFam, Inc.  
 American Family Brokerage, Inc.  
 American Family Insurance Company  
 American Standard Insurance Company of Ohio  
 Lumbermen's Casualty Insurance Company

Starting in 2013, PGC and its direct and indirect subsidiaries will be included in the consolidated federal income tax return.

- (2) The consolidated federal income tax is allocated to each member company in the following manner:

- a. Companies having tax profits on a separate return basis will incur federal tax expense based on their separate return taxable incomes.
- b. Companies with tax losses on a separate return basis will be compensated (at the current federal tax rate) for the reduction in the consolidated tax liability resulting from their losses. Such compensation shall come directly from profitable companies that utilize those tax losses to reduce their taxable incomes. A loss company may have to repay this current year compensation back to the profitable company if the profitable company later incurs losses that, on a separate return basis, may be carried back to offset its current year income.
- c. The reduction of the consolidated tax liability due to tax credits shall be allocated to the individual companies producing such credits. Special additional taxes are similarly allocated to each member company.
- d. Operating Loss and Tax Credit Carryforwards:

- 1) On a consolidated basis the Company reported the following carryforwards available for recoupment:

AMT credit carryforwards, which do not expire, in the amount of:	12/31/2012	12/31/2011
	151,608,353	162,109,753

- 2) The following is income tax expense for 2012, 2011, and 2010 that is available for recoupment in the event of future net tax losses:

	Year	Amount
	2012	65,697,685
	2011	33,266,222
	2010	40,524,312

## Notes to Financial Statements

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. B. & C. The Company had no non-reinsurance related transactions exceeding ½ of 1% of admitted assets.
- D. As of December 31, 2012, The Company reported \$0 due from affiliates, and \$1,302,053 due to affiliates. Terms of the settlement require that these amounts be settled within 30 days.
- E. The Company does not have any guaranty or undertaking, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities.
- F. AFMIC has agreed to provide certain management and information systems services to the Company.
- G. (Refer to Schedule Y)  
 American Family Mutual Insurance Company (AFMIC), the parent company, owns:  
     100% of American Family Securities, LLC  
     100% of American Family Brokerage, Incorporated  
     100% of AMFAM, Incorporated, a holding company, which owns:  
         100% of American Family Life Insurance Company  
         100% of American Standard Insurance Company of Wisconsin  
         100% of American Family Financial Services, Incorporated  
         100% of American Family Insurance Company  
         100% of American Standard Insurance Company of Ohio  
         100% of PGC Holdings Corp.  
         100% of Lumbermens Casualty Insurance Company  
         99% of New Ventures, LLC
- H. Upstream/Downstream intermediaries – Not Applicable
- I. Investment in SCA that exceeds 10% admitted assets – Not Applicable
- J. Impaired SCA investments – Not Applicable
- K. Investment in a foreign insurance subsidiary – Not applicable
- L. Upstream/Downstream look-through approach provision – Not applicable

### 11. DEBT

- A. The Company has no debt.
- B. Federal Home Loan Bank (FHLB) Agreements – Not applicable

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

- A. Defined Benefit Plans - Refer to Note 12.D.
- B. Defined Contribution Plans - Refer to Note 12.D.
- C. Multiemployer Plans – Not Applicable
- D. Consolidated/Holding Company Plans  
 The Company participates with AFMIC and its subsidiaries (herein referred to as the "Companies") in non-contributory pension plans (herein referred to as the "Plans") covering substantially all employees. All employees providing services to the Company are employees of AFMIC. The Company is not directly liable for obligations under the Plans. For employees hired before January 1, 2009, and Agency Sales Managers hired before January 1, 2010, the benefits are based on years of credited service and highest average compensation (as defined in the Plans). For employees hired on or after January 1, 2009, and Agency Sales Managers hired on or after January 1, 2010, benefits are determined under a cash balance formula (as defined in the Plans). The asset valuation method used in 2012 for funding calculations is the Two-Year Smoothed Value method. The new benefit restrictions, required under the Pension Protection Act of 2006, do not apply in 2012 given the funded status of the plans. Pension expense of approximately \$1,801,730 and \$2,109,951 was allocated to the Company for the years ended December 31, 2012 and 2011, respectively, based on the Company's overall salary percentage.

The Companies also participate in a qualified contributory 401(k) plan (herein referred to as the "Plan"). Substantially all employees are eligible to enter into the Plan. Employee participation in the Plan is optional; participants contribute at least one percent, but no more than 30 percent of base compensation, subject to Internal Revenue Service limitations. The Companies are required to make contributions each payroll period, as defined, to a trust fund. Company contributions are based on a formula with a dollar-for-dollar match on the first 3% of eligible contributions plus 50 cents per dollar on the next 2% of eligible contributions. The maximum annual company contribution is 4% of eligible contributions. Beginning on Jan. 1, 2011, Agency Sales Managers (formerly known as District Managers) began receiving an employer fixed match each pay period. The fixed match is the same as the employee match, as discussed above. The Plan expense allocated to the Company during 2012 and 2011 amounted to \$694,013 and \$730,430, respectively, based on the Company's overall salary percentage.

The Companies provide certain health care benefits to certain grandfathered agents and substantially all employees. In addition, the Companies provide most employees with a life insurance benefit. Upon retirement, agents and employees are eligible to continue certain of these benefits. For the life insurance program, the Companies absorb substantially all the cost. The Company also contributes toward eligible employees' postretirement health care using a fixed amount for each year of eligible service. The Companies' portions of the costs of these programs are unfunded. The Companies sponsor no other significant postretirement benefit plans. The remaining cost to the Company was not significant in 2012 or 2011.

## Notes to Financial Statements

E. Postemployment Benefits and Compensated Absences - Refer to Note 12.D.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors of retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The Company is unable to conclude whether the benefits provided by the Plan are actuarially equivalent to Medicare Part D under the Act. As a result, the effects of the Act on Accumulated postretirement benefit obligation are not reflected in the financial statement or the accompanying notes.

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

- 1) The Company has 850 shares authorized, 100 shares issued, and 100 shares outstanding. All shares are Class A shares.
- 2) Preferred shares - Not Applicable.
- 3) Dividend Restrictions – Not applicable
- 4) The Company's surplus may be available for transfer to its policyholders. Such distributions as dividends may be subject to prior regulatory approval. No dividends were paid in 2012.
- 5) Ordinary Dividends to stockholders-Not Applicable
- 6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7) The Company has no advances to surplus.
- 8) The Company holds no stock for special purposes.
- 9) Changes in special surplus funds - None
- 10) The portion of unassigned funds (surplus) represented or (reduced) by cumulative gross unrealized gains (losses) was \$0.
- 11) The Company has no surplus debentures or similar obligations.
- 12) Restatement due to prior quasi-reorganizations - Not Applicable
- 13) Effective date(s) of quasi-reorganizations— Not Applicable

### 14. CONTINGENCIES

A. Contingent Commitments

The Company does not have any commitment or contingency to a SCA entity, joint venture, partnership, or limited liability company.

B. Assessments

No liabilities were established for mandatory assessments. Any liabilities related to these items are recorded in the Parent Company as all business is reinsured to the Parent Company.

C. Gain Contingencies-Not Applicable

D. Claims related Extra Contractual Obligations and Bad Faith Losses-Not Applicable

E. Product Warranties – Not applicable

F. All Other Contingencies

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

### 15. LEASES

A. The Company does not have any material lease obligations.

B. The Company does not have any significant activity from leasing.

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

Not Applicable

## Notes to Financial Statements

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES

- A. Transfer of Receivables reported as sales – The proceeds from the transfer for the year ending December 31, 2012 and December 31, 2011 are \$194,935,660 and \$178,769,531 respectively. There is no gain or loss from this transaction.
- B. Transfer and servicing of Financial Assets-Not Applicable
- C. Wash Sales-Not Applicable

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not Applicable

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

Not Applicable

### 20. FAIR VALUE MEASUREMENTS

- A. Valuation, Techniques, and Inputs

1. The Company held no financial assets carried at fair value as of December 31, 2012.

There were no material transfers between Levels 1 and 2 during 2012.

2. The Company held no Level 3 assets as of December 31, 2012.

3. There were no material transfers into or out of Level 3 during 2012.

4. The Financial assets and financial liabilities recorded on the Balance Sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

*Level 1* Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

*Level 2* Financial assets and financial liabilities whose values are based on the following:  
Quoted prices for similar assets or liabilities in active markets;  
Quoted prices for identical or similar assets or liabilities in non-active markets; or  
Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect the Company's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. In many instances, inputs used to measure fair value fall into different levels of the fair value hierarchy. In those instances, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value guidance establishes a hierarchy for inputs used in determining fair value that maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that observable inputs be used when available.

Fair value is a market-based measure considered from the perspective of a market participant who owns an asset or owes a liability. Accordingly, when market observable data is not readily available, the Company's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

When available, the Company uses the market approach to estimate the fair value of its financial instruments, which is based on quoted prices in active markets that are readily and regularly available. Generally, these are the most liquid of the Company's holdings and valuation of these securities does not involve management judgment. Matrix pricing and other similar techniques are other examples of the market approach.

When quoted prices in active markets are not available, the Company uses the income approach, or a combination of the market and income approaches, to estimate the fair value of its financial instruments. The income approach involves using discounted cash flow and other standard valuation methodologies. The inputs in applying these market standard valuation methodologies include, but are not limited to interest rates, benchmark yields, bid/ask spreads, dealer quotes, liquidity, term to maturity, estimated future cash flows, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data.

The following valuation techniques and inputs were used to estimate the fair value of each class of significant financial instruments:

The Company held no Level 1, Level 2 or Level 3 fair value securities as of December 31, 2012.

- B. Not Required

## Notes to Financial Statements

### C. Valuation, Methods, and Assumptions

1. The following summarizes the fair value of the Company's financial assets as of December 31, 2012:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	21,345,648	19,115,399	1,516,494	19,829,154	-	

2. The following valuation methods and assumptions were used to measure the fair values of each type of financial asset and financial liability:

Bonds: The fair value of Level 1 bonds, consisting of U.S. Treasury Notes, is determined using unadjusted quoted prices in an active market. The majority of the Company's level 2 bonds are valued using the market and income approaches by the SVO or by leading, nationally recognized providers of market data and analytics if no SVO price is available. When available, recent trades of identical or similar assets are used to price these securities. However, because many fixed income securities do not actively trade on a daily basis, pricing models are often used to determine security prices. The pricing models discount future cash flows at estimated market interest rates. These rates are derived by calculating the appropriate spreads over comparable U.S. Treasury securities based on credit quality, industry, and structure of the asset. Observable inputs used by the models include benchmark yields, bid/ask spreads, dealer quotes, liquidity, term to maturity, credit risk and default projections, collateral performance, deal and tranche attributes, and general market data. Inputs may vary depending on type of security.

D. Not Applicable

E. Not Applicable

### 21. OTHER ITEMS

A. Extraordinary Items-None

B. Troubled Debt Restructuring: Debtors-None

C. Other Disclosures

Assets in the amount of \$1,495,622 and \$86,806 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable – As the Company sells its premium receivable balances to the Parent Company (See Note 17A), no uncollectible premium receivable balances are reflected in the Company's financial statements.

E. Business Interruption Insurance Recoveries – None.

F. Transferable State Tax Credits – None

G. Subprime Mortgage Risk Exposure

1. The Company defines our exposure to subprime mortgage related risk as any mortgage backed security that contains underlying mortgages designated as subprime. We reviewed all our residential mortgage backed pools and collateralized mortgage obligations for any such risk. Since our direct exposure through investments in subprime mortgage related risk is zero and our direct exposure through "other" investments is immaterial, we have not had the need to mitigate that risk exposure.

2. Not Applicable.

3. Not Applicable.

4. Not Applicable.

H. Federal Home Loan Bank (FHLB) Agreements - None

### 22. EVENTS SUBSEQUENT

Subsequent events have been considered through February 25, 2013 for the statutory statement issued on February 25, 2013. There were no events occurring subsequent to December 31, 2012 meriting disclosure.

### 23. REINSURANCE

A. Unsecured Reinsurance Recoverable

Not Applicable

B. Reinsurance Recoverable In Dispute

Not Applicable

## Notes to Financial Statements

### C. Reinsurance Assumed And Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2012:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
	a) Affiliates	\$ -	\$ -	\$ 72,245,093	\$ 101,433	\$ (72,245,093)
b) All Other	-	-	82,522	12,741	(82,522)	(12,741)
c) TOTAL	\$ -	\$ -	\$ 72,327,615	\$ 114,174	\$ (72,327,615)	\$ (114,174)
d) Direct Unearned Premium Reserve			\$ 72,327,615			

2. 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. There were no amounts accrued at December 31, 2012.

3. The Company has no protected cells.

### D. Uncollectible Reinsurance

Not Applicable

### E. Commutation of Ceded Reinsurance

Not Applicable

### F. Retroactive Reinsurance

Not Applicable

### G. Reinsurance Accounted for as a Deposit

Not Applicable

### H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not Applicable

## 24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

A. Not applicable

B. Not applicable

C. Not applicable

D. Not applicable

E. Not applicable

## 25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Not Applicable

## 26. INTERCOMPANY POOLING ARRANGEMENTS

Not Applicable

## 27. STRUCTURED SETTLEMENTS

Not Applicable

## 28. HEALTH CARE RECEIVABLES

Not Applicable

## 29. PARTICIPATING POLICIES

Not Applicable

## Notes to Financial Statements

### 30. PREMIUM DEFICIENCY RESERVES

1. Liability carried for premium deficiency reserves	\$	0
2. Date of the most recent evaluation of this liability		12/31/2012
3. Was anticipated investment income utilized in the calculation? (Yes / No)		Yes

The Company annually evaluates whether a premium deficiency exists relating to short-duration contracts for each of the major lines of business. Anticipated investment income is considered as part of the evaluation.

### 31. HIGH DEDUCTIBLES

Not Applicable

### 32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES AND UNPAID LOSS ADJUSTMENT EXPENSES

Not Applicable

### 33. ASBESTOS/ENVIRONMENTAL RESERVES

Not Applicable

### 34. SUBSCRIBERS SAVINGS ACCOUNT

Not Applicable

### 35. MULTIPLE PERIL CROP INSURANCE

Not Applicable

### 36. FINANCIAL GUARANTY INSURANCE

Not applicable

# 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? Wisconsin
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 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). 01/09/2008
- 3.4 By what department or departments?  
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[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 Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 6.2 If yes, give full information: \_\_\_\_\_
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (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
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PricewaterhouseCoopers, L.L.P., One North Wacker, 11th Floor, Chicago, IL 60606
- 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 response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Roger Yard, FCAS, MAAA, P&C Loss Reserves and Forecasting Director of American Family Mutual Insurance Company 6000 American Parkway, Madison, WI 53783-0001

## GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]  
 12.11 Name of real estate holding company  
 12.12 Number of parcels involved 0  
 12.13 Total book/adjusted carrying value \$ 0  
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [X]  
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance 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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

### BOARD OF DIRECTORS

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

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$ ..... 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 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 \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 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 \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 0  
 22.23 Other amounts paid \$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ ..... 0

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]  
 24.02 If no, give full and complete information, relating thereto  
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in 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. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 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]

## GENERAL INTERROGATORIES (Continued)

- 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. \$ ..... 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0

- 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 \$ ..... 1,495,622
- 25.29 Other \$ ..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

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 I, 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
US Bank .....	777 E Wisconsin Ave, Milwaukee, WI 53202 .....

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total .....		

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

## GENERAL INTERROGATORIES (Continued)

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

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

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	19,115,399	21,345,648	2,230,249
30.2 Preferred stocks .....			
30.3 Totals .....	19,115,399	21,345,648	2,230,249

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

The sources utilized in determining the fair values of bonds are as follows: The NAIC-Securities Valuation Office, if available. Bonds not priced by the Securities Valuation Office are valued by HUB Pricing Service. Corporate bonds not priced by HUB Pricing Service are valued based on market comparables or on internal analysis. Unpriced short-term investments are recorded at amortized cost, which approximates fair value. The company owns no preferred stocks.

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 [ ] N/A [X]

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

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

32.2 If no, list exceptions:

### OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? \$ ..... 0

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[X] No[ ]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ ..... 441,441
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
  - 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 268,149
- 1.6 Individual policies
  - Most current three years:
  - 1.61 Total premium earned \$ ..... 0
  - 1.62 Total incurred claims \$ ..... 0
  - 1.63 Number of covered lives ..... 0
  - All years prior to most current three years:
  - 1.64 Total premium earned \$ ..... 441,440
  - 1.65 Total incurred claims \$ ..... 268,149
  - 1.66 Number of covered lives ..... 139
- 1.7 Group policies
  - Most current three years:
  - 1.71 Total premium earned \$ ..... 0
  - 1.72 Total incurred claims \$ ..... 0
  - 1.73 Number of covered lives ..... 0
  - All years prior to most current three years:
  - 1.74 Total premium earned \$ ..... 0
  - 1.75 Total incurred claims \$ ..... 0
  - 1.76 Number of covered lives ..... 0

2. Health Test

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

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes[ ] No[X]
- 3.2 If yes, state the amount of calendar year premiums written on:
  - 3.21 Participating policies \$ ..... 0
  - 3.22 Non-participating policies \$ ..... 0
- 4. For Mutual reporting entities and Reciprocal Exchanges only:
  - 4.1 Does the reporting entity issue assessable policies? Yes[ ] No[X] N/A[ ]
  - 4.2 Does the reporting entity issue non-assessable policies? Yes[X] No[ ] N/A[ ]
  - 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0%
  - 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
- 5. For Reciprocal Exchanges Only:
  - 5.1 Does the exchange appoint local agents? Yes[ ] No[ ] N/A[X]
  - 5.2 If yes, is the commission paid:
    - 5.21 Out of Attorney's-in-fact compensation Yes[ ] No[ ] N/A[X]
    - 5.22 As a direct expense of the exchange Yes[ ] No[ ] N/A[X]
  - 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
  - 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes[ ] No[ ] N/A[X]
  - 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
American Family's workers' compensation book of business does not expose the company to a material catastrophic loss and the Company is 100% reinsured by the parent. In addition, the parent company has purchased adequate workers' compensation catastrophe reinsurance to cover its direct writings as well as that of its subsidiaries. Terrorism reinsurance coverage is provided by the Federal Government.
- 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:  
Computer models developed by AIR and RMS provide PML estimates for earthquake and tornado, wind, and hail. Exposures are mainly personal lines property located in Ohio.
- 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 is 100% reinsured by the parent. The parent has purchased adequate property catastrophe reinsurance to cover its direct writings as well as that of its subsidiaries.
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes[ ] No[X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss  
American Family Insurance Company of Ohio is 100% reinsured by American Family Mutual Insurance Company
- 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. ..... 0
- 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[ ] N/A[X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes[ ] No[X]
- 8.2 If yes, give full information.

## GENERAL INTERROGATORIES (Continued)

- 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 common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes[ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes[ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or Yes[ ] No[X]  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes[ ] No[X]  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes[ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes[X] No[ ] N/A[ ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes[ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 12.11 Unpaid losses \$ ..... 0  
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes[ ] No[X] N/A[ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 12.41 From ..... 0.000%  
 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes[ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:  
 12.61 Letters of Credit \$ ..... 0  
 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 0
- 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. ..... 0
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes[ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes[ ] No[ ] N/A[X]
- 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[ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes[ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes[ ] No[X]  
 If yes, disclose the following information for each of the following types of warranty coverage:

	1 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:

## GENERAL INTERROGATORIES (Continued)

<p>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?                  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.</p>	Yes[ ] No[X]
17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ ..... 0
17.12 Unfunded portion of Interrogatory 17.11	\$ ..... 0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ ..... 0
17.14 Case reserves portion of Interrogatory 17.11	\$ ..... 0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ ..... 0
17.16 Unearned premium portion of Interrogatory 17.11	\$ ..... 0
17.17 Contingent commission portion of Interrogatory 17.11	\$ ..... 0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.	
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ ..... 0
17.19 Unfunded portion of Interrogatory 17.18	\$ ..... 0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ ..... 0
17.21 Case reserves portion of Interrogatory 17.18	\$ ..... 0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ ..... 0
17.23 Unearned premium portion of Interrogatory 17.18	\$ ..... 0
17.24 Contingent commission portion of Interrogatory 17.18	\$ ..... 0
18.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$ ..... 0
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:	\$ ..... 0

## 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
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....	76,757,243	69,591,789	69,018,552	68,902,134	67,705,740
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	52,577,794	49,063,833	49,709,377	49,059,718	47,166,197
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	62,783,882	56,989,460	55,696,818	52,722,976	49,610,430
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	765,451	942,921	1,056,494	1,319,843	1,588,715
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	192,884,370	176,588,003	175,481,241	172,004,671	166,071,082
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....					
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....					
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. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....					
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....					
14. Net investment gain or (loss) (Line 11) .....	1,063,987	904,867	879,732	607,708	704,506
15. TOTAL other income (Line 15) .....		110			
16. Dividends to policyholders (Line 17) .....					
17. Federal and foreign income taxes incurred (Line 19) .....	27,692	16,204	81,372	133,972	179,118
18. Net income (Line 20) .....	1,036,295	888,773	798,360	473,736	525,388
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3) .....	22,148,507	28,301,120	25,000,665	23,495,847	53,416,527
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	4,620	762	1,411	2,243	584
20.2 Deferred and not yet due (Line 15.2) .....	73,762	95,605	84,932	(6,611)	
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	6,501,968	13,690,876	11,279,194	10,572,727	40,969,676
22. Losses (Page 3, Line 1) .....					
23. Loss adjustment expenses (Page 3, Line 3) .....					
24. Unearned premiums (Page 3, Line 9) .....					
25. Capital paid up (Page 3, Lines 30 & 31) .....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 37) .....	15,646,539	14,610,244	13,721,471	12,923,120	12,446,851
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	16,213,311	(6,070,871)	(5,229,421)	27,096,499	152,120
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	15,646,539	14,610,244	13,721,474	12,923,120	12,446,851
29. Authorized control level risk-based capital .....	80,811	74,584	97,030	101,686	374,917
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
<b>(Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1) .....	82.2	94.8	75.2	89.9	93.3
31. Stocks (Lines 2.1 & 2.2) .....					
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....					
34. Cash, cash equivalents and short-term investments (Line 5) .....	17.7	5.2	24.8	10.1	6.7
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....				X X X	X X X
37. Other invested assets (Line 8) .....					
38. Receivables for securities (Line 9) .....	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10) .....				X X X	X X X
40. Aggregate write-ins for invested assets (Line 11) .....					
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....					
45. Affiliated short-term investments (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 .....					
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, Column 1, Line 37 x 100.0) .....					

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....					
52. Dividends to stockholders (Line 35) .....					
53. Change in surplus as regards policyholders for the year (Line 38) .....	1,036,295	888,773	798,351	476,269	522,937
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
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) .....	47,381,681	49,214,241	43,152,628	42,944,762	46,444,345
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	30,258,087	30,954,077	27,199,337	30,229,059	33,004,430
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	39,899,591	39,451,634	36,270,052	43,583,589	46,912,874
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	594,350	769,483	710,516	793,388	1,049,144
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
59. TOTAL (Line 35) .....	118,133,709	120,389,435	107,332,533	117,550,798	127,410,793
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
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) .....					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
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) .....					
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....					
68. Loss expenses incurred (Line 3) .....					
69. Other underwriting expenses incurred (Line 4) .....					
70. Net underwriting gain (loss) (Line 8) .....					
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....					
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....					
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....					
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....					
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....					
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....					
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

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 (Columns 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	35	35	47	47	4	4			X X X
2. 2003	134,920	134,920		107,356	107,356	2,890	2,890	12,640	12,640			X X X
3. 2004	154,982	154,982		103,720	103,720	2,506	2,506	13,542	13,542			X X X
4. 2005	161,970	161,970		91,802	91,802	2,395	2,395	15,641	15,641			X X X
5. 2006	155,017	155,017		112,580	112,580	2,306	2,306	18,264	18,264			X X X
6. 2007	160,542	160,542		124,451	124,451	2,799	2,799	18,336	18,336			X X X
7. 2008	165,147	165,147		130,064	130,064	2,993	2,993	19,889	19,889			X X X
8. 2009	168,277	168,277		108,743	108,743	3,004	3,004	19,486	19,486			X X X
9. 2010	174,257	174,257		101,942	101,942	2,052	2,052	16,813	16,813			X X X
10. 2011	174,412	174,412		104,419	104,419	822	822	19,661	19,661			X X X
11. 2012	185,838	185,838		83,554	83,554	172	172	15,250	15,250			X X X
12. Totals	X X X	X X X	X X X	1,068,666	1,068,666	21,986	21,986	169,526	169,526			X X X

	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	70	70	47	47			95	95	3	3			X X X
2. 2003	8	8	59	59			21	21	2	2			X X X
3. 2004	38	38	90	90			28	28	6	6			X X X
4. 2005	47	47	87	87			39	39	8	8			X X X
5. 2006	230	230	184	184			154	154	21	21			X X X
6. 2007	151	151	633	633			204	204	51	51			X X X
7. 2008	572	572	894	894			450	450	92	92			X X X
8. 2009	2,518	2,518	1,610	1,610			1,006	1,006	260	260			X X X
9. 2010	3,841	3,841	3,672	3,672			1,750	1,750	464	464			X X X
10. 2011	8,203	8,203	8,236	8,236			3,005	3,005	1,025	1,025			X X X
11. 2012	20,536	20,536	23,574	23,574			4,115	4,115	3,259	3,259			X X X
12. Totals	36,214	36,214	39,086	39,086			10,867	10,867	5,191	5,191			X X X

	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	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 2003	122,976	122,976		91.1	91.1						
3. 2004	119,930	119,930		77.4	77.4						
4. 2005	110,019	110,019		67.9	67.9						
5. 2006	133,739	133,739		86.3	86.3						
6. 2007	146,625	146,625		91.3	91.3						
7. 2008	154,954	154,954		93.8	93.8						
8. 2009	136,627	136,627		81.2	81.2						
9. 2010	130,534	130,534		74.9	74.9						
10. 2011	145,371	145,371		83.3	83.3						
11. 2012	150,460	150,460		81.0	81.0						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

### SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior												
2. 2003												
3. 2004	XXX											
4. 2005	XXX	XXX										
5. 2006	XXX	XXX	XXX									
6. 2007	XXX	XXX	XXX	XXX								
7. 2008	XXX	XXX	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. TOTALS												

### SCHEDULE P - PART 3 - SUMMARY

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

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 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)	L	39,881,772	33,418,594		22,113,477	30,097,005	15,177,069		
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	153,002,598	152,419,432		96,020,232	93,834,506	60,119,181		
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
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)	L								
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. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. TOTALS	(a) 3	192,884,370	185,838,026		118,133,709	123,931,511	75,296,250		

**DETAILS OF WRITE-INS**

5801. write-in description 1 for line 58	X X X								
5802. write-in description 2 for line 58	X X X								
5803. write-in description 3 for line 58	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: Premiums are allocated where risk are domiciled.



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