



ANNUAL STATEMENT
For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
CINCINNATI INSURANCE COMPANY

NAIC Group Code 0244, 00244 NAIC Company Code 10677 Employer's ID Number 31-0542366
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 08/02/1950 Commenced Business 01/23/1951
Statutory Home Office 6200 SOUTH GILMORE ROAD, FAIRFIELD, OH, 45014-5141
Main Administrative Office 6200 SOUTH GILMORE ROAD, FAIRFIELD, OH, 45014-5141 513-870-2000
Mail Address P.O. BOX 145496, CINCINNATI, OH, 45250-5496
Primary Location of Books and Records 6200 SOUTH GILMORE ROAD, FAIRFIELD, OH, 45014-5141 513-870-2646
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes STEVEN JUSTUS JOHNSTON (CHIEF EXECUTIVE OFFICER, PRESIDENT), THERESA ANN HOFFER (VICE PRESIDENT, TREASURER), MICHAEL JAMES SEWELL (CHIEF FINANCIAL OFFICER, SENIOR VICE PRESIDENT).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes TERESA CURRIN CRACAS (SENIOR VICE PRESIDENT), MARTIN FRANCIS HOLLENBECK (SENIOR VICE PRESIDENT), LISA ANNE LOVE (SENIOR VICE PRESIDENT), JOHN JEFFERSON SCHIFF JR (SENIOR VICE PRESIDENT), etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes WILLIAM FORREST BAHL (GREGORY THOMAS BIER), MARTIN FRANCIS HOLLENBECK (STEVEN JUSTUS JOHNSTON), etc.

State of OHIO
County of BUTLER

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

STEVEN J. JOHNSTON
CHIEF EXECUTIVE OFFICER, PRESIDENT

MICHAEL J. SEWELL
CHIEF FINANCIAL OFFICER, SENIOR VICE
PRESIDENT

THERESA A. HOFFER
VICE PRESIDENT, TREASURER

Subscribed and sworn to before me
this 22ND day of FEBRUARY, 2013

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	4,860,002,716		4,860,002,716	4,865,973,849
2. Stocks (Schedule D):				
2.1 Preferred stocks	115,854,020		115,854,020	98,725,490
2.2 Common stocks	2,979,524,990		2,979,524,990	2,739,778,824
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	9,977,079		9,977,079	10,234,935
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$310,616,773 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$6,021,366 , Schedule DA).....	316,638,139		316,638,139	297,151,558
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	4,814,183		4,814,183	4,123,146
9. Receivables for securities	4,099,028		4,099,028	49,643
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	8,290,910,155	0	8,290,910,155	8,016,037,445
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	68,605,642		68,605,642	72,086,096
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	319,249,316	6,770,968	312,478,348	295,535,746
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....	934,043,904	2,212,955	931,830,949	822,536,963
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	34,988,268	152,028	34,836,240	42,509,680
16.2 Funds held by or deposited with reinsured companies	227,362		227,362	227,362
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	55,523,469
18.2 Net deferred tax asset.....	106,751,674		106,751,674	148,911,171
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	32,517,206	31,337,923	1,179,284	2,218,019
21. Furniture and equipment, including health care delivery assets (\$)	3,428,651	3,428,651	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	2,691,381		2,691,381	2,369,205
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	26,181,120	8,432,655	17,748,465	43,877,353
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	9,819,594,680	52,335,179	9,767,259,501	9,501,832,509
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	9,819,594,680	52,335,179	9,767,259,501	9,501,832,509
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Equities and Deposits in Pools and Associations.....	12,554,267		12,554,267	36,264,819
2502. Miscellaneous Receivables.....	13,626,853	8,432,655	5,194,198	7,612,534
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	26,181,120	8,432,655	17,748,465	43,877,353

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,836,585,289	2,927,539,915
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	33,140,958	48,694,282
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	860,189,053	900,710,444
4. Commissions payable, contingent commissions and other similar charges	108,046,195	73,438,975
5. Other expenses (excluding taxes, licenses and fees)	31,594,385	18,466,397
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	20,263,668	14,757,473
7.1 Current federal and foreign income taxes (including \$955,853 on realized capital gains (losses))	37,405,901	0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$15,818,253 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	1,723,597,502	1,576,644,543
10. Advance premium	8,469,659	5,656,746
11. Dividends declared and unpaid:		
11.1 Stockholders	75,000,000	60,000,000
11.2 Policyholders	13,580,000	13,730,000
12. Ceded reinsurance premiums payable (net of ceding commissions)	25,794,204	39,670,498
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	6,368,307	6,143,546
15. Remittances and items not allocated	1,076,713	453,647
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	312,591	2,458,344
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	34,351,863	31,897,692
20. Derivatives		0
21. Payable for securities	11,746,781	10,328,536
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	26,138,454	24,460,347
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	5,853,661,523	5,755,051,386
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	5,853,661,523	5,755,051,386
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	3,586,355	3,586,355
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	363,410,416	363,410,416
35. Unassigned funds (surplus)	3,546,601,207	3,379,784,352
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	3,913,597,978	3,746,781,123
38. Totals (Page 2, Line 28, Col. 3)	9,767,259,501	9,501,832,509
DETAILS OF WRITE-INS		
2501. Accounts Payable -- Other	26,138,454	24,460,347
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	26,138,454	24,460,347
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	3,253,506,377	2,961,842,226
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,751,127,443	1,915,067,938
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	321,374,339	377,630,397
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,052,368,670	949,512,196
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	3,124,870,451	3,242,210,531
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	128,635,926	(280,368,306)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	328,967,288	355,303,327
10. Net realized capital gains (losses) less capital gains tax of \$ 3,197,108 (Exhibit of Capital Gains (Losses))	13,124,574	42,870,867
11. Net investment gain (loss) (Lines 9 + 10)	342,091,862	398,174,194
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 3,849,162 amount charged off \$ 5,801,701)	(1,952,538)	(406,612)
13. Finance and service charges not included in premiums	5,649,245	4,429,188
14. Aggregate write-ins for miscellaneous income	1,900,221	1,833,490
15. Total other income (Lines 12 through 14)	5,596,928	5,856,066
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	476,324,717	123,661,955
17. Dividends to policyholders	16,181,079	16,016,235
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)	460,143,638	107,645,719
19. Federal and foreign income taxes incurred	125,471,858	(12,515,950)
20. Net income (Line 18 minus Line 19) (to Line 22)	334,671,779	120,161,670
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	3,746,781,123	3,777,232,536
22. Net income (from Line 20)	334,671,779	120,161,670
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 52,706,198	121,457,691	(1,047,487)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	10,546,685	7,205,390
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(2,005,053)	25,687,358
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	2,145,753	(2,458,344)
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(300,000,000)	(180,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	166,816,855	(30,451,413)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	3,913,597,978	3,746,781,123
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Collection Fees.....	1,213,297	906,856
1402. Miscellaneous Interest.....	686,925	926,635
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	1,900,221	1,833,490
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	3,274,276,003	2,937,080,922
2. Net investment income.....	330,377,009	354,553,957
3. Miscellaneous income.....	5,635,955	5,891,673
4. Total (Lines 1 through 3).....	3,610,288,967	3,297,526,552
5. Benefit and loss related payments.....	2,196,375,982	2,225,886,450
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	987,844,726	950,648,997
8. Dividends paid to policyholders.....	16,331,079	16,471,349
9. Federal and foreign income taxes paid (recovered) net of \$ 2,428,878 tax on capital gains (losses).....	35,739,597	50,689,511
10. Total (Lines 5 through 9).....	3,236,291,383	3,243,696,307
11. Net cash from operations (Line 4 minus Line 10).....	373,997,584	53,830,244
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	463,678,686	443,998,626
12.2 Stocks.....	189,895,415	348,995,121
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	410,171	5,000,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(88,072)	0
12.7 Miscellaneous proceeds.....	1,418,245	10,328,536
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	655,314,445	808,322,283
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	443,448,493	363,109,996
13.2 Stocks.....	269,226,076	236,115,815
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	4,049,385	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	716,723,954	599,225,811
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	(61,409,509)	209,096,473
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	285,000,000	170,000,000
16.6 Other cash provided (applied).....	(8,101,494)	21,836,785
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(293,101,494)	(148,163,215)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	19,486,581	114,763,502
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	297,151,558	182,388,056
19.2 End of year (Line 18 plus Line 19.1).....	316,638,139	297,151,558

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	74,745,520	36,766,492	41,998,331	69,513,682
2.	Allied lines	58,410,807	29,551,010	34,533,858	53,427,959
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	379,481,995	185,284,127	209,875,303	354,890,819
5.	Commercial multiple peril	925,683,071	432,749,036	459,846,622	898,585,484
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	69,001,332	33,055,067	36,070,957	65,985,441
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability-occurrence	31,721,302	15,607,791	15,268,270	32,060,824
11.2	Medical professional liability-claims-made	95,570	39,551	40,943	94,178
12.	Earthquake	2,143,833	1,151,894	1,190,038	2,105,689
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	37,508	534	573	37,468
16.	Workers' compensation	341,908,526	146,175,607	143,623,953	344,460,180
17.1	Other liability - occurrence	419,573,785	196,955,307	215,655,368	400,873,724
17.2	Other liability - claims-made	81,072,993	45,422,530	48,120,124	78,375,400
17.3	Excess workers' compensation	1,599,744	516,948	675,645	1,441,048
18.1	Products liability-occurrence	67,046,071	25,729,273	29,605,067	63,170,278
18.2	Products liability-claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	236,285,431	110,900,113	121,698,604	225,486,940
19.3,19.4	Commercial auto liability	331,781,778	145,904,171	158,528,250	319,157,699
21.	Auto physical damage	300,838,079	137,067,559	152,511,178	285,394,460
22.	Aircraft (all perils)	4,269	0	0	4,269
23.	Fidelity	6,498,181	6,631,448	5,730,721	7,398,908
24.	Surety	36,049,758	16,739,382	17,293,007	35,496,133
26.	Burglary and theft	2,949,279	1,293,787	1,546,854	2,696,212
27.	Boiler and machinery	13,325,827	7,178,043	7,654,287	12,849,583
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance-nonproportional assumed property	0	0	0	0
32.	Reinsurance-nonproportional assumed liability	0	0	0	0
33.	Reinsurance-nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	3,380,254,659	1,574,719,671	1,701,467,954	3,253,506,377
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	41,900,594	97,736			41,998,331
2.	Allied lines	34,477,036	56,822			34,533,858
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril	209,875,303				209,875,303
5.	Commercial multiple peril	466,284,166	2,498,301	(8,935,845)		459,846,622
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	35,774,150	296,807			36,070,957
10.	Financial guaranty					0
11.1	Medical professional liability-occurrence	15,021,848	246,422			15,268,270
11.2	Medical professional liability-claims-made	38,992	1,951			40,943
12.	Earthquake	1,190,038				1,190,038
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health	573				573
16.	Workers' compensation	156,578,215	28,163	(12,982,424)		143,623,953
17.1	Other liability-occurrence	210,294,457	5,501,751	(140,840)		215,655,368
17.2	Other liability-claims-made	48,119,968	156			48,120,124
17.3	Excess workers' compensation	675,645				675,645
18.1	Products liability-occurrence	29,515,392	160,114	(70,439)		29,605,067
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	121,698,604				121,698,604
19.3,19.4	Commercial auto liability	158,525,150	3,100			158,528,250
21.	Auto physical damage	152,511,178				152,511,178
22.	Aircraft (all perils)					0
23.	Fidelity	2,912,739	2,817,982			5,730,721
24.	Surety	10,440,532	6,852,475			17,293,007
26.	Burglary and theft	1,542,332	4,522			1,546,854
27.	Boiler and machinery	7,471,552	182,736			7,654,287
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance-nonproportional assumed property					0
32.	Reinsurance-nonproportional assumed liability					0
33.	Reinsurance-nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	1,704,848,464	18,749,038	(22,129,548)	0	1,701,467,954
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					22,129,548
38.	Balance (Sum of Lines 35 through 37)					1,723,597,502
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case. Monthly Pro Rata

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	71,540,498	12,304,353	357,839		9,457,170	74,745,520
2. Allied lines	55,599,399	12,148,057	190,752		9,527,401	58,410,807
3. Farmowners multiple peril						0
4. Homeowners multiple peril	400,257,749	373	1,011,110		21,787,236	379,481,995
5. Commercial multiple peril	869,895,165	123,462,114	1,700,468		69,374,676	925,683,071
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	68,718,131	5,747,484			5,464,284	69,001,332
10. Financial guaranty						0
11.1 Medical professional liability-occurrence	29,892,752	1,828,560			10	31,721,302
11.2 Medical professional liability-claims-made	95,582	(12)				95,570
12. Earthquake	2,082,336	249,152			187,656	2,143,833
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health	37,508					37,508
16. Workers' compensation	99,584,632	253,543,750	5,648,545		16,868,401	341,908,526
17.1 Other liability-occurrence	387,324,699	63,010,260			30,761,173	419,573,785
17.2 Other liability-claims-made	86,409,797	996,517			6,333,321	81,072,993
17.3 Excess workers' compensation	1,599,744					1,599,744
18.1 Products liability-occurrence	56,353,167	10,692,893			(11)	67,046,071
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability	236,304,944	55,891	0		75,405	236,285,431
19.3,19.4 Commercial auto liability	275,562,701	56,032,481	288,814		102,218	331,781,778
21. Auto physical damage	285,933,951	21,153,709	18,312		6,267,892	300,838,079
22. Aircraft (all perils)			4,269			4,269
23. Fidelity	7,201,815	(37)			703,597	6,498,181
24. Surety	42,639,928	218,878	153		6,809,201	36,049,758
26. Burglary and theft	2,720,953	564,637			336,310	2,949,279
27. Boiler and machinery	13,675,793	1,060,596			1,410,562	13,325,827
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	2,993,431,243	563,069,656	9,220,262	0	185,466,502	3,380,254,659
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	26,270,325	3,253,037	150,936	29,372,425	14,709,329	16,623,111	27,458,643	39.5
2. Allied lines	43,044,756	6,402,231	3,099,465	46,347,522	14,743,527	10,852,877	50,238,172	94.0
3. Farmowners multiple peril				0	0	0	0	0.0
4. Homeowners multiple peril	313,007,411	769,414	18,266,338	295,510,487	93,580,155	94,502,203	294,588,438	83.0
5. Commercial multiple peril	532,683,792	47,062,942	57,860,312	521,886,422	609,050,197	604,754,251	526,182,367	58.6
6. Mortgage guaranty				0	0	0	0	0.0
8. Ocean marine				0	0	0	0	0.0
9. Inland marine	22,673,768	1,111,934	126,871	23,658,831	4,395,390	6,750,706	21,303,515	32.3
10. Financial guaranty				0	0	0	0	0.0
11.1 Medical professional liability-occurrence	11,540,692	77,873	(37,032)	11,655,597	75,777,111	72,753,776	14,678,932	45.8
11.2 Medical professional liability-claims-made				0	80,000	14,878	65,122	69.1
12. Earthquake			1,944	(1,944)	39	331	(2,236)	(0.1)
13. Group accident and health				0	0	0	0	0.0
14. Credit accident and health (group and individual)				0	0	0	0	0.0
15. Other accident and health	12,181			12,181	500	500	12,181	32.5
16. Workers' compensation	66,446,424	144,476,144	10,417,169	200,505,399	835,111,050	858,644,984	176,971,464	51.4
17.1 Other liability-occurrence	147,439,598	1,735,312	18,425,791	130,749,120	537,098,119	605,358,892	62,488,347	15.6
17.2 Other liability-claims-made	52,423,628	19,677	5,888,795	46,554,510	84,947,221	95,567,725	35,934,006	45.8
17.3 Excess workers' compensation	698,675		89,563	609,112	4,333,224	2,341,566	2,600,770	180.5
18.1 Products liability-occurrence	20,109,805	613,538	103,847	20,619,497	113,819,404	123,569,784	10,869,117	17.2
18.2 Products liability-claims-made				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	132,245,382	267,667	208,929	132,304,120	129,648,802	124,139,130	137,813,793	61.1
19.3,19.4 Commercial auto liability	175,523,001	9,688,159	1,241,226	183,969,933	280,088,223	280,611,279	183,446,877	57.5
21. Auto physical damage	174,257,881	12,096,938	1,724,946	184,629,873	4,873,415	6,372,532	183,130,756	64.2
22. Aircraft (all perils)	729,332	17,486		727,969	18,849	2,614,449	(57,762)	(1,352.9)
23. Fidelity	8,157,669		990,764	7,166,905	16,028,450	5,808,038	17,387,317	235.0
24. Surety	2,031,642	(10,000)	(501,420)	2,523,062	11,740,602	11,756,966	2,506,697	7.1
26. Burglary and theft	569,653	26,066		595,719	472,460	302,350	765,829	28.4
27. Boiler and machinery	3,340,235	54,224	9	3,394,450	3,473,622	4,122,975	2,745,097	21.4
28. Credit				0	0	0	0	0.0
29. International				0	0	0	0	0.0
30. Warranty				0	0	0	0	0.0
31. Reinsurance-nonproportional assumed property	XXX			0	0	0	0	0.0
32. Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33. Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35. TOTALS	1,733,205,850	227,662,642	118,786,423	1,842,082,069	2,836,585,289	2,927,539,915	1,751,127,443	53.8
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	14,282,119	2,227,468	50,495	16,459,092	(1,745,409)	23,478	27,831	14,709,329	1,609,240
2. Allied lines	10,543,803	4,033,918	1,053,945	13,523,776	2,226,197	4,897	1,011,343	14,743,527	2,703,653
3. Farmowners multiple peril				0				0	
4. Homeowners multiple peril	81,764,579	127,053	3,220,272	78,671,359	21,367,221	40,253	6,498,678	93,580,155	26,514,200
5. Commercial multiple peril	609,659,400	34,123,680	74,987,221	568,795,859	28,654,904	20,591,346	8,991,913	609,050,197	324,771,701
6. Mortgage guaranty				0				0	
8. Ocean marine				0				0	
9. Inland marine	5,196,413	855,911	47,653	6,004,670	(1,552,827)		56,453	4,395,390	1,599,359
10. Financial guaranty				0				0	
11.1 Medical professional liability-occurrence	37,507,626	69,260	2,876	37,574,010	37,172,000	1,031,101		75,777,111	30,358,237
11.2 Medical professional liability-claims-made	80,000			80,000				80,000	7,148
12. Earthquake				0	179		140	39	1,080
13. Group accident and health				0				(a) 0	
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health	500			500				(a) 500	19
16. Workers' compensation	138,449,142	294,338,433	45,848,330	386,939,244	153,221,025	319,740,063	24,789,282	835,111,050	96,167,717
17.1 Other liability-occurrence	291,895,040	9,883,946	31,004,094	270,774,892	263,746,000	22,937,227	20,360,000	537,098,119	98,586,038
17.2 Other liability-claims-made	97,269,204	139,692	12,461,675	84,947,221				84,947,221	75,568,911
17.3 Excess workers' compensation	5,134,569		801,345	4,333,224				4,333,224	95,774
18.1 Products liability-occurrence	71,110,480	3,496,165	1,970,970	72,635,676	37,568,877	3,794,384	179,532	113,819,404	75,462,562
18.2 Products liability-claims-made				0				0	
19.1,19.2 Private passenger auto liability	139,093,539	1,177,334	215,932	140,054,940	(10,405,989)		149	129,648,802	40,266,530
19.3,19.4 Commercial auto liability	231,185,575	15,058,042	102,224	246,141,394	30,634,678	4,462,151	1,150,000	280,088,223	58,480,069
21. Auto physical damage	4,805,253	967,060	25,829	5,746,483	111,803	(146,718)	838,152	4,873,415	20,054,816
22. Aircraft (all perils)	73,954,265	1,444,639	74,016,135	1,382,769	976,585	1,284,063	1,028,968	2,614,449	977,664
23. Fidelity	10,023,307	143		10,023,450	6,005,000			16,028,450	1,200,132
24. Surety	19,884,915	141,724	8,534,077	11,492,562	248,000	40		11,740,602	5,655,803
26. Burglary and theft	472,460			472,460				472,460	55,586
27. Boiler and machinery	915,136	11,485		926,622	1,049,000	1,498,000		3,473,622	52,813
28. Credit				0				0	
29. International				0				0	
30. Warranty				0				0	
31. Reinsurance-nonproportional assumed property	XXX			0	XXX			0	
32. Reinsurance-nonproportional assumed liability	XXX			0	XXX			0	
33. Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	1,843,227,324	368,095,953	254,343,074	1,956,980,203	569,277,242	375,260,284	64,932,440	2,836,585,289	860,189,053
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ 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	106,001,744			106,001,744
1.2 Reinsurance assumed	26,458,614			26,458,614
1.3 Reinsurance ceded	1,895,621			1,895,621
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	130,564,736	0	0	130,564,736
2. Commission and brokerage:				
2.1 Direct, excluding contingent		474,332,139		474,332,139
2.2 Reinsurance assumed, excluding contingent		58,534,110		58,534,110
2.3 Reinsurance ceded, excluding contingent		2,535,697		2,535,697
2.4 Contingent-direct		87,564,063		87,564,063
2.5 Contingent-reinsurance assumed		14,200,000		14,200,000
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	632,094,615	0	632,094,615
3. Allowances to manager and agents	3,698	34,880	(40)	38,538
4. Advertising	(52,755)	29,236	54	(23,465)
5. Boards, bureaus and associations	3,045,679	4,539,433	2,611	7,587,723
6. Surveys and underwriting reports	2,270,308	21,094,569	1,635	23,366,511
7. Audit of assureds' records	354,671	2,506,694	13,554	2,874,918
8. Salary and related items:				
8.1 Salaries	115,530,020	178,969,210	2,772,116	297,271,346
8.2 Payroll taxes	5,816,430	11,592,228	120,201	17,528,859
9. Employee relations and welfare	23,433,040	43,169,614	452,943	67,055,596
10. Insurance		4,065,237		4,065,237
11. Directors' fees	(6,768)	(4,931)	(81)	(11,779)
12. Travel and travel items	4,979,955	7,557,809	19,308	12,557,072
13. Rent and rent items	6,064,626	10,396,525	141,903	16,603,054
14. Equipment	5,464,341	3,174,361	73,156	8,711,859
15. Cost or depreciation of EDP equipment and software	16,127,751	47,559,550	610,865	64,298,166
16. Printing and stationery	398,737	2,034,857	12,116	2,445,710
17. Postage, telephone and telegraph, exchange and express	3,407,152	4,789,443	(206)	8,196,390
18. Legal and auditing	3,609,401	(216,378)	215,771	3,608,795
19. Totals (Lines 3 to 18)	190,446,287	341,292,337	4,435,907	536,174,530
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	547,759	71,314,413		71,862,172
20.2 Insurance department licenses and fees	14,474	1,915,779		1,930,253
20.3 Gross guaranty association assessments		506,197		506,197
20.4 All other (excluding federal and foreign income and real estate)	20,516	3,471,232		3,491,748
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	582,749	77,207,620	0	77,790,369
21. Real estate expenses	71,732	363,431	4,392	439,554
22. Real estate taxes		2,783		2,783
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	(291,165)	1,407,884	(953)	1,115,766
25. Total expenses incurred	321,374,339	1,052,368,670	4,439,345	(a) 1,378,182,354
26. Less unpaid expenses-current year	860,189,053	159,220,638	683,610	1,020,093,301
27. Add unpaid expenses-prior year	900,710,444	106,197,617	465,228	1,007,373,290
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	361,895,730	999,345,649	4,220,964	1,365,462,342
DETAILS OF WRITE-INS				
2401. Interest Expense.....	(288,148)	1,401,228	(973)	1,112,106
2402. Charitable Contributions.....	(3,017)	6,657	20	3,660
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	(291,165)	1,407,884	(953)	1,115,766

(a) Includes management fees of \$ 74,110,930 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a).....209,817	.....157,826
1.1 Bonds exempt from U.S. tax	(a).....106,173,452	.....105,052,016
1.2 Other bonds (unaffiliated)	(a).....151,296,138	.....149,590,228
1.3 Bonds of affiliates	(a).....0	.....0
2.1 Preferred stocks (unaffiliated)	(b).....7,669,594	.....7,668,329
2.11 Preferred stocks of affiliates	(b).....0	.....0
2.2 Common stocks (unaffiliated)	.....69,982,177	.....69,496,878
2.21 Common stocks of affiliates	.....0	.....0
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans	.....	.....
6. Cash, cash equivalents and short-term investments	(e).....24,414	.....96,861
7. Derivative instruments	(f).....	.....
8. Other invested assets	.....1,344,208	.....1,344,208
9. Aggregate write-ins for investment income	.....287	.....287
10. Total gross investment income	336,700,087	333,406,633
11. Investment expenses		(g).....4,439,345
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		.....4,439,345
17. Net investment income (Line 10 minus Line 16)		328,967,288
DETAILS OF WRITE-INS		
0901. Miscellaneous Interest Income	.....287	.....287
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	.....0	.....0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	287	287
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		.....0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 8,839,562 accrual of discount less \$ 7,527,255 amortization of premium and less \$ 1,474,221 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 82,857 accrual of discount less \$ 82,857 amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds			.....0		
1.1 Bonds exempt from U.S. tax	289,584	(167,788)	121,795	998,502	
1.2 Other bonds (unaffiliated)	11,600,994	(1,008,412)	10,592,582	1,206,235	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	3,182,310	0	3,182,310	4,753,893	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	29,538,023	(27,140,665)	2,397,358	143,635,720	0
2.21 Common stocks of affiliates	0	0	0	23,574,753	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	(5,215)	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	27,637	0	27,637	0	0
10. Total capital gains (losses)	44,638,547	(28,316,865)	16,321,682	174,163,888	0
DETAILS OF WRITE-INS					
0901. Capital gains from investments previously charged off	27,637		27,637		
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	27,637	0	27,637	0	0

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).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	6,770,968	5,487,505	(1,283,463)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	2,212,955	192,487	(2,020,468)
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	152,028	391,563	239,535
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	31,337,923	35,196,350	3,858,428
21. Furniture and equipment, including health care delivery assets.....	3,428,651	6,141,504	2,712,853
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets	8,432,655	2,920,717	(5,511,938)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	52,335,179	50,330,126	(2,005,053)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	52,335,179	50,330,126	(2,005,053)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Equities and Deposits in Pools and Associations.....		0	0
2502. Miscellaneous Recievables.....	8,432,655	2,920,717	(5,511,938)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,432,655	2,920,717	(5,511,938)

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Cincinnati Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001 and updates through current year have been adopted as a component of prescribed or permitted practices by the state of Ohio.

	<u>STATE OF DOMICILE</u>	<u>2012</u>	<u>2011</u>
NET INCOME			
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$351,171,779	\$120,161,670
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(4) NAIC SAP (1-2-3=4)	Ohio	\$351,171,779	\$120,161,670
SURPLUS			
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$3,913,597,978	\$3,746,781,123
(6) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(8) NAIC SAP (5-6-7=8)	Ohio	\$3,913,597,978	\$3,746,781,123

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

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

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. These reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective yield method.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at book value. Also, Per SSAP 32, lower quality preferred stocks (P3 to P6) are being stated at the lower of book or fair value.
- (5) Not applicable
- (6) Not applicable
- (7) Investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (8) The Company has minor ownership interest in partnerships. Alliance Capital Management Holding Limited Partnership is carried at the market value of the common stock.
- (9) The Company does not have any derivatives.
- (10) In the event that a first-order approximation (excluding anticipated investment income) of estimated future costs related to unearned premium as of a particular evaluation date exceeds the unearned premium as of that date, we would incorporate consideration of the related investment income we would expect to earn. However, to date we have not had to proceed to this step in order to demonstrate that no premium deficiency exists.
- (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 amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
- (12) The company has not modified its capital policy from a prior period.

2. Accounting Changes and Correction of Errors - The Company had no material changes in accounting principles and/or correction of errors.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable
- B. Statutory Merger – Not applicable
- C. Impairment Loss on Business Combinations and Goodwill – Not applicable

4. Discontinued Operations – None

5. Investments

- A. Mortgage Loans - Not applicable
- B. Debt Restructuring - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed Securities - Not applicable
- E. Repurchase Agreements and/or Securities Lending Transactions - Not applicable
- F. Real Estate - Not applicable
- G. Low-income Housing Tax Credit (LIHTC)
 1. The Cincinnati Insurance Company holds an investment in low income housing tax credits which reduces the company's premium tax liability in Georgia. The investment is required to be held through 2017 and all tax credits will expire at that time.
 2. We are not aware that the low income housing tax credit investment was subject to any regulatory reviews.
 3. The low income housing tax credit investment does not exceed 10% of non-admitted assets.
 4. There was no impairment of the investment in 2012.
 5. There were no write-downs or losses of tax credits in 2012.

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

- A. There was no due and accrued income excluded from investment income in 2012.
B. Not applicable

8. Derivative Instruments

- A. Not applicable
B. Not applicable
C. Not applicable
D. Not applicable
E. Not applicable
F. Not applicable

9 - Income Taxes

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs):

	2012		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 362,669,029	\$ 40,666,525	\$ 403,335,554
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	362,669,029	40,666,525	403,335,554
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	362,669,029	40,666,525	403,335,554
(f) Deferred Tax Liabilities	\$ 50,810,527	\$ 245,773,354	\$ 296,583,881
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 311,858,502	\$ (205,106,829)	\$ 106,751,673

	2011		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 343,871,685	\$ 46,405,063	\$ 390,276,748
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	343,871,685	46,405,063	390,276,748
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	343,871,685	46,405,063	390,276,748
(f) Deferred Tax Liabilities	\$ 48,298,421	\$ 193,067,156	\$ 241,365,577
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 295,573,264	\$ (146,662,093)	\$ 148,911,171

	Change		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 18,797,344	\$ (5,738,538)	\$ 13,058,806
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	18,797,344	(5,738,538)	13,058,806
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	18,797,344	(5,738,538)	13,058,806
(f) Deferred Tax Liabilities	\$ 2,512,106	\$ 52,706,198	\$ 55,218,304
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 16,285,238	\$ (58,444,736)	\$ (42,159,498)

	2012		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	114,433,352	-	114,433,352
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	146,834,184	-	146,834,184
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	146,834,184	-	146,834,184
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	570,850,053	570,850,053	570,850,053
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	101,401,493	40,666,525	142,068,019
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	362,669,029	40,666,525	403,335,554

The information provided below for 2011 is based on SSAP No. 10R and presented in the SSAP No. 101 format.

	2011		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	123,519,250	-	123,519,250
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	69,508,489	-	69,508,489
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	69,508,489	-	69,508,489
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	489,872,718	489,872,718	489,872,718
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	150,843,946	46,405,063	197,249,009
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	343,871,685	46,405,063	390,276,748

	Change		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	(9,085,898)	-	(9,085,898)
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	77,325,695	-	77,325,695
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	77,325,695	-	77,325,695
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	80,977,335	80,977,335	80,977,335
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(49,442,453)	(5,738,538)	(55,180,990)
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	18,797,344	(5,738,538)	13,058,806

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

3.

	2012 Percentage	2011 Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	784%	761%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b) 2 above	15%	15%

(c) The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies.

4.

	2012		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%

	2011		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%

The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies.

	Change		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%

B. Unrecognized DTLs

Not applicable

C. Current Tax and Change in Deferred Tax

1. Current income tax:

	2012	2011	Change
(a) Federal	\$ 125,471,858	\$ (12,515,950)	\$ 137,987,808
(b) Foreign	-	-	-
(c) Subtotal	125,471,858	(12,515,950)	137,987,808
(d) Federal Income Tax on capital gains/(losses)	3,197,108	23,084,313	(19,887,205)
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
Federal income taxes incurred	\$ 128,668,966	\$ 10,568,363	\$ 118,100,603

2. Deferred tax assets

	December 31, 2012	December 31, 2011	Change
(a) Ordinary			
(1) Unearned premium reserve	\$ 120,651,825	\$ 110,365,118	\$ 10,286,707
(2) Unpaid loss reserve	197,138,151	197,982,509	(844,358)
(3) Contingent commission	-	18,079	(18,079)
(4) Nonadmitted assets	18,317,313	17,615,544	701,769
(5) Other deferred tax assets	26,561,740	17,890,435	8,671,305
(99) Subtotal	362,669,029	343,871,685	18,797,344
(b) Statutory valuation allowance adj	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 362,669,029	\$ 343,871,685	\$ 18,797,344
(e) Capital			
(1) Investments	40,666,525	46,405,063	(5,738,538)
(2) Unrealized (gain)/loss on investments	-	-	-
(99) Subtotal	40,666,525	46,405,063	(5,738,538)
(f) Statutory valuation allowance adj	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 40,666,525	\$ 46,405,063	\$ (5,738,538)
(i) Admitted deferred tax assets (2d + 2h)	\$ 403,335,554	\$ 390,276,748	\$ 13,058,806

3. Deferred tax liabilities

	December 31, 2012	December 31, 2011	Change
(a) Ordinary			
(1) Commission expense	\$ 46,332,708	\$ 41,387,518	\$ 4,945,190
(2) Other, net	4,477,819	6,910,903	(2,433,084)
(99) Subtotal	50,810,527	48,298,421	2,512,106
(b) Capital			
(1) Unrealized (gain)/loss on investments	\$ 245,773,354	\$ 193,067,156	\$ 52,706,198
(99) Subtotal	245,773,354	193,067,156	52,706,198
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 296,583,881	\$ 241,365,577	\$ 55,218,304

4. Net deferred tax assets/liabilities (2i-3c)

\$ 106,751,673 \$ 148,911,171 \$ (42,159,498)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2012	December 31, 2011	Change
Total deferred tax assets	\$ 403,335,554	\$ 390,276,748	\$ 13,058,806
Total deferred tax liabilities	296,583,881	241,365,577	55,218,304
Net deferred tax asset/(liability)	\$ 106,751,673	\$ 148,911,171	\$ (42,159,498)
Tax effect of unrealized (gains)/losses	-	-	52,706,198
Change in net deferred income tax (charge)/benefit	-	-	\$ 10,546,700

	December 31, 2011	December 31, 2010	Change
Total deferred tax assets	\$ 390,276,748	\$ 382,419,293	\$ 7,857,455
Total deferred tax liabilities	241,365,577	244,976,065	(3,610,488)
Net deferred tax asset/(liability)	\$ 148,911,171	\$ 137,443,228	\$ 11,467,943
Tax effect of unrealized (gains)/losses	-	-	(4,262,553)
Change in net deferred income tax (charge)/benefit	-	-	\$ 7,205,390

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

D. Reconciliation of Federal income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:			
Description	As of December 31, 2012		
	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 463,340,729	\$ 162,169,255	35.00%
Net tax exempt interest	(84,822,339)	(29,687,819)	-6.41%
Net dividends received deduction	(45,049,204)	(15,767,221)	-3.40%
Other items permanent, net	5,165,884	1,808,059	0.39%
DRD on accrued	289,649	101,377	0.02%
Other	572,524	200,384	0.04%
Total	\$ 339,497,243	\$ 118,824,035	25.64%
Federal income taxes incurred expense/(benefit)	\$ 358,491,024	\$ 125,471,858	27.08%
Tax on capital gains/(losses)	9,134,593	3,197,108	0.69%
Change in nonadmitted excluding deferred tax asset	2,005,053	701,769	0.15%
Change in net deferred income tax charge/(benefit)	(30,133,427)	(10,546,700)	-2.28%
Total statutory income taxes incurred	\$ 339,497,243	\$ 118,824,035	25.64%
As of December 31, 2011			
Description	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 130,730,034	\$ 45,755,512	35.00%
Net tax exempt interest	(87,828,800)	(30,740,080)	-23.51%
Net dividends received deduction	(39,019,228)	(13,656,730)	-10.45%
Other items permanent, net	(20,539,973)	(7,188,991)	-5.50%
DRD on accrued	(53,425)	(18,699)	-0.01%
Other	632,525	221,384	0.17%
Total	\$ (16,078,867)	\$ (5,627,604)	-4.30%
Federal income taxes incurred expense/(benefit)	\$ (35,759,858)	\$ (12,515,950)	-9.57%
Tax on capital gains/(losses)	65,955,179	23,084,313	17.66%
Change in nonadmitted excluding deferred tax asset	(25,687,360)	(8,990,576)	-6.88%
Change in net deferred income tax charge/(benefit)	(20,586,828)	(7,205,391)	-5.51%
Total statutory income taxes incurred	\$ (16,078,867)	\$ (5,627,604)	-4.30%

E. Operating Loss and Tax Credit Carryforwards

- (1) At December 31, 2012, the Company had net operating loss carryforwards of: \$ -
(2) At December 31, 2012, the Company had capital loss carryforwards of: \$ -

(3) The following is income tax expense for the current and prior years that is available for recoupment in the event of future net losses:			
Year	Ordinary	Capital	Total
2012	\$ 105,717,126	\$ 3,197,108	\$ 108,914,234
2011	(19,030,056)	24,549,174	5,519,118
2010	-	45,309,191	45,309,191
Total	\$ 86,687,070	\$ 73,055,473	\$ 159,742,543

- (4) Deposits admitted under Internal Revenue Code Section 6603: \$ -

F. Consolidated Federal Income Tax Return

- (1) The Company's federal income tax return is consolidated with the following entities:

Cincinnati Financial Corporation (Parent)
The Cincinnati Life Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company
The Cincinnati Specialty Underwriters Insurance Company
CFC Investment Company
CSU Producer Resources, Inc.

- (2) The method of allocation between the Company is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group. Furthermore, tax allocations are computed without regard to any amount attributable to any minimum tax arising under Code Section 55 or minimum tax credit arising under Code Section 53.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Not applicable
B. The Company didn't pay any common stock dividends to the Parent Company in 2012.
C. Not applicable
D. At December 31, 2012, the Company reported \$2,691,381 due from an affiliate The CSU Producer Resources, Inc. and from a subsidiary The CSU Insurance Company. Also at December 31, 2012, the Company reported \$34,351,863 due to the parent, Cincinnati Financial Corporation, and to affiliates The Cincinnati Life Insurance Company and CFC Investment Company, and to subsidiaries The Cincinnati Casualty Company and The Cincinnati Indemnity Company. The terms of the settlement require that these amounts be settled within 30 days.
E. Not applicable
F. The Company has the following management agreements with related parties:
(1) Inter-company Benefits and Expense Allocation Agreement.
(2) Inter-company Cost Sharing and Expense Allocation Agreement.
(3) Inter-company Tax Sharing Agreement.
(4) Inter-company Reinsurance Agreement.
G. All outstanding shares of The Company are owned by the Parent Company, Cincinnati Financial Corporation, a holding company domiciled in the State of Ohio.
H. Not applicable
I. Not applicable
J. Not applicable
K. Not applicable
L. Not applicable

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

11. Debt
- A. Capital Notes – Not applicable
 - B. All Other Debt – Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan – Not applicable
 - B. Defined Contribution Plans – The Company matches contributions of up to 6 percent of each employee's compensation. The Company's contribution for the plan was \$7,621,199 and \$7,614,585 for 2012 and 2011 respectively.
 - C. Multiemployer Plans – Not applicable
 - D. Consolidated/Holding Company Plans – The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by Cincinnati Financial Corporation, the parent. The Company has no legal obligations for benefits under these plans. Cincinnati Financial Corporation allocates amounts to the Company based on the percentage of participants on the Company's payroll. The Company's share of net expense for the qualified pension plan was \$16,422,503 and \$11,829,393 for 2012 and 2011 respectively.
 - E. Postemployment Benefits and Compensated Absences – Not applicable
 - F. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
- (1) The Company has 1,000,000 shares authorized, 717,271 shares issued and 717,271 shares outstanding. All shares are Class A shares.
 - (2) The Company has no preferred stock outstanding.
 - (3) Without prior approval from the Ohio Insurance Commissioner, dividends to shareholders are limited by the laws of Ohio which state that dividends are restricted to the greater of 10% of surplus or net income. In 2013 we would be restricted to \$391,359,798. In 2012 10% of surplus was \$391,359,798 and net income was \$351,171,779. In 2012 we would be restricted to \$374,678,112. In 2011 10% of surplus was \$374,678,112 and net income was \$120,161,670.
 - (4) An ordinary dividend in the amount of \$60,000,000 on January 10, 2012 was paid by the Company.
An ordinary dividend in the amount of \$75,000,000 on April 11, 2012 was paid by the Company.
An ordinary dividend in the amount of \$75,000,000 on July 11, 2012 was paid by the Company.
An ordinary dividend in the amount of \$75,000,000 on September 13, 2012 was paid by the Company.
 - (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 - (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
 - (7) Not applicable
 - (8) Not applicable
 - (9) Not applicable
 - (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains & losses are \$121,457,691 net of tax.
 - (11) The Company has no surplus debentures or similar obligations.
 - (12) Not applicable
 - (13) Not applicable
14. Contingencies
- A. The Company is not aware of any material liabilities not disclosed on our balance sheet as of year-end.
 - B. The Company is not aware of any material assessments as of year-end.
 - C. The Company does not have any gain contingencies.
 - D. The Company paid the following amounts in the reporting period to settle claims related to extra contractual obligations or bad faith claims stemming from lawsuits.

	Net
Claims related ECO and bad faith losses paid during the reporting period	\$6,012,700

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

- E. The Company does not have product warranties.
 - F. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets it considers impaired.
15. Leases
- A.
 - 1) The Company has various noncancelable operating lease agreements that expire through August 2017.
 - 2) At January 1, 2011, the minimum agreement rental commitments are as follows:

Year Ending December 31,	Operating Leases
2013	\$16,532,369
2014	\$9,510,628
2015	\$7,280,665
2016	\$3,073,144
2017	\$178,575
Total	\$36,575,381

- 3) The company is not involved in any material sales leaseback transactions.
 - B. Not applicable
16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not applicable
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. Not applicable
 - B. Not applicable
 - C. Not applicable
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – Not applicable
19. The Company does not have any direct premiums written through managing general agents or third party administrators equal or greater than 5% of surplus.

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

20. Fair Value Measurement

- A. Not applicable
- B. Not applicable
- C.

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Not Practicable (Carrying Value)</u>
Bonds	5,390,702,518	4,860,002,716	1,268,746	5,388,584,386	849,386	
Common Stock	2,135,771,309	2,979,524,990	2,135,771,309			
Perpetual Preferred Stock	135,028,758	115,854,020		135,028,758		
Mortgage Loans						

- D. Not applicable

21. Other Items

- A. Not applicable
- B. Not applicable
- C. Assets in the amount of \$47,035,368 and \$45,948,375 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.
- D. Not applicable
- E. Not applicable
- F. Not applicable
- G. Subprime Mortgage Related Risk Exposure - The Cincinnati Insurance Company has no investments in subprime or related areas. This includes direct investments in subprime mortgage loans, RMBS, CMBS, CDO's, hedge funds, credit default swaps or SIVs. Additionally, we have no equity investments in subsidiary, controlled or affiliated entities with subprime exposure nor do we underwrite any form of mortgage guarantee insurance.

22. Subsequent Events – None

23. Reinsurance

- A. Unsecured Reinsurance Recoverables - None
- B. Reinsurance Recoverable in Dispute – None
- C. Reinsurance Assumed and Ceded

(1)

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Assumed Less Ceded</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
(i) Affiliates	\$258,144,275	\$25,324,212	\$ 0	\$ 0	\$258,144,275	\$ 25,324,212
(ii) All Other	\$ 3,155,982	\$ 896,870	\$15,818,253	\$216,267	(\$12,662,271)	\$680,603
(iii) Total	\$261,300,258	\$26,221,082	\$15,818,253	\$216,267	\$245,482,005	\$ 26,004,815
(iv) Direct Unearned Premium Reserve			\$1,475,422,870			

(2)

<u>REINSURANCE</u>				
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
(i)Contingent Comm	\$87,564,063	\$ 14,200,000	\$ 0	\$101,764,063
(ii)Sliding Scale Adj.				
(iii)Other Profit Comm Arrangements				
(iv)Total	\$87,564,063	\$ 14,200,000	\$ 0	\$101,764,063

(3) Not applicable

- D. Uncollectible Reinsurance – None
- E. Commutation of Ceded Reinsurance – None
- F. Retroactive Reinsurance – None
- G. Reinsurance Accounted for as a Deposit – None
- H. Disclosures for the Transfer of Property and Casualty Run-off Agreements - None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination– None

25. Reserves as of December 31, 2011 were \$3,827,881,251. As of December 31, 2012, \$1,092,643,883 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$2,344,584,346 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on commercial casualty lines of insurance. Therefore, there has been \$390,653,023 favorable prior-year development since December 31, 2011 to December 31, 2012. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Because the Company does not write retrospectively rated policies, prior-year development does not effect premium adjustments.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements

- A. Loss Reserves Eliminated by Annuities \$172,819,510
Unrecorded Loss Contingencies - None
- B.

<u>Life Insurance Company and Location</u>	<u>Licensed in Ohio (Yes/No)</u>	<u>Statement (Present) Value of Annuities</u>
The Cincinnati Life Insurance Company, Fairfield, Ohio	Yes	\$170,850,852

28. Health Care Receivables – None

29. Participating Policies – None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$0
2. Date of most recent evaluation of this liability	01/31/2013
3. Was anticipated investment income utilized in the calculation	No

31. High Deductibles – None

32. The Company does not discount unpaid losses or loss adjustment expenses except for income tax purposes.

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

33. Yes, the Company has exposure to environmental claims. The Company's exposure arises from the sale of commercial liability products. The Company tries to estimate the full impact of the environmental exposures by establishing full case basis reserves on all known losses and computing IBNR based on generally accepted actuarial methodologies. Ceded amounts are related to Company business only. The increase in asbestos and environmental reserves is the result of changes in the identification of asbestos and environmental losses and is not related to new or additional exposures.

ASBESTOS LOSSES	2008	2009	2010	2011	2012
	Direct	Direct	Direct	Direct	Direct
Beginning Reserves	\$45,621,397	\$34,666,597	\$40,038,964	\$39,852,740	\$37,697,035
Incurred Loss & LAE	(\$9,339,254)	\$7,326,647	\$781,021	(\$1,099,461)	(\$2,124,688)
Calendar Yr. Pymnts for Loss and LAE	\$1,615,546	\$1,954,280	\$967,245	\$1,056,244	\$2,278,116
Ending Reserves	\$34,666,597	\$40,038,964	\$39,852,740	\$37,697,035	\$33,294,231
	Assumed	Assumed	Assumed	Assumed	Assumed
Beginning Reserves	\$6,936,084	\$4,258,554	\$7,376,959	\$6,232,524	\$6,719,106
Incurred Loss and LAE	(\$6,558,839)	\$3,534,452	(\$556,879)	\$1,298,383	\$1,719,294
Calendar year payments for Loss and LAE	(\$3,881,309)	\$416,047	\$587,556	\$811,801	\$2,277,613
Ending Reserves	\$4,258,554	\$7,376,959	\$6,232,524	\$6,719,106	\$6,160,787
	Net	Net	Net	Net	Net
Beginning Reserves	\$25,573,487	\$20,470,735	\$25,977,294	\$23,996,144	\$23,629,190
Incurred Loss & LAE	(\$7,368,515)	\$7,876,886	(\$426,349)	\$1,501,091	\$1,759,636
Calendar Yr. Pymnts for Loss and LAE	(\$2,265,763)	\$2,370,327	\$1,554,801	\$1,868,045	\$4,555,729
Ending Reserves	\$20,470,735	\$25,977,294	\$23,996,144	\$23,629,190	\$20,833,097
IBNR Reserves					
Direct	(\$9,226,000)	(\$2,918,000)	(\$3,420,000)	(\$4,251,000)	(\$5,055,000)
Assumed	\$2,162,992	\$3,552,892	\$2,431,314	\$3,352,529	\$2,811,743
Net	(\$7,063,008)	\$634,892	(\$988,686)	(\$898,471)	(\$2,243,257)
LAE Reserves					
Direct	\$15,209,000	\$15,851,000	\$15,105,000	\$14,581,000	\$13,350,750
Assumed	\$65,865	\$55,528	\$126,049	\$79,965	\$121,451
Net	\$15,274,865	\$15,906,528	\$15,231,049	\$14,660,965	\$13,472,201
ENVIRONMENTAL LOSSES	2008	2009	2010	2011	2012
	Direct	Direct	Direct	Direct	Direct
Beginning Reserves	\$97,892,136	\$93,868,092	\$91,097,946	\$108,657,016	\$48,516,896
Incurred Loss & LAE	\$2,069,787	\$4,577,137	\$22,674,373	\$8,752,575	\$7,982,780
Calendar Yr Pymts for Loss and LAE	\$6,093,831	\$7,347,283	\$5,115,303	\$6,762,715	\$10,889,966
Ending Reserves	\$93,868,092	\$91,097,946	\$108,657,016	\$110,646,876	\$45,609,710
	Assumed	Assumed	Assumed	Assumed	Assumed
Beginning Reserves	\$1,231,245	\$1,222,542	\$1,418,014	\$1,027,044	\$1,266,998
Incurred Loss & LAE	(\$1,109,104)	\$223,984	(\$311,965)	\$322,167	(\$495,955)
Calendar Yr Pymts for Loss and LAE	(\$1,100,401)	\$28,512	\$79,005	\$82,213	\$146,228
Ending Reserves	\$1,222,542	\$1,418,014	\$1,027,044	\$1,266,998	\$624,815
	Net	Net	Net	Net	Net
Beginning Reserves	\$97,874,521	\$95,090,634	\$92,515,960	\$109,684,060	\$49,783,894
Incurred Loss & LAE	\$2,209,543	\$4,801,121	\$22,362,408	\$9,074,742	\$7,486,825
Calendar Yr Pymts for Loss and LAE	\$4,993,430	\$7,375,795	\$5,194,308	\$6,844,928	\$11,036,194
Ending Reserves	\$95,090,634	\$92,515,960	\$109,684,060	\$111,913,874	\$46,234,525
IBNR Reserves					
Direct	\$42,446,000	\$43,366,000	\$49,975,000	\$51,922,000	\$14,329,273
Assumed	\$824,104	\$909,477	\$455,152	\$846,173	\$351,468
Net	\$43,270,104	\$44,275,477	\$50,430,152	\$52,768,173	\$14,680,741
LAE Reserves					
Direct	\$36,218,000	\$34,865,000	\$45,240,000	\$46,288,000	\$18,947,346
Assumed	\$50,616	\$66,618	\$79,398	\$42,530	\$38,354
Net	\$36,268,616	\$34,931,618	\$45,319,398	\$46,330,530	\$18,985,700

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

Upon review of note 33 regarding Asbestos/Environmental Reserves, beginning with 2012, the data related to mold is being excluded from the amounts paid and reserved for losses and LAE for these claims. To be consistent with industry reporting and align the numbers with the intent of the note, the company is excluding the mold peril. See the table below to exclude mold from the prior year data:

	2008	2009	2010	2011
	Direct	Direct	Direct	Direct
Beginning Reserves	\$49,506,445	\$49,024,006	\$48,428,036	\$61,228,817
Incurred Loss & LAE	\$3,019,367	\$3,188,869	\$14,550,910	\$3,381,226
Calendar Yr. Pymnts for Loss and LAE	\$3,501,806	\$3,784,839	\$1,750,129	\$2,480,063
Ending Reserves	\$49,024,006	\$48,428,036	\$61,228,817	\$62,129,980
	Assumed	Assumed	Assumed	Assumed
Beginning Reserves	\$0	\$0	\$0	\$0
Incurred Loss and LAE	\$0	\$0	\$0	\$0
Calendar year payments for Loss and LAE	\$0	\$0	\$0	\$0
Ending Reserves	\$0	\$0	\$0	\$0
	Net	Net	Net	Net
Beginning Reserves	\$49,506,445	\$49,024,006	\$48,428,036	\$61,228,817
Incurred Loss & LAE	\$3,019,367	\$3,188,869	\$14,550,910	\$3,381,226
Calendar Yr. Pymnts for Loss and LAE	\$3,501,806	\$3,784,839	\$1,750,129	\$2,480,063
Ending Reserves	\$49,024,006	\$48,428,036	\$61,228,817	\$62,129,980
IBNR Reserves				
Direct	\$25,058,000	\$26,267,000	\$33,318,000	\$34,503,000
Assumed	\$0	\$0	\$0	\$0
Net	\$25,058,000	\$26,267,000	\$33,318,000	\$34,503,000
LAE Reserves				
Direct	\$18,100,000	\$18,201,000	\$24,640,000	\$25,283,000
Assumed	\$0	\$0	\$0	\$0
Net	\$18,100,000	\$18,201,000	\$24,640,000	\$25,283,000

34. Subscriber Savings Accounts – Not applicable

35. Multiple Peril Crop Insurance – None

36. Financial Guaranty Insurance – None

37. Other

Total Net Losses and Expenses Unpaid – AY's 2002 & prior

(000's)	1993 & P	1994	1995	1996	1997	1998	1999	2000	2001	2002
Part 1A	32	15	0	80	0	109	0	32	75	174
Part 1B	410	42	2	11	6	6	22	147	100	285
Part 1C	137	124	19	0	4	3	652	56	143	890
Part 1D	43,158	6,622	8,340	9,715	10,089	13,067	14,059	21,077	24,615	28,797
Part 1E	9,740	1,477	3,744	3,379	3,343	3,014	3,264	4,842	7,174	8,446
Part 1F	9	3	10	9	180	0	0	66	273	371
Part 1G	103	162	226	332	511	475	69	126	3,028	71
Part 1H	18,024	50	76	157	226	145	39	174	1,785	(1,154)
Part 1I	15	0	0	1	0	1	9	0	0	0
Part 1J	11	7	6	8	12	16	13	34	22	27
Part 1K	52	7	0	11	246	26	19	48	35	39
Part 1R	2,618	225	215	638	34	30	113	223	627	634
Totals	74,308	8,733	12,637	14,341	14,651	16,891	18,258	26,825	37,877	38,581
										263,103

Prior year data included in Schedule P is calculated as follows:

Part 1-Payments made in the current year and current reserves for AY's 2002 & prior.

Parts 2&3-The prior line on last year's statement is combined with the year 2002 total. Paid amounts prior to 2003 are then subtracted from this sum to arrive at the prior figure.

Part 4-The sum of the prior year line and the 2002 line from the prior year's Schedule P compose the prior figures for this section.

Part 5 Section 1&3-The prior line is combined with year 2002 from the prior schedule P. Counts for accident year 2002 in the preceding year are then subtracted from this sum to arrive at the prior figure, removing the cumulative effect.

Part 5 Section 2 - The prior line is combined with the 2002 AY of the prior year's Schedule P to arrive at the new prior number.

**ANNUAL STATEMENT FOR THE YEAR 2012 FOR THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

Total Net Salvage and Subrogation Unpaid – AY's 2002 & prior

(000's)	1993 & P	1994	1995	1996	1997	1998	1999	2000	2001	2002
Part 1A	0	0	0	0	0	0	0	0	0	0
Part 1B	0	0	0	0	0	0	0	0	9	21
Part 1C	0	0	0	0	0	0	0	0	0	0
Part 1D	0	0	0	0	0	0	0	0	27	25
Part 1E	0	0	0	0	0	0	0	0	35	101
Part 1F	0	0	0	0	0	0	0	0	0	0
Part 1G	0	0	0	0	0	0	0	0	0	0
Part 1H	0	0	0	0	0	0	0	0	0	0
Part 1I	0	0	0	0	0	0	0	0	0	0
Part 1J	0	0	0	0	0	0	0	0	12	33
Part 1K	0	0	0	0	0	0	0	0	0	0
Part 1R	0	0	0	0	0	0	0	0	0	0
Totals	0	0	0	0	0	0	0	0	83	180
										263

2012 REINSURANCE PROGRAMS

Primary components of the 2012 property and casualty reinsurance program include:

Property per risk treaty – The primary purpose of the property treaty is to provide capacity up to \$25 million, adequate for the majority of the risks we write. It also includes protection for extra-contractual liability coverage losses. We retain the first \$6 million of each loss, except for our homeowner line of business, which has a separate treaty that limits our retention to \$4 million per loss. Losses between \$6 million and \$25 million are reinsured at 100 percent. The ceded premium is estimated at \$37 million for 2012, compared with \$32 million in 2011 and \$36 million in 2010. The higher ceded premium for 2012 compared with 2011 is largely due to higher rates and estimates of higher levels of property coverage direct written premiums that are subject to the treaty.

Casualty per occurrence treaty – The casualty treaty provides capacity up to \$25 million. Similar to the property treaty, it provides sufficient capacity to cover the vast majority of casualty accounts we insure and also includes protection for extra-contractual liability coverage losses. We retain the first \$6 million of each loss. Losses between \$6 million and \$25 million are reinsured at 100 percent. The ceded premium is estimated at \$37 million in 2012, similar to approximately \$37 million paid in 2011 and in 2010. Lower 2012 rates for this treaty were partially offset by estimates of higher levels of liability coverage direct written premiums that are subject to the treaty.

Casualty excess treaties – We purchase a casualty reinsurance treaty that provides an additional \$25 million in protection for certain casualty losses. This treaty, along with the casualty per occurrence treaty, provides a total of \$50 million of protection for workers' compensation, extra-contractual liability coverage and clash coverage losses, which would apply when a single occurrence involves multiple policyholders of The Cincinnati Insurance Companies or multiple coverages for one insured. The ceded premium is estimated at approximately \$2 million in 2012, similar to the premium we paid in 2011 and 2010.

We purchase a second casualty excess treaty, which provides an additional \$20 million in casualty loss coverage. This treaty also provides catastrophic coverage for workers' compensation and extra-contractual liability coverage losses. The ceded premium is estimated at approximately \$1 million for 2012, similar to the premium we paid in 2011 and 2010.

Property catastrophe treaty – To protect against catastrophic events such as wind and hail, hurricanes or earthquakes, we purchased property catastrophe reinsurance with a limit up to \$600 million. The treaty contains one reinstatement provision. For the 2012 treaty, ceded premiums are estimated at \$59 million, up from approximately \$49 million in 2011 and in 2010, due to increasing the coverage limit above \$500 million plus higher rates. We retain the first \$75 million of any loss, up from \$45 million for 2011, plus varying shares of losses up to \$600 million:

- 51.7 percent of losses between \$75 million and \$100 million
- 11.3 percent of losses between \$100 million and \$200 million
- 5.4 percent of losses between \$200 million and \$300 million
- 5.0 percent of losses between \$300 million and \$400 million
- 5.0 percent of losses between \$400 million and \$600 million

After reinsurance, our maximum exposure to a catastrophic event that caused \$500 million in covered losses would be \$115 million compared with \$88 million in 2011 and \$104 million in 2010. The largest catastrophe loss event in our history occurred during 2011 from a May 20-27 storm system that included a tornado in Joplin, Missouri, and also significant losses from hail in the Dayton, Ohio, area. Our losses from that storm were estimated at December 31, 2011, to be \$235 million before reinsurance.

Individual risks with insured values in excess of \$25 million, as identified in the policy, are handled through a different reinsurance mechanism. We typically reinsure property coverage for individual risks with insured values between \$25 million and \$65 million under an automatic facultative agreement. For risks with property values exceeding \$65 million, we negotiate the purchase of facultative coverage on an individual certificate basis. For casualty coverage on individual risks with limits exceeding \$25 million, facultative reinsurance coverage is placed on an individual certificate basis. For risks with property or casualty limits which are between \$25 million and \$27 million, we sometimes forego facultative reinsurance and retain an additional \$2 million of loss exposure.

Terrorism coverage at various levels has been secured in most of our reinsurance agreements. The broadest coverage for this peril is found in the property and casualty working treaties, the property per risk treaty and the casualty per occurrence treaty, which provide coverage for commercial and personal risks. Our property catastrophe treaty provides terrorism coverage for personal risks, and coverage for commercial risks with total insured values of \$10 million or less. For insured values between \$10 million and \$25 million, there also may be coverage in the property working treaty.

A form of reinsurance is also provided through The Terrorism Risk Insurance Act of 2002 (TRIA). TRIA was originally signed into law on November 26, 2002, and extended on December 22, 2005, in a revised form, and extended again on December 26, 2007. TRIA provides a temporary federal backstop for losses related to the writing of the terrorism peril in property casualty insurance policies. TRIA now is scheduled to expire December 31, 2014. Under regulations promulgated under this statute, insurers are required to offer terrorism coverage for certain lines of property casualty insurance, including property, commercial multi-peril, fire, ocean marine, inland marine, liability, aircraft and workers' compensation. In the event of a terrorism event defined by TRIA, the federal government would reimburse terrorism claim payments subject to the insurer's deductible. The deductible is calculated as a percentage of subject written premiums for the preceding calendar year. Our deductible in 2011 was \$366 million (20 percent of 2010 subject premiums), and we estimate it is \$383 million (20 percent of 2011 subject premiums) in 2012.

Reinsurance protection for the company's surety business is covered under separate treaties with many of the same reinsurers that write the property casualty working treaties.

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 [] 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 [] No [] N/A []
- 1.3 State Regulating? OHIO.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 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.12/31/2009
- 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.12/31/2009
- 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).08/03/2010
- 3.4 By what department or departments? OHIO.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] 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 []
- 4.12 renewals? Yes [] No []
- 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 []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 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 []
- 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 []
- 7.2 If yes,
- 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

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Deloitte & Touche, Suite 1900, 250 East 5th Street, PO Box 5340, Cincinnati, OH 45201-5340.....
 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with 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?
 Rita Zona, Deloitte Consulting LLP, 111 S. Wacker Drive, Chicago, IL 60606.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 Yes [X] No []

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

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 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
.....
.....
.....

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
 - 20.12 To stockholders not officers \$.....
 - 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
 - 20.22 To stockholders not officers \$.....
 - 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
 - 21.22 Borrowed from others \$.....
 - 21.23 Leased from others \$.....
 - 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
 - 22.22 Amount paid as expenses \$.....
 - 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 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 [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
 - 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

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

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....47,035,368
25.29	Other	\$.....

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? If no, attach a description with this statement. Yes [] No [] N/A [X]

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

27.2 If yes, state the amount thereof at December 31 of the current year. \$.....

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

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

1 Name of Custodian(s)	2 Custodian’s Address
Fifth Third Bank.....	Fifth Third Center, Cincinnati, Ohio 45263.....

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

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

GENERAL INTERROGATORIES

- 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		0

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

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.....	4,866,024,082	5,396,723,884	530,699,802
30.2 Preferred Stocks.....	115,854,020	135,028,758	19,174,738
30.3 Totals	4,981,878,102	5,531,752,642	549,874,540

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

The majority of fair market values are obtained from Interactive Data Corporation, a pricing vendor. For any security that Interactive Data Corp is unable to price, the fair market value is analytically determined by a brokerage firm which trades this type of security.....

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [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:
Private placement securities are priced by an outside private placement manager. For other securities not priced by the SVO, we use Interactive Data Pricing & Reference Service. If it is not priced by SVO or IDP & RS we obtain a price quote from two separate outside brokers for each security.....
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [] No [X]
- 32.2 If no, list exceptions:
For securities not filed with the SVO, please see the list included at the back of this statement on page 102.....

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$5,430,468
- 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? \$11,454,519
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Shamberg, Johnson and Bergman, Chartered.....	\$.....10,099,333

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$170,486
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Property Casualty Insurers Association.....	\$.....128,956

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only \$0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.3.1 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$3,253,506,377	\$	.....2,961,842,226
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$1,093	\$	.....2,789
2.5	Reserve Denominator	\$5,453,512,802	\$	.....5,453,589,184
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []

3.2 If yes, state the amount of calendar year premiums written on:

3.2.1 Participating policies \$99,584,632
 3.2.2 Non-participating policies \$2,893,846,611

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

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

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
 Protection is provided through several excess reinsurance contracts for workers' compensation coverage.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 The company has engaged with Towers Watson who uses the catastrophe models from Risk Management Solutions and Applied Insurance Research to model potential maximum loss exposure.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
 The company has a catastrophic reinsurance program insuring losses \$525 million excess \$75 million, plus co-participation by layer.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?..... Yes No
- 8.2 If yes, give full information.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes No
- 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
- 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
- 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
 (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
 (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
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 No N/A

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 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..... \$
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 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?..... \$
- 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..... %
 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$25,735,404
 12.62 Collateral and other funds..... \$828,449
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$26,000,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [X] No []
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [X] No []
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 We allocate a specific percentage to each company.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [X] No []
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
- 14.5 If the answer to 14.4 is no, please explain:

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

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

	1 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
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

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

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,565,225,716	1,430,835,792	1,370,541,886	1,377,912,803	1,483,711,138
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	539,329,563	479,412,829	446,337,573	433,377,991	438,288,338
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,411,067,637	1,275,774,836	1,198,183,468	1,172,291,084	1,199,088,023
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	50,098,245	51,189,455	53,863,482	57,804,844	56,332,203
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	3,565,721,161	3,237,212,912	3,068,926,409	3,041,386,722	3,177,419,702
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,511,085,200	1,377,761,562	1,321,709,524	1,324,662,937	1,422,444,856
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	508,088,850	447,117,761	417,593,814	403,866,928	408,465,357
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,318,495,162	1,153,695,077	1,123,202,489	1,097,516,944	1,119,319,111
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	42,585,447	43,032,629	44,926,746	48,104,241	48,243,433
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	3,380,254,659	3,021,607,029	2,907,432,573	2,874,151,050	2,998,472,757
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	128,635,926	(280,368,306)	(37,882,599)	(96,333,786)	9,517,330
14. Net investment gain (loss) (Line 11)	342,091,862	398,174,194	418,028,594	457,508,110	386,620,358
15. Total other income (Line 15)	5,596,928	5,856,066	4,127,969	(5,057,958)	2,220,815
16. Dividends to policyholders (Line 17)	16,181,079	16,016,235	14,167,939	17,180,324	8,726,910
17. Federal and foreign income taxes incurred (Line 19)	125,471,858	(12,515,950)	52,139,747	(10,090)	195,320,282
18. Net income (Line 20)	334,671,779	120,161,670	317,966,278	338,946,132	194,311,312
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	9,767,259,501	9,501,832,509	9,343,031,687	9,144,908,784	8,636,086,821
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	312,478,348	295,535,746	247,230,964	241,722,481	264,524,740
20.2 Deferred and not yet due (Line 15.2)	931,830,949	822,536,963	770,739,506	744,883,859	780,725,538
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	5,853,661,523	5,755,051,386	5,565,799,153	5,497,117,279	5,275,789,114
22. Losses (Page 3, Line 1)	2,836,585,289	2,927,539,915	2,896,177,921	2,803,198,942	2,692,673,548
23. Loss adjustment expenses (Page 3, Line 3)	860,189,053	900,710,444	859,939,917	835,787,925	801,138,329
24. Unearned premiums (Page 3, Line 9)	1,723,597,502	1,576,644,543	1,502,303,660	1,469,843,253	1,517,346,360
25. Capital paid up (Page 3, Lines 30 & 31)	3,586,355	3,586,355	3,586,355	3,586,355	3,586,355
26. Surplus as regards policyholders (Page 3, Line 37)	3,913,597,978	3,746,781,123	3,777,232,534	3,647,791,505	3,360,297,707
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	373,997,584	53,830,244	255,415,033	445,856,142	129,981,331
Risk-Based Capital Analysis					
28. Total adjusted capital	3,927,821,006	3,754,074,513	3,792,754,615	3,663,657,076	3,388,699,761
29. Authorized control level risk-based capital	487,157,108	473,882,731	456,849,894	436,836,514	406,823,123
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	58.6	60.7	61.4	61.7	55.4
31. Stocks (Lines 2.1 & 2.2)	37.3	35.4	36.1	34.1	37.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.1	0.1	0.1	0.1	0.1
34. Cash, cash equivalents and short-term investments (Line 5)	3.8	3.7	2.3	3.9	6.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8)	0.1	0.1	0.1	0.1	0.2
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.1	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	843,753,681	820,178,928	813,310,246	789,011,151	792,614,214
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	843,753,681	820,178,928	813,310,246	789,011,151	792,614,214
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	21.6	21.9	21.5	21.6	23.6

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	121,457,691	(1,047,487)	28,980,005	18,607,764	(1,156,697,700)
52. Dividends to stockholders (Line 35)	(300,000,000)	(180,000,000)	(220,000,000)	(50,000,000)	(160,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	166,816,855	(30,451,413)	129,441,029	287,493,798	(946,852,302)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	763,305,576	697,661,193	679,775,765	748,922,886	722,577,416
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	289,706,589	298,176,879	231,144,911	219,612,081	248,482,130
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	897,664,836	1,069,333,024	693,897,750	749,377,612	747,608,848
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	10,191,492	35,897,910	26,641,183	21,024,673	15,133,647
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	1,960,868,492	2,101,069,007	1,631,459,609	1,738,937,252	1,733,802,041
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	726,967,288	680,775,952	653,555,016	692,518,363	696,131,949
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	284,602,426	279,843,280	231,038,466	215,509,796	243,028,900
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	820,810,207	900,215,363	622,789,852	662,935,202	676,334,692
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	9,702,148	22,871,350	23,276,789	10,809,103	13,614,221
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	1,842,082,069	1,883,705,945	1,530,660,123	1,581,772,464	1,629,109,762
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	53.8	64.7	56.4	58.6	57.6
68. Loss expenses incurred (Line 3)	9.9	12.7	12.2	13.0	10.6
69. Other underwriting expenses incurred (Line 4)	32.3	32.1	32.7	31.8	31.5
70. Net underwriting gain (loss) (Line 8)	4.0	(9.5)	(1.3)	(3.3)	0.3
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.0	31.2	32.3	32.1	31.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	63.7	77.4	68.6	71.6	68.2
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	86.4	80.6	77.0	78.8	89.2
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(389,171)	(276,842)	(259,141)	(155,342)	(289,889)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(10.4)	(7.3)	(7.1)	(4.6)	(6.7)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(506,979)	(387,908)	(276,416)	(334,151)	(437,113)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(13.4)	(10.6)	(8.2)	(7.8)	(9.2)

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

Yes [] No []

If no, please explain

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	21,300	3,648	5,541	1,150	3,395	0	1,546	25,440	XXX
2. 2003	2,866,821	211,037	2,655,784	1,478,144	74,865	138,398	4,065	153,036	0	50,883	1,690,650	XXX
3. 2004	3,096,530	174,822	2,921,708	1,607,391	144,373	126,469	6,560	159,127	0	48,249	1,742,054	XXX
4. 2005	3,239,583	179,203	3,060,380	1,557,018	100,801	122,884	3,781	166,551	6	50,990	1,741,866	XXX
5. 2006	3,323,718	157,381	3,166,336	1,544,422	67,263	131,056	1,679	162,079	0	52,746	1,768,614	XXX
6. 2007	3,302,038	174,551	3,127,487	1,449,100	47,158	119,952	2,781	175,313	2	46,843	1,694,425	XXX
7. 2008	3,185,612	177,290	3,008,322	1,667,261	119,749	123,832	3,137	199,802	6,493	49,019	1,861,516	XXX
8. 2009	3,054,331	167,561	2,886,770	1,436,382	57,327	110,341	2,008	175,431	0	43,630	1,662,820	XXX
9. 2010	3,039,382	161,559	2,877,823	1,380,809	28,206	72,180	1,336	167,064	0	47,098	1,590,511	XXX
10. 2011	3,177,114	215,272	2,961,842	1,709,697	239,929	49,958	558	155,912	7,868	43,492	1,667,213	XXX
11. 2012	3,438,157	184,651	3,253,506	1,021,378	23,137	19,253	182	94,264	0	21,452	1,111,576	XXX
12. Totals	XXX	XXX	XXX	14,872,904	906,455	1,019,864	27,237	1,611,977	14,370	455,947	16,556,683	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	223,707	115,277	124,272	2,699	31,364	29,244	26,017	386	5,349	0	263	263,103	XXX
2.	18,341	2,601	28,007	2,011	174	163	6,559	18	976	0	341	49,263	XXX
3.	25,479	2,888	24,156	1,636	155	155	7,186	50	1,524	0	618	53,772	XXX
4.	31,014	2,452	33,587	2,354	158	147	10,206	345	1,934	0	1,283	71,600	XXX
5.	68,731	10,248	16,941	2,704	34	31	15,867	60	3,173	0	2,342	91,702	XXX
6.	82,489	11,869	35,652	3,236	140	135	24,666	140	4,466	0	3,477	132,032	XXX
7.	144,777	17,329	35,906	3,656	78	54	39,025	165	8,012	0	7,620	206,596	XXX
8.	184,001	7,634	26,084	4,168	45	36	71,430	185	12,046	0	10,108	281,583	XXX
9.	253,580	6,726	86,470	5,881	80	69	99,781	300	19,699	0	17,387	446,633	XXX
10.	438,105	27,650	151,886	12,570	228	211	153,974	505	45,653	0	24,050	748,911	XXX
11.	741,099	49,669	381,579	24,018	276	223	205,271	765	98,028	0	43,411	1,351,579	XXX
12.	2,211,323	254,343	944,538	64,932	32,733	30,468	659,982	2,919	200,861	0	110,900	3,696,774	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	230,002	33,100
2.	1,823,636	83,723	1,739,913	63.6	39.7	65.5	0	0		41,736	7,527
3.	1,951,488	155,661	1,795,826	63.0	89.0	61.5	0	0		45,111	8,661
4.	1,923,352	109,886	1,813,466	59.4	61.3	59.3	0	0		59,795	11,805
5.	1,942,302	81,985	1,860,316	58.4	52.1	58.8	0	0		72,719	18,983
6.	1,891,779	65,322	1,826,457	57.3	37.4	58.4	0	0		103,035	28,997
7.	2,218,694	150,583	2,068,112	69.6	84.9	68.7	0	0		159,698	46,897
8.	2,015,760	71,357	1,944,402	66.0	42.6	67.4	0	0		198,283	83,300
9.	2,079,663	42,519	2,037,144	68.4	26.3	70.8	0	0		327,443	119,191
10.	2,705,414	289,291	2,416,124	85.2	134.4	81.6	0	0		549,771	199,140
11.	2,561,148	97,993	2,463,155	74.5	53.1	75.7	0	0		1,048,992	302,587
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	2,836,585	860,189

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.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

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	1,675,523	1,524,108	1,474,868	1,433,080	1,408,049	1,387,967	1,423,216	1,441,563	1,447,220	1,424,712	(22,508)	(16,851)	
2. 2003	1,708,527	1,682,581	1,626,509	1,601,689	1,586,794	1,565,825	1,579,961	1,581,043	1,581,205	1,585,901	4,696	4,858	
3. 2004	XXX	1,775,293	1,735,536	1,720,201	1,670,706	1,627,875	1,638,045	1,632,623	1,629,834	1,635,175	5,341	2,552	
4. 2005	XXX	XXX	1,791,077	1,764,184	1,729,916	1,661,919	1,644,517	1,637,051	1,635,067	1,644,987	9,920	7,936	
5. 2006	XXX	XXX	XXX	1,932,951	1,844,574	1,771,406	1,725,501	1,720,752	1,708,582	1,695,064	(13,518)	(25,688)	
6. 2007	XXX	XXX	XXX	XXX	1,865,872	1,801,030	1,760,519	1,713,146	1,668,220	1,646,679	(21,541)	(66,467)	
7. 2008	XXX	XXX	XXX	XXX	XXX	2,136,486	2,025,406	1,949,914	1,916,961	1,866,790	(50,170)	(83,124)	
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	2,025,162	1,887,095	1,847,331	1,756,925	(90,406)	(130,170)	
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,050,406	1,902,332	1,850,380	(51,952)	(200,026)	
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,381,460	2,222,426	(159,034)	XXX	
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,270,863	XXX	XXX	
											12. Totals	(389,171)	(506,979)

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	410,991	680,523	866,300	967,495	1,028,360	1,076,278	1,107,034	1,144,914	1,166,958	XXX	XXX
2. 2003	690,340	1,020,956	1,202,594	1,330,989	1,415,399	1,468,291	1,501,634	1,514,049	1,526,092	1,537,614	XXX	XXX
3. 2004	XXX	733,791	1,104,443	1,280,495	1,408,649	1,486,757	1,530,318	1,550,414	1,569,687	1,582,927	XXX	XXX
4. 2005	XXX	XXX	701,110	1,064,625	1,274,248	1,404,733	1,481,311	1,528,053	1,556,910	1,575,321	XXX	XXX
5. 2006	XXX	XXX	XXX	742,661	1,136,167	1,320,058	1,448,337	1,526,798	1,568,432	1,606,535	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	695,730	1,078,743	1,258,687	1,386,725	1,474,161	1,519,113	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	871,158	1,262,663	1,447,453	1,575,493	1,668,207	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	830,310	1,168,517	1,350,363	1,487,388	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	842,232	1,227,755	1,423,446	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,111,075	1,519,168	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,017,312	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	712,970	489,358	370,258	246,269	201,565	160,914	181,891	186,738	178,095	147,204
2. 2003	478,827	285,871	165,143	86,696	60,684	31,020	35,662	31,465	29,547	32,536
3. 2004	XXX	515,266	279,828	164,403	87,511	41,662	47,457	36,513	30,859	29,656
4. 2005	XXX	XXX	515,730	301,874	175,304	74,771	61,746	46,481	39,441	41,094
5. 2006	XXX	XXX	XXX	521,498	296,464	161,788	87,979	70,569	59,566	30,044
6. 2007	XXX	XXX	XXX	XXX	482,308	256,965	150,258	106,244	82,283	56,942
7. 2008	XXX	XXX	XXX	XXX	XXX	558,860	297,212	177,527	124,789	71,110
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	552,158	277,365	203,352	93,161
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	559,680	284,589	180,070
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	565,008	292,785
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	562,067

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE CINCINNATI INSURANCE COMPANY

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	5	6	7	8	9
			2	3							Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	111,274,433	107,578,180	7,225	51,116,480	35,841,558	37,885,115	217,507	
2. Alaska	AK	L	65,716	80,163	0	1,832	(5,013)	10,211	20	
3. Arizona	AZ	L	35,366,159	33,650,585	164,570	15,094,704	11,607,433	20,940,501	65,761	
4. Arkansas	AR	L	45,770,345	43,599,213	29,670	18,115,369	6,546,161	19,362,358	82,284	
5. California	CA	L	3,281,375	3,272,098	15,428	1,226,986	816,887	5,299,465	413	
6. Colorado	CO	L	14,441,816	12,925,030	4,957	12,253,544	18,438,457	13,042,104	20,846	
7. Connecticut	CT	L	3,428,339	2,717,599	0	771,750	1,388,103	2,032,727	3,582	
8. Delaware	DE	L	9,437,414	9,428,342	179,035	4,490,120	3,674,097	12,420,953	8,113	
9. Dist. Columbia	DC	L	1,141,379	1,207,117	22,793	659,386	436,527	1,277,301	70	
10. Florida	FL	L	66,345,583	72,921,939	1,611	25,596,465	19,629,782	61,938,385	69,147	
11. Georgia	GA	L	162,330,814	157,934,990	342,430	84,387,375	65,338,511	89,120,019	291,622	
12. Hawaii	HI	L	31,354	31,630	0	19,263	(4,362)	14,920	20	
13. Idaho	ID	L	24,822,112	24,404,693	0	7,985,290	10,534,075	15,912,032	48,695	
14. Illinois	IL	L	208,352,995	206,381,615	968,719	130,081,464	113,388,638	223,252,132	395,860	
15. Indiana	IN	L	194,913,281	189,592,758	285,982	146,610,291	134,533,309	147,708,180	412,229	
16. Iowa	IA	L	62,508,593	63,616,401	1,754,094	32,434,992	18,351,676	55,068,260	86,829	
17. Kansas	KS	L	38,549,219	38,900,083	538,877	20,680,977	11,738,353	22,859,362	64,299	
18. Kentucky	KY	L	121,186,642	118,236,223	54,092	92,599,328	102,637,292	79,877,623	139,843	
19. Louisiana	LA	L	1,989,969	1,955,980	0	1,179,366	843,284	1,807,442	190	
20. Maine	ME	L	141,511	142,084	0	4,409	(7,911)	50,380	106	
21. Maryland	MD	L	46,653,852	45,709,001	632,363	19,989,260	15,348,729	38,320,136	89,781	
22. Massachusetts	MA	L	980,076	903,628	14,861	1,134,629	1,144,204	1,560,497	90	
23. Michigan	MI	L	134,888,663	127,903,932	561,601	70,638,176	62,234,071	95,555,531	365,264	
24. Minnesota	MN	L	81,034,646	76,396,604	318,268	37,427,535	20,991,008	69,364,976	152,147	
25. Mississippi	MS	L	1,117,080	1,136,994	2,067	411,342	401,708	1,287,467	120	
26. Missouri	MO	L	78,957,628	77,643,009	422,207	58,160,476	62,224,593	105,625,854	165,816	
27. Montana	MT	L	29,992,033	29,192,686	0	15,836,183	13,390,330	24,785,883	30,110	
28. Nebraska	NE	L	22,446,348	22,212,223	306,613	9,196,297	2,616,847	16,724,564	20,665	
29. Nevada	NV	L	1,266,577	1,223,988	5,823	413,825	527,685	1,021,924	45	
30. New Hampshire	NH	L	12,275,472	11,451,395	108,899	4,371,471	1,161,006	6,290,429	33,399	
31. New Jersey	NJ	L	2,270,029	2,170,950	17,250	2,361,306	1,142,127	7,562,654	120	
32. New Mexico	NM	L	8,323,302	7,481,914	1,642	1,511,098	3,154,464	4,939,181	20,081	
33. New York	NY	L	51,588,869	52,843,264	306,960	41,076,983	26,048,381	73,211,236	48,381	
34. No. Carolina	NC	L	149,456,716	143,371,468	238,030	72,522,786	45,757,955	87,260,473	308,458	
35. No. Dakota	ND	L	16,368,858	16,025,221	0	5,887,077	18,435,546	22,880,475	14,663	
36. Ohio	OH	L	587,606,752	580,377,087	0	339,189,319	308,044,740	357,903,915	1,028,806	
37. Oklahoma	OK	L	1,373,640	1,363,141	0	840,976	814,712	2,028,396	311	
38. Oregon	OR	L	4,959,979	3,994,093	14,005	357,807	1,690,832	2,022,923	14,302	
39. Pennsylvania	PA	L	153,024,694	155,037,344	2,221,369	113,334,186	137,342,389	222,524,112	302,337	
40. Rhode Island	RI	L	139,788	110,905	0	28,298	53,222	300,617	20	
41. So. Carolina	SC	L	37,054,728	36,166,607	84,291	23,163,094	22,523,741	32,070,059	49,195	
42. So. Dakota	SD	L	8,671,923	8,197,425	121,433	5,538,800	4,889,848	9,891,202	9,607	
43. Tennessee	TN	L	110,640,458	105,522,394	141,588	95,406,704	75,210,946	75,761,087	235,419	
44. Texas	TX	L	50,134,694	43,039,237	5,675	23,464,896	25,630,808	79,412,198	135,219	
45. Utah	UT	L	35,743,243	34,502,923	0	21,643,130	17,695,833	24,284,185	95,679	
46. Vermont	VT	L	17,944,155	18,252,689	309,540	11,580,242	8,197,474	15,826,401	39,757	
47. Virginia	VA	L	107,866,657	108,289,288	729,111	51,115,999	54,118,477	88,195,106	232,228	
48. Washington	WA	L	10,343,111	9,480,644	0	2,408,693	4,332,102	7,332,274	21,763	
49. West Virginia	WV	L	20,429,578	19,443,759	2,216	16,067,247	19,500,980	20,216,092	29,552	
50. Wisconsin	WI	L	101,302,086	97,190,426	4,829,284	42,302,872	42,174,777	107,800,717	157,815	
51. Wyoming	WY	L	3,196,059	3,254,257	0	515,753	581,910	664,360	2,777	
52. American Samoa	AS	N	0	0	0	0	0	0	0	
53. Guam	GU	N	0	0	0	0	0	0	0	
54. Puerto Rico	PR	L	500	1,242	0	0	36	173	0	
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	
57. Canada	CAN	N	0	0	0	0	0	0	0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a)	52	2,993,431,243	2,928,466,461	15,764,579	1,733,205,850	1,553,108,337	2,412,504,566	5,511,362	0
DETAILS OF WRITE-INS										
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

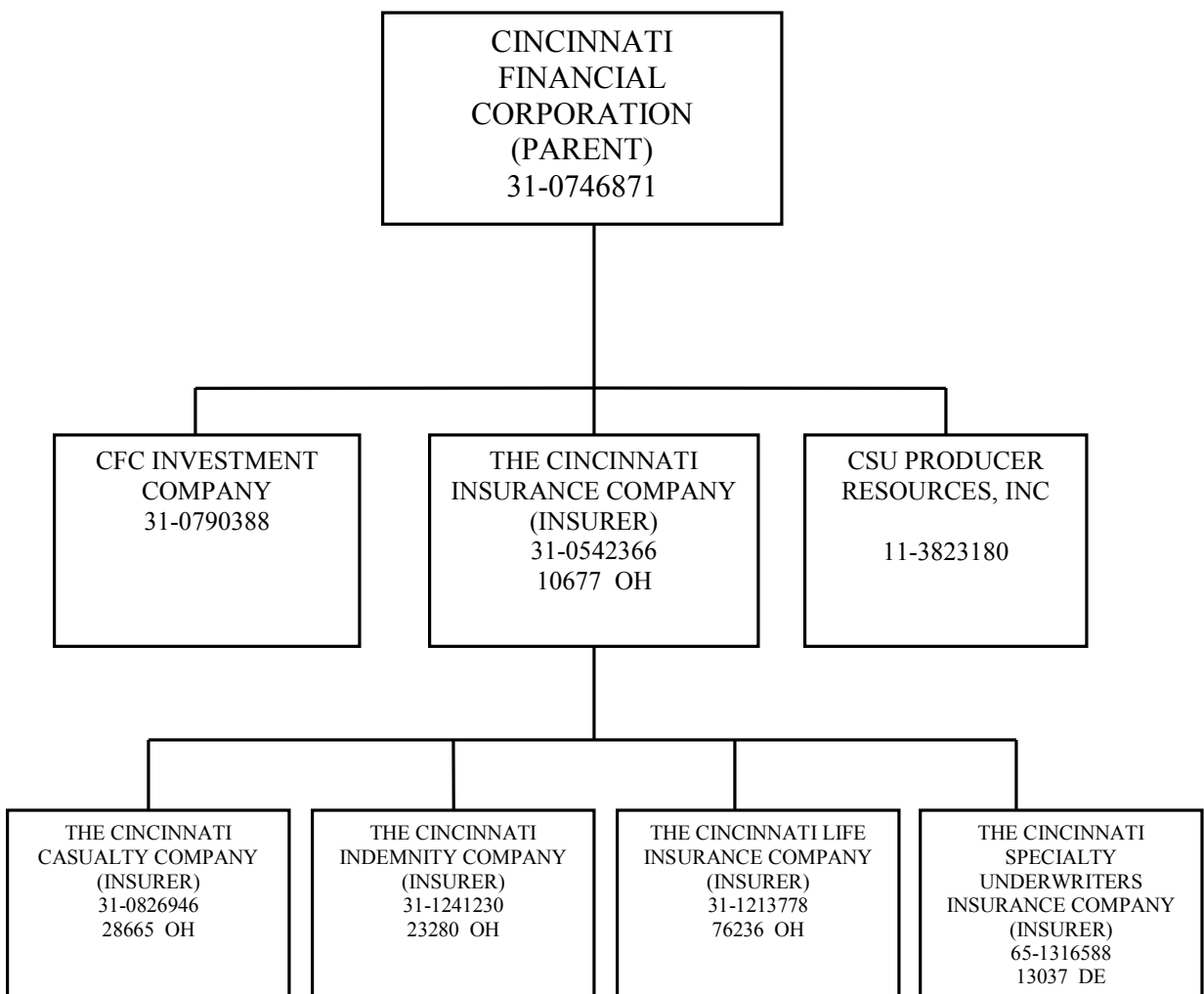
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Premiums received on all classes are allocated to the state in which the risk is located.

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

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF
INSURER MEMBERS OF A HOLDING COMPANY GROUP PART 1
– ORGANIZATIONAL CHART**



ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-Ins	101
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule F – Part 1	20
Schedule F – Part 2	21
Schedule F – Part 3	22
Schedule F – Part 4	23
Schedule F – Part 5	24
Schedule F – Part 6 – Section 1	25
Schedule F – Part 6 – Section 2	27
Schedule F – Part 7	28
Schedule F – Part 8	29
Schedule F – Part 9	30
Schedule H – Accident and Health Exhibit – Part 1	31
Schedule H – Part 2, Part 3, and Part 4	32
Schedule H – Part 5 – Health Claims	33
Schedule P – Part 1 – Summary	34
Schedule P – Part 1A – Homeowners/Farmowners	36
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	37
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	38
Schedule P – Part 1D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	39

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 1E – Commercial Multiple Peril	40
Schedule P – Part 1F – Section 1 – Medical Professional Liability – Occurrence	41
Schedule P – Part 1F – Section 2 – Medical Professional Liability – Claims-Made	42
Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	43
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	44
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	45
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	46
Schedule P – Part 1J – Auto Physical Damage	47
Schedule P – Part 1K – Fidelity/Surety	48
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	49
Schedule P – Part 1M – International	50
Schedule P – Part 1N – Reinsurance – Nonproportional Assumed Property	51
Schedule P – Part 1O – Reinsurance – Nonproportional Assumed Liability	52
Schedule P – Part 1P – Reinsurance – Nonproportional Assumed Financial Lines	53
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	54
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	55
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	56
Schedule P – Part 1T – Warranty	57
Schedule P – Part 2, Part 3 and Part 4 – Summary	35
Schedule P – Part 2A – Homeowners/Farmowners	58
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	58
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	58
Schedule P – Part 2D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	58
Schedule P – Part 2E – Commercial Multiple Peril	58
Schedule P – Part 2F – Section 1 – Medical Professional Liability – Occurrence	59
Schedule P – Part 2F – Section 2 – Medical Professional Liability – Claims – Made	59
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	59
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	59
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	59
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	60
Schedule P – Part 2J – Auto Physical Damage	60
Schedule P – Part 2K – Fidelity, Surety	60
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	60
Schedule P – Part 2M – International	60
Schedule P – Part 2N – Reinsurance – Nonproportional Assumed Property	61
Schedule P – Part 2O – Reinsurance – Nonproportional Assumed Liability	61
Schedule P – Part 2P – Reinsurance – Nonproportional Assumed Financial Lines	61
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	62
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	62
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	62
Schedule P – Part 2T – Warranty	62
Schedule P – Part 3A – Homeowners/Farmowners	63

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 3B – Private Passenger Auto Liability/Medical	63
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	63
Schedule P – Part 3D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	63
Schedule P – Part 3E – Commercial Multiple Peril	63
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	64
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	64
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	64
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	64
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	64
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	65
Schedule P – Part 3J – Auto Physical Damage	65
Schedule P – Part 3K – Fidelity/Surety	65
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	65
Schedule P – Part 3M – International	65
Schedule P – Part 3N – Reinsurance – Nonproportional Assumed Property	66
Schedule P – Part 3O – Reinsurance – Nonproportional Assumed Liability	66
Schedule P – Part 3P – Reinsurance – Nonproportional Assumed Financial Lines	66
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	67
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	67
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	67
Schedule P – Part 3T – Warranty	67
Schedule P – Part 4A – Homeowners/Farmowners	68
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	68
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	68
Schedule P – Part 4D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	68
Schedule P – Part 4E – Commercial Multiple Peril	68
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	69
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	69
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	69
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	69
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	69
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	70
Schedule P – Part 4J – Auto Physical Damage	70
Schedule P – Part 4K – Fidelity/Surety	70
Schedule P – Part 4L – Other (Including Credit, Accident and Health)	70
Schedule P – Part 4M – International	70
Schedule P – Part 4N – Reinsurance – Nonproportional Assumed Property	71
Schedule P – Part 4O – Reinsurance – Nonproportional Assumed Liability	71
Schedule P – Part 4P – Reinsurance – Nonproportional Assumed Financial Lines	71
Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	72
Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	72

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	72
Schedule P – Part 4T – Warranty	72
Schedule P – Part 5A – Homeowners/Farmowners	73
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	74
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	75
Schedule P – Part 5D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	76
Schedule P – Part 5E – Commercial Multiple Peril	77
Schedule P – Part 5F – Medical Professional Liability – Claims-Made	79
Schedule P – Part 5F – Medical Professional Liability – Occurrence	78
Schedule P – Part 5H – Other Liability – Claims-Made	81
Schedule P – Part 5H – Other Liability – Occurrence	80
Schedule P – Part 5R – Products Liability – Claims-Made	83
Schedule P – Part 5R – Products Liability – Occurrence	82
Schedule P – Part 5T – Warranty	84
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	85
Schedule P – Part 6D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	85
Schedule P – Part 6E – Commercial Multiple Peril	86
Schedule P – Part 6H – Other Liability – Claims-Made	87
Schedule P – Part 6H – Other Liability – Occurrence	86
Schedule P – Part 6M – International	87
Schedule P – Part 6N – Reinsurance – Nonproportional Assumed Property	88
Schedule P – Part 6O – Reinsurance – Nonproportional Assumed Liability	88
Schedule P – Part 6R – Products Liability – Claims-Made	89
Schedule P – Part 6R – Products Liability – Occurrence	89
Schedule P – Part 7A – Primary Loss Sensitive Contracts	90
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	92
Schedule P Interrogatories	93
Schedule T – Exhibit of Premiums Written	95
Schedule T – Part 2 – Interstate Compact	96
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	97
Schedule Y – Part 1A – Detail of Insurance Holding Company System	98
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	99
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	100
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11

