



# ANNUAL STATEMENT

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

## JAMES RIVER INSURANCE COMPANY

|  |   |  |
|--|---|--|
| NAIC Group Code.....3494, 3494<br><small>(Current Period) (Prior Period)</small> | NAIC Company Code..... 12203  | Employer's ID Number..... 22-2824607   |
| Organized under the Laws of OHIO   | State of Domicile or Port of Entry OHIO   | Country of Domicile US   |
| Incorporated/Organized..... June 30, 1987  | Commenced Business..... September 11, 1987  |  |
| Statutory Home Office  | 52 EAST GAY STREET ..... COLUMBUS ..... OH ..... US ..... 43215<br><small>(Street and Number) (City or Town, State, Country and Zip Code)</small>   |  |
| Main Administrative Office   | 6641 WEST BROAD STREET, SUITE 300..... RICHMOND ..... VA ..... US..... 23230 (804) 289-2700<br><small>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</small>  |  |
| Mail Address   | P.O. BOX 27648..... RICHMOND ..... VA ..... US ..... 23261<br><small>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</small>   |  |
| Primary Location of Books and Records  | 6641 WEST BROAD STREET, SUITE 300..... RICHMOND ..... VA ..... US ..... 23230 (804) 289-2700<br><small>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</small> |  |
| Internet Web Site Address  | www.jamesriverins.com   |  |
| Statutory Statement Contact  | BRUCE EDWARD SHORT<br><small>(Name)</small><br>Bruce.Short@jamesriverins.com<br><small>(E-Mail Address)</small>   | (804) 289-2150<br><small>(Area Code) (Telephone Number) (Extension)</small><br>(804) 420-1059<br><small>(Fax Number)</small> |

### OFFICERS

| Name                      | Title     | Name                     | Title                  |
|---------------------------|-----------|--------------------------|------------------------|
| 1. RICHARD JOHN SCHMITZER | President | 2. DEBORAH PACE THORSVIK | Treasurer & Controller |
| 3. PAMELA LLULL KNOWLES   | Secretary | 4.                       |                        |

**OTHER**

|                    |                       |                    |   |
|--------------------|-----------------------|--------------------|---|
| GREGG THOMAS DAVIS | Chairman of the Board | BRUCE EDWARD SHORT | Vice President, Chief Financial Officer |
|--------------------|-----------------------|--------------------|---|

### DIRECTORS OR TRUSTEES

|                         |                        |                    |                    |
|-------------------------|------------------------|--------------------|--------------------|
| BRUCE EDWARD SHORT      | RICHARD JOHN SCHMITZER | JOHN GORDON CLARKE | GREGG THOMAS DAVIS |
| RICHARD HAMILTON SEWARD |                        |                    |                    |

State of..... Virginia  
County of..... Henrico

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.

|   |   |   |
|---|---|---|
| _____<br>(Signature)<br>RICHARD JOHN SCHMITZER<br>_____<br>1. (Printed Name)<br>President<br>_____<br>(Title) | _____<br>(Signature)<br>DEBORAH PACE THORSVIK<br>_____<br>2. (Printed Name)<br>Treasurer & Controller<br>_____<br>(Title) | _____<br>(Signature)<br>PAMELA LLULL KNOWLES<br>_____<br>3. (Printed Name)<br>Secretary<br>_____<br>(Title) |
|---|---|---|

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 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 \_\_\_\_\_

## ASSETS

|  | Current Year |                            |  | Prior Year                  |
|--|--------------|----------------------------|--|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....   | 248,587,153  | 0                          | 248,587,153                                  | 248,158,132                 |
| 2. Stocks (Schedule D):  |              |                            |  |                             |
| 2.1 Preferred stocks.....  | 33,428,791   | 0                          | 33,428,791                                   | 21,770,484                  |
| 2.2 Common stocks.....   | 23,982,623   | 0                          | 23,982,623                                   | 56,800,552                  |
| 3. Mortgage loans on real estate (Schedule B):   |              |                            |  |                             |
| 3.1 First liens.....   | 0            | 0                          | 0  | 0                           |
| 3.2 Other than first liens.....  | 0            | 0                          | 0  | 0                           |
| 4. Real estate (Schedule A):   |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....  | 0            | 0                          | 0  | 0                           |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....  | 0            | 0                          | 0  | 0                           |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....   | 0            | 0                          | 0  | 0                           |
| 5. Cash (\$.....(1,873,945), Schedule E-Part 1), cash equivalents (\$.....10,717,500,<br>Schedule E-Part 2) and short-term investments (\$.....12,149,099, Schedule DA)..... | 20,992,654   | 0                          | 20,992,654                                   | 24,073,047                  |
| 6. Contract loans (including \$.....0 premium notes).....  | 0            | 0                          | 0  | 0                           |
| 7. Derivatives (Schedule DB).....  | 0            | 0                          | 0  | 0                           |
| 8. Other invested assets (Schedule BA).....  | 0            | 0                          | 0  | 0                           |
| 9. Receivables for securities.....   | 0            | 0                          | 0  | 0                           |
| 10. Securities lending reinvested collateral assets (Schedule DL).....   | 0            | 0                          | 0  | 0                           |
| 11. Aggregate write-ins for invested assets.....   | 0            | 0                          | 0  | 0                           |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....   | 326,991,221  | 0                          | 326,991,221                                  | 350,802,215                 |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....  | 0            | 0                          | 0  | 0                           |
| 14. Investment income due and accrued.....   | 2,763,059    | 0                          | 2,763,059                                    | 2,821,042                   |
| 15. Premiums and considerations:   |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....  | 106,033,410  | 1,900,236                  | 104,133,174                                  | 56,142,369                  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums).....                      | 0            | 0                          | 0  | 0                           |
| 15.3 Accrued retrospective premiums.....   | 0            | 0                          | 0  | 0                           |
| 16. Reinsurance:   |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....  | 36,326,098   | 0                          | 36,326,098                                   | 15,029,477                  |
| 16.2 Funds held by or deposited with reinsured companies.....  | 3,407,705    | 0                          | 3,407,705                                    | 0                           |
| 16.3 Other amounts receivable under reinsurance contracts.....   | 0            | 0                          | 0  | 0                           |
| 17. Amounts receivable relating to uninsured plans.....  | 0            | 0                          | 0  | 0                           |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....  | 240,584      | 0                          | 240,584                                      | 0                           |
| 18.2 Net deferred tax asset.....   | 8,586,439    | 2,716,420                  | 5,870,019                                    | 6,382,584                   |
| 19. Guaranty funds receivable or on deposit.....   | 0            | 0                          | 0  | 0                           |
| 20. Electronic data processing equipment and software.....   | 0            | 0                          | 0  | 0                           |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....   | 0            | 0                          | 0  | 0                           |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....  | 0            | 0                          | 0  | 0                           |
| 23. Receivables from parent, subsidiaries and affiliates.....  | 91,882       | 0                          | 91,882                                       | 0                           |
| 24. Health care (\$.....0) and other amounts receivable.....   | 0            | 0                          | 0  | 0                           |
| 25. Aggregate write-ins for other than invested assets.....  | 39,195       | 0                          | 39,195                                       | 0                           |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....   | 484,479,593  | 4,616,656                  | 479,862,937                                  | 431,177,687                 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   | 0            | 0                          | 0  | 0                           |
| 28. TOTALS (Lines 26 and 27).....  | 484,479,593  | 4,616,656                  | 479,862,937                                  | 431,177,687                 |

### DETAILS OF WRITE-INS

|  |        |   |        |   |
|--|--------|---|--------|---|
| 1101.....  | 0      | 0 | 0      | 0 |
| 1102.....  | 0      | 0 | 0      | 0 |
| 1103.....  | 0      | 0 | 0      | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0      | 0 | 0      | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0      | 0 | 0      | 0 |
| 2501. Assumed insurance receivable.....                                  | 39,195 | 0 | 39,195 | 0 |
| 2502.....  | 0      | 0 | 0      | 0 |
| 2503.....  | 0      | 0 | 0      | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0      | 0 | 0      | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 39,195 | 0 | 39,195 | 0 |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....  | 87,442,895        | 94,506,231      |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....   | .0                | 19,637,492      |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....  | 54,883,102        | 56,910,497      |
| 4. Commissions payable, contingent commissions and other similar charges.....  | .0                | 55,224          |
| 5. Other expenses (excluding taxes, licenses and fees).....  | .0                | .0              |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....  | .0                | .0              |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....  | .0                | 277,911         |
| 7.2 Net deferred tax liability.....  | .0                | .0              |
| 8. Borrowed money \$.....12,500,000 and interest thereon \$.....3,819.....   | 12,503,819        | .0              |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....56,668,707 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)..... | 17,379,226        | 15,142,822      |
| 10. Advance premium.....   | .0                | .0              |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders.....   | .0                | .0              |
| 11.2 Policyholders.....  | .0                | .0              |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....  | 86,644,682        | 21,766,782      |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....  | .0                | .0              |
| 14. Amounts withheld or retained by company for account of others.....   | .0                | .0              |
| 15. Remittances and items not allocated.....   | .0                | .0              |
| 16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....   | 2,059,000         | 2,308,000       |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....   | .0                | .0              |
| 18. Drafts outstanding.....  | .0                | .0              |
| 19. Payable to parent, subsidiaries and affiliates.....  | 2,375,479         | 2,094,948       |
| 20. Derivatives.....   | .0                | .0              |
| 21. Payable for securities.....  | .0                | .0              |
| 22. Payable for securities lending.....  | .0                | .0              |
| 23. Liability for amounts held under uninsured plans.....  | .0                | .0              |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....  | .0                | .0              |
| 25. Aggregate write-ins for liabilities.....   | 6,037,303         | 2,464,089       |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....   | 269,325,506       | 215,163,996     |
| 27. Protected cell liabilities.....  | .0                | .0              |
| 28. Total liabilities (Lines 26 and 27).....   | 269,325,506       | 215,163,996     |
| 29. Aggregate write-ins for special surplus funds.....   | .0                | 2,399,669       |
| 30. Common capital stock.....  | 3,547,500         | 3,547,500       |
| 31. Preferred capital stock.....   | .0                | .0              |
| 32. Aggregate write-ins for other than special surplus funds.....  | .0                | .0              |
| 33. Surplus notes.....   | .0                | .0              |
| 34. Gross paid in and contributed surplus.....   | 134,601,871       | 134,601,871     |
| 35. Unassigned funds (surplus).....  | 72,388,060        | 75,464,651      |
| 36. Less treasury stock, at cost:  |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....  | .0                | .0              |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....   | .0                | .0              |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....  | 210,537,431       | 216,013,691     |
| 38. TOTALS (Page 2, Line 28, Col. 3).....  | 479,862,937       | 431,177,687     |

**DETAILS OF WRITE-INS**

|  |           |           |
|--|-----------|-----------|
| 2501. Other liabilities.....   | 6,440     | 72,665    |
| 2502. Deferred ceding commission.....                                    | 5,483,863 | 2,325,771 |
| 2503. Excise tax payable.....  | 547,000   | 65,653    |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0        | .0        |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 6,037,303 | 2,464,089 |
| 2901. Additional admitted deferred tax assets.....                       | .0        | 2,399,669 |
| 2902. ....   | .0        | .0        |
| 2903. ....   | .0        | .0        |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | .0        | .0        |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | .0        | 2,399,669 |
| 3201. ....   | .0        | .0        |
| 3202. ....   | .0        | .0        |
| 3203. ....   | .0        | .0        |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | .0        | .0        |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | .0        | .0        |

**STATEMENT OF INCOME**

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>   |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....  | 41,520,108        | 41,608,676      |
| DEDUCTIONS   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7).....  | 13,962,190        | 7,383,047       |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....  | 11,589,236        | 11,994,354      |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....   | 12,737,050        | 11,113,562      |
| 5. Aggregate write-ins for underwriting deductions.....  | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5).....  | 38,288,476        | 30,490,964      |
| 7. Net income of protected cells.....  | 0                 | 0               |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....   | 3,231,632         | 11,117,712      |
| <b>INVESTMENT INCOME</b>   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....   | 18,036,566        | 19,235,825      |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....2,558,243 (Exhibit of Capital Gains (Losses)).....                                  | 4,751,023         | 4,907,223       |
| 11. Net investment gain (loss) (Lines 9 + 10).....   | 22,787,589        | 24,143,048      |
| <b>OTHER INCOME</b>  |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....149,749).....                          | (149,749)         | (364,796)       |
| 13. Finance and service charges not included in premiums.....  | 0                 | 0               |
| 14. Aggregate write-ins for miscellaneous income.....  | (16,794)          | 53,611          |
| 15. Total other income (Lines 12 through 14).....  | (166,543)         | (311,185)       |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....     | 25,852,678        | 34,949,575      |
| 17. Dividends to policyholders.....  | 0                 | 0               |
| 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)..... | 25,852,678        | 34,949,575      |
| 19. Federal and foreign income taxes incurred.....   | 5,574,875         | 5,809,048       |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....   | 20,277,804        | 29,140,527      |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....  | 216,013,691       | 219,760,243     |
| 22. Net income (from Line 20).....   | 20,277,804        | 29,140,527      |
| 23. Net transfers (to) from Protected Cell accounts.....   | 0                 | 0               |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....1,247,244.....   | 2,587,138         | (262,620)       |
| 25. Change in net unrealized foreign exchange capital gain (loss).....   | 0                 | 0               |
| 26. Change in net deferred income tax.....   | 68,062            | (2,824,446)     |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....   | 341,736           | 3,074,559       |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....  | 249,000           | (1,874,572)     |
| 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.....   | (29,000,000)      | (31,000,000)    |
| 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).....   | (5,476,260)       | (3,746,552)     |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....   | 210,537,431       | 216,013,691     |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 0501. ....   | 0                 | 0               |
| 0502. ....   | 0                 | 0               |
| 0503. ....   | 0                 | 0               |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....  | 0                 | 0               |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....  | 0                 | 0               |
| 1401. Miscellaneous.....   | (16,794)          | 53,611          |
| 1402. ....   | 0                 | 0               |
| 1403. ....   | 0                 | 0               |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....   | 0                 | 0               |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....   | (16,794)          | 53,611          |
| 3701. Additional admitted deferred tax assets.....   | 0                 | 2,399,669       |
| 3702. Reclassification of additional admitted deferred tax assets to special surplus funds.....  | 0                 | (2,399,669)     |
| 3703. ....   | 0                 | 0               |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....   | 0                 | 0               |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....   | 0                 | 0               |

**CASH FLOW**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>   |                   |                 |
| 1. Premiums collected net of reinsurance.....   | 60,318,726        | 25,851,726      |
| 2. Net investment income.....   | 16,679,404        | 18,696,548      |
| 3. Miscellaneous income.....  | (166,543)         | 53,611          |
| 4. Total (Lines 1 through 3).....   | 76,831,587        | 44,601,885      |
| 5. Benefit and loss related payments.....   | 65,367,344        | 29,987,618      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                     | 0                 | 0               |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                       | 26,408,901        | 26,181,231      |
| 8. Dividends paid to policyholders.....   | 0                 | 0               |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....2,558,243 tax on capital gains (losses)..... | 8,651,613         | 9,673,190       |
| 10. Total (Lines 5 through 9).....  | 100,427,858       | 65,842,039      |
| 11. Net cash from operations (Line 4 minus Line 10).....  | (23,596,270)      | (21,240,154)    |
| <b>CASH FROM INVESTMENTS</b>  |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:  |                   |                 |
| 12.1 Bonds.....   | 143,819,364       | 226,128,841     |
| 12.2 Stocks.....  | 28,591,942        | 0               |
| 12.3 Mortgage loans.....  | 0                 | 0               |
| 12.4 Real estate.....   | 0                 | 0               |
| 12.5 Other invested assets.....   | 0                 | 0               |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                            | 96                | 3,843           |
| 12.7 Miscellaneous proceeds.....  | 0                 | 0               |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....  | 172,411,402       | 226,132,684     |
| 13. Cost of investments acquired (long-term only):  |                   |                 |
| 13.1 Bonds.....   | 129,662,523       | 139,749,531     |
| 13.2 Stocks.....  | 9,455,670         | 54,533,398      |
| 13.3 Mortgage loans.....  | 0                 | 0               |
| 13.4 Real estate.....   | 0                 | 0               |
| 13.5 Other invested assets.....   | 0                 | 0               |
| 13.6 Miscellaneous applications.....  | 0                 | 38,560          |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....   | 139,118,193       | 194,321,489     |
| 14. Net increase (decrease) in contract loans and premium notes.....  | 0                 | 0               |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                   | 33,293,209        | 31,811,195      |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>  |                   |                 |
| 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.....  | 12,500,000        | 0               |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                                | 0                 | 0               |
| 16.5 Dividends to stockholders.....   | 29,000,000        | 31,000,000      |
| 16.6 Other cash provided (applied).....   | 3,722,668         | 2,095,978       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....  | (12,777,332)      | (28,904,022)    |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                      |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....    | (3,080,393)       | (18,332,981)    |
| 19. Cash, cash equivalents and short-term investments:  |                   |                 |
| 19.1 Beginning of year.....   | 24,073,047        | 42,406,028      |
| 19.2 End of year (Line 18 plus Line 19.1).....  | 20,992,654        | 24,073,047      |
| Note: Supplemental disclosures of cash flow information for non-cash transactions:                              |                   |                 |
| 20.0001 .....   | 0                 | 0               |

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

|  | 1   | 2  | 3   | 4  |
|--|---|--|---|--|
| Line of Business   | Net<br>Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | Premiums<br>Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1. Fire.....   | 87,929  | 54,083   | 63,120  | 78,891   |
| 2. Allied lines.....   | 7,427,347   | 510,348  | 504,025   | 7,433,671  |
| 3. Farmowners multiple peril.....                              | .0  | .0   | .0  | .0   |
| 4. Homeowners multiple peril.....                              | .0  | .0   | .0  | .0   |
| 5. Commercial multiple peril.....                              | .0  | .0   | .0  | .0   |
| 6. Mortgage guaranty.....                                      | .0  | .0   | .0  | .0   |
| 8. Ocean marine.....   | .0  | .0   | .0  | .0   |
| 9. Inland marine.....  | 5,721   | 3,778  | 3,812   | 5,687  |
| 10. Financial guaranty.....                                    | .0  | .0   | .0  | .0   |
| 11.1 Medical professional liability - occurrence.....          | 56,608  | 37,589   | 27,717  | 66,480   |
| 11.2 Medical professional liability - claims-made.....         | 2,285,937   | 1,119,590  | 1,013,712   | 2,391,815  |
| 12. Earthquake.....  | 213,294   | 152,126  | 221,582   | 143,839  |
| 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.....                             | .0  | .0   | .0  | .0   |
| 16. Workers' compensation.....                                 | .0  | .0   | .0  | .0   |
| 17.1 Other liability - occurrence.....                         | 17,076,359  | 6,587,808  | 7,749,419   | 15,914,748   |
| 17.2 Other liability - claims-made.....                        | 4,913,047   | 2,352,777  | 2,335,865   | 4,929,959  |
| 17.3 Excess workers' compensation.....                         | .0  | .0   | .0  | .0   |
| 18.1 Products liability - occurrence.....                      | 8,698,728   | 3,335,963  | 3,899,753   | 8,134,938  |
| 18.2 Products liability - claims-made.....                     | 2,991,542   | 988,760  | 1,560,221   | 2,420,081  |
| 19.1, 19.2 Private passenger auto liability.....               | .0  | .0   | .0  | .0   |
| 19.3, 19.4 Commercial auto liability.....                      | .0  | .0   | .0  | .0   |
| 21. Auto physical damage.....                                  | .0  | .0   | .0  | .0   |
| 22. Aircraft (all perils).....                                 | .0  | .0   | .0  | .0   |
| 23. Fidelity.....  | .0  | .0   | .0  | .0   |
| 24. Surety.....  | .0  | .0   | .0  | .0   |
| 26. Burglary and theft.....                                    | .0  | .0   | .0  | .0   |
| 27. Boiler and machinery.....                                  | .0  | .0   | .0  | .0   |
| 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.....  | 43,756,512  | 15,142,822   | 17,379,226  | 41,520,108   |

#### DETAILS OF WRITE-INS

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

|  | 1   | 2   | 3                              | 4  | 5  |
|--|---|---|--------------------------------|--|--|
| Line of Business   | Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | Earned But<br>Unbilled Premium | Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
| 1. Fire.....   | 63,120  | 0   | 0                              | 0  | 63,120   |
| 2. Allied lines.....   | 504,025   | 0   | 0                              | 0  | 504,025  |
| 3. Farmowners multiple peril.....                              | 0   | 0   | 0                              | 0  | 0  |
| 4. Homeowners multiple peril.....                              | 0   | 0   | 0                              | 0  | 0  |
| 5. Commercial multiple peril.....                              | 0   | 0   | 0                              | 0  | 0  |
| 6. Mortgage guaranty.....                                      | 0   | 0   | 0                              | 0  | 0  |
| 8. Ocean marine.....   | 0   | 0   | 0                              | 0  | 0  |
| 9. Inland marine.....  | 3,812   | 0   | 0                              | 0  | 3,812  |
| 10. Financial guaranty.....                                    | 0   | 0   | 0                              | 0  | 0  |
| 11.1 Medical professional liability - occurrence.....          | 27,717  | 0   | 0                              | 0  | 27,717   |
| 11.2 Medical professional liability - claims-made.....         | 1,013,712   | 0   | 0                              | 0  | 1,013,712  |
| 12. Earthquake.....  | 221,582   | 0   | 0                              | 0  | 221,582  |
| 13. Group accident and health.....                             | 0   | 0   | 0                              | 0  | 0  |
| 14. Credit accident and health (group and individual).....     | 0   | 0   | 0                              | 0  | 0  |
| 15. Other accident and health.....                             | 0   | 0   | 0                              | 0  | 0  |
| 16. Workers' compensation.....                                 | 0   | 0   | 0                              | 0  | 0  |
| 17.1 Other liability - occurrence.....                         | 7,749,419   | 0   | 0                              | 0  | 7,749,419  |
| 17.2 Other liability - claims-made.....                        | 2,335,865   | 0   | 0                              | 0  | 2,335,865  |
| 17.3 Excess workers' compensation.....                         | 0   | 0   | 0                              | 0  | 0  |
| 18.1 Products liability - occurrence.....                      | 3,899,753   | 0   | 0                              | 0  | 3,899,753  |
| 18.2 Products liability - claims-made.....                     | 1,560,221   | 0   | 0                              | 0  | 1,560,221  |
| 19.1, 19.2 Private passenger auto liability.....               | 0   | 0   | 0                              | 0  | 0  |
| 19.3, 19.4 Commercial auto liability.....                      | 0   | 0   | 0                              | 0  | 0  |
| 21. Auto physical damage.....                                  | 0   | 0   | 0                              | 0  | 0  |
| 22. Aircraft (all perils).....                                 | 0   | 0   | 0                              | 0  | 0  |
| 23. Fidelity.....  | 0   | 0   | 0                              | 0  | 0  |
| 24. Surety.....  | 0   | 0   | 0                              | 0  | 0  |
| 26. Burglary and theft.....                                    | 0   | 0   | 0                              | 0  | 0  |
| 27. Boiler and machinery.....                                  | 0   | 0   | 0                              | 0  | 0  |
| 28. Credit.....  | 0   | 0   | 0                              | 0  | 0  |
| 29. International.....   | 0   | 0   | 0                              | 0  | 0  |
| 30. Warranty.....  | 0   | 0   | 0                              | 0  | 0  |
| 31. Reinsurance - nonproportional assumed property.....        | 0   | 0   | 0                              | 0  | 0  |
| 32. Reinsurance - nonproportional assumed liability.....       | 0   | 0   | 0                              | 0  | 0  |
| 33. Reinsurance - nonproportional assumed financial lines..... | 0   | 0   | 0                              | 0  | 0  |
| 34. Aggregate write-ins for other lines of business.....       | 0   | 0   | 0                              | 0  | 0  |
| 35. TOTALS.....  | 17,379,226  | 0   | 0                              | 0  | 17,379,226   |
| 36. Accrued retrospective premiums based on experience.....    |   |   |                                |  | 0  |
| 37. Earned but unbilled premiums.....                          |   |   |                                |  | 0  |
| 38. Balance (sum of Lines 35 through 37).....                  |   |   |                                |  | 17,379,226   |

#### DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case:

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

| Line of Business   | 1<br>Direct Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  |                             | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire.....   | 853,105                     | 10,607                  | 0                           | 205,167               | 570,616                   | 87,929   |
| 2. Allied lines.....   | 6,625,766                   | 38,513                  | 94,533,337                  | 17,330,474            | 76,439,794                | 7,427,347  |
| 3. Farmowners multiple peril.....                              | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 4. Homeowners multiple peril.....                              | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 5. Commercial multiple peril.....                              | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 6. Mortgage guaranty.....                                      | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 8. Ocean marine.....   | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 9. Inland marine.....  | 80,714                      | 0                       | 0                           | 13,350                | 61,643                    | 5,721  |
| 10. Financial guaranty.....                                    | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 11.1 Medical professional liability - occurrence.....          | 198,344                     | (297)                   | 0                           | 132,085               | 9,355                     | 56,608   |
| 11.2 Medical professional liability - claims-made.....         | 8,028,748                   | 95,055                  | 0                           | 5,333,853             | 504,013                   | 2,285,937  |
| 12. Earthquake.....  | 1,584,935                   | 1,143                   | 0                           | 497,687               | 875,097                   | 213,294  |
| 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.....                             | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 16. Workers' compensation.....                                 | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 17.1 Other liability - occurrence.....                         | 79,571,389                  | 531,649                 | 0                           | 39,844,837            | 23,181,842                | 17,076,359   |
| 17.2 Other liability - claims-made.....                        | 19,582,005                  | 111,814                 | 0                           | 11,463,777            | 3,316,995                 | 4,913,047  |
| 17.3 Excess workers' compensation.....                         | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 18.1 Products liability - occurrence.....                      | 29,298,982                  | 261,304                 | 0                           | 20,297,032            | 564,527                   | 8,698,728  |
| 18.2 Products liability - claims-made.....                     | 10,406,687                  | 99,848                  | 0                           | 6,980,264             | 534,729                   | 2,991,542  |
| 19.1, 19.2 Private passenger auto liability.....               | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 19.3, 19.4 Commercial auto liability.....                      | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 21. Auto physical damage.....                                  | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 22. Aircraft (all perils).....                                 | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 23. Fidelity.....  | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 24. Surety.....  | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 26. Burglary and theft.....                                    | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 27. Boiler and machinery.....                                  | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 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  |
| 32. Reinsurance - nonproportional assumed liability.....       | XXX                         | 0                       | 0                           | 0                     | 0                         | 0  |
| 33. Reinsurance - nonproportional assumed financial lines..... | XXX                         | 0                       | 0                           | 0                     | 0                         | 0  |
| 34. Aggregate write-ins for other lines of business.....       | 0                           | 0                       | 0                           | 0                     | 0                         | 0  |
| 35. TOTALS.....  | 156,230,675                 | 1,149,635               | 94,533,337                  | 102,098,524           | 106,058,611               | 43,756,512   |

**DETAILS OF WRITE-INS**

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

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

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

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

|            | Line of Business   | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br>Net Losses<br>Unpaid<br>Prior Year | 7<br>Losses<br>Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of<br>Losses Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|------------|--|--------------------------|-----------------------------|-------------------------------|--|--|---|--|---|
|            |  | 1<br>Direct<br>Business  | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(Cols. 1 + 2 - 3) |  |   |  |   |
| 1.         | Fire.....  | 7,299                    | 0                           | 17,315                        | (10,016)                               | 50,113   | 81,650                                  | (41,553)   | (52.7)  |
| 2.         | Allied lines.....  | (137,715)                | 39,765,429                  | 33,959,197                    | 5,668,517                              | 8,301,213  | 6,226,617                               | 7,743,113  | 104.2   |
| 3.         | Farmowners multiple peril.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 4.         | Homeowners multiple peril.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 5.         | Commercial multiple peril.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 6.         | Mortgage guaranty.....                                     | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 8.         | Ocean marine.....  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 9.         | Inland marine.....   | 0                        | 0                           | 0                             | 0                                      | 7,712  | 7,645                                   | 67   | 1.2   |
| 10.        | Financial guaranty.....                                    | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 11.1       | Medical professional liability - occurrence.....           | 0                        | 0                           | 0                             | 0                                      | 171,486  | 137,776                                 | 33,710   | 50.7  |
| 11.2       | Medical professional liability - claims-made.....          | 2,337,445                | 0                           | 1,637,962                     | 699,483                                | 3,856,434  | 4,406,806                               | 149,111  | 6.2   |
| 12.        | Earthquake.....  | 0                        | 0                           | 0                             | 0                                      | 79,176   | 72,517                                  | 6,659  | 4.6   |
| 13.        | Group accident and health.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 14.        | Credit accident and health (group and individual).....     | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 15.        | Other accident and health.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 16.        | Workers' compensation.....                                 | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 17.1       | Other liability - occurrence.....                          | 22,128,362               | 5,400                       | 12,944,428                    | 9,189,334                              | 44,446,771   | 47,803,300                              | 5,832,805  | 36.7  |
| 17.2       | Other liability - claims-made.....                         | 4,840,069                | 2,250                       | 2,547,920                     | 2,294,399                              | 10,803,242   | 15,520,404                              | (2,422,763)  | (49.1)  |
| 17.3       | Excess workers' compensation.....                          | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 18.1       | Products liability - occurrence.....                       | 5,193,032                | 655                         | 2,456,128                     | 2,737,559                              | 17,142,668   | 17,259,113                              | 2,621,114  | 32.2  |
| 18.2       | Products liability - claims-made.....                      | 1,487,499                | 0                           | 1,041,249                     | 446,250                                | 2,584,080  | 2,990,403                               | 39,927   | 1.6   |
| 19.1, 19.2 | Private passenger auto liability.....                      | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 19.3, 19.4 | Commercial auto liability.....                             | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 21.        | Auto physical damage.....                                  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 22.        | Aircraft (all perils).....                                 | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 23.        | Fidelity.....  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 24.        | Surety.....  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 26.        | Burglary and theft.....                                    | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 27.        | Boiler and machinery.....                                  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 28.        | Credit.....  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 29.        | International.....   | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 30.        | Warranty.....  | 0                        | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 31.        | Reinsurance - nonproportional assumed property.....        | XXX                      | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 32.        | Reinsurance - nonproportional assumed liability.....       | XXX                      | 0                           | 0                             | 0                                      | 0  | 0                                       | 0  | 0.0   |
| 33.        | Reinsurance - nonproportional assumed financial lines..... | XXX                      | 0                           | 0                             | 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.        | <b>TOTALS.....</b>   | <b>35,855,991</b>        | <b>39,773,734</b>           | <b>54,604,199</b>             | <b>21,025,526</b>                      | <b>87,442,895</b>  | <b>94,506,231</b>                       | <b>13,962,190</b>  | <b>33.6</b>   |

#### DETAILS OF WRITE-INS

|       |  |   |   |   |   |   |   |   |     |
|-------|--|---|---|---|---|---|---|---|-----|
| 3401. | .....  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3402. | .....  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3403. | .....  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 3499. | Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

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

| Line of Business   | Reported Losses |                          |   |   | Incurred But Not Reported |                          |                        | 8<br>Net Losses Unpaid<br>(Cols. 4 + 5 + 6 - 7) | 9<br>Net Unpaid Loss Adjustment Expenses |
|--|-----------------|--------------------------|---|---|---------------------------|--------------------------|------------------------|---|--|
|  | 1<br>Direct     | 2<br>Reinsurance Assumed | 3<br>Deduct Reinsurance Recoverable from Unauthorized Companies | 4<br>Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded |   |  |
| 1. Fire.....   | 1,500,003       | 0                        | 1,500,001   | 2   | 427,180                   | 958                      | 378,027                | 50,113  | 167,185                                  |
| 2. Allied lines.....   | 1,006           | 78,750,390               | 72,563,372  | 6,188,024   | 5,405,227                 | 10,906,548               | 14,198,586             | 8,301,213                                       | 1,202,131                                |
| 3. Farmowners multiple peril.....                              | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 4. Homeowners multiple peril.....                              | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 5. Commercial multiple peril.....                              | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 6. Mortgage guaranty.....                                      | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 8. Ocean marine.....   | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 9. Inland marine.....  | 0               | 0                        | 0   | 0   | 73,158                    | 0                        | 65,446                 | 7,712   | 9,425                                    |
| 10. Financial guaranty.....                                    | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 11.1 Medical professional liability - occurrence.....          | 105,252         | 0                        | 73,676  | 31,576  | 470,038                   | 3,388                    | 333,516                | 171,486   | 129,419                                  |
| 11.2 Medical professional liability - claims-made.....         | 1,979,009       | 450,000                  | 1,546,306   | 882,703   | 9,427,426                 | 69,420                   | 6,523,115              | 3,856,434                                       | 2,931,376                                |
| 12. Earthquake.....  | 0               | 0                        | 0   | 0   | 615,995                   | 5,329                    | 542,148                | 79,176  | 84,106                                   |
| 13. Group accident and health.....                             | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | (a) 0   | 0  |
| 14. Credit accident and health (group and individual).....     | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 15. Other accident and health.....                             | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | (a) 0   | 0  |
| 16. Workers' compensation.....                                 | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 17.1 Other liability - occurrence.....                         | 21,813,845      | 4,502                    | 15,642,397  | 6,175,950   | 142,834,350               | 455,704                  | 105,019,233            | 44,446,771                                      | 27,736,571                               |
| 17.2 Other liability - claims-made.....                        | 6,706,712       | 1,351                    | 4,231,193   | 2,476,870   | 27,671,977                | 101,190                  | 19,446,795             | 10,803,242                                      | 7,392,451                                |
| 17.3 Excess workers' compensation.....                         | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 18.1 Products liability - occurrence.....                      | 7,910,593       | 0                        | 4,365,956   | 3,544,637   | 32,664,868                | 147,499                  | 19,214,336             | 17,142,668                                      | 12,701,103                               |
| 18.2 Products liability - claims-made.....                     | 1,357,225       | 0                        | 950,058   | 407,167   | 6,685,473                 | 46,857                   | 4,555,417              | 2,584,080                                       | 2,529,335                                |
| 19.1, 19.2 Private passenger auto liability.....               | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 19.3, 19.4 Commercial auto liability.....                      | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 21. Auto physical damage.....                                  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 22. Aircraft (all perils).....                                 | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 23. Fidelity.....  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 24. Surety.....  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 26. Burglary and theft.....                                    | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 27. Boiler and machinery.....                                  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 28. Credit.....  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 29. International.....   | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 30. Warranty.....  | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 31. Reinsurance - nonproportional assumed property.....        | XXX             | 0                        | 0   | 0   | XXX                       | 0                        | 0                      | 0   | 0  |
| 32. Reinsurance - nonproportional assumed liability.....       | XXX             | 0                        | 0   | 0   | XXX                       | 0                        | 0                      | 0   | 0  |
| 33. Reinsurance - nonproportional assumed financial lines..... | XXX             | 0                        | 0   | 0   | XXX                       | 0                        | 0                      | 0   | 0  |
| 34. Aggregate write-ins for other lines of business.....       | 0               | 0                        | 0   | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 35. TOTALS.....  | 41,373,645      | 79,206,243               | 100,872,959   | 19,706,929  | 226,275,692               | 11,736,893               | 170,276,619            | 87,442,895                                      | 54,883,102                               |

**DETAILS OF WRITE-INS**

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

|  | 1                        | 2                           | 3                   | 4                  |
|--|--------------------------|-----------------------------|---------------------|--------------------|
|  | Loss Adjustment Expenses | Other Underwriting Expenses | Investment Expenses | Total              |
| 1. Claim adjustment services:  |                          |                             |                     |                    |
| 1.1 Direct.....  | 24,311,013               | 0                           | 0                   | 24,311,013         |
| 1.2 Reinsurance assumed.....   | 219,686                  | 0                           | 0                   | 219,686            |
| 1.3 Reinsurance ceded.....   | 16,996,941               | 0                           | 0                   | 16,996,941         |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....                                     | 7,533,758                | 0                           | 0                   | 7,533,758          |
| 2. Commission and brokerage:   |                          |                             |                     |                    |
| 2.1 Direct, excluding contingent.....  | 0                        | 25,447,230                  | 0                   | 25,447,230         |
| 2.2 Reinsurance assumed, excluding contingent.....   | 0                        | 9,601,278                   | 0                   | 9,601,278          |
| 2.3 Reinsurance ceded, excluding contingent.....   | 0                        | 40,923,358                  | 0                   | 40,923,358         |
| 2.4 Contingent - direct.....   | 0                        | 0                           | 0                   | 0                  |
| 2.5 Contingent - reinsurance assumed.....  | 0                        | 366,363                     | 0                   | 366,363            |
| 2.6 Contingent - reinsurance ceded.....  | 0                        | 110,246                     | 0                   | 110,246            |
| 2.7 Policy and membership fees.....  | 0                        | 0                           | 0                   | 0                  |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....              | 0                        | (5,618,733)                 | 0                   | (5,618,733)        |
| 3. Allowances to manager and agents.....   | 0                        | 30,934                      | 0                   | 30,934             |
| 4. Advertising.....  | 0                        | 15,383                      | 0                   | 15,383             |
| 5. Boards, bureaus and associations.....   | 84,333                   | 400,718                     | 3,087               | 488,138            |
| 6. Surveys and underwriting reports.....   | 0                        | (1,538,199)                 | 0                   | (1,538,199)        |
| 7. Audit of assureds' records.....   | 0                        | 313,408                     | 0                   | 313,408            |
| 8. Salary and related items:   |                          |                             |                     |                    |
| 8.1 Salaries.....  | 2,575,694                | 12,377,238                  | 94,289              | 15,047,221         |
| 8.2 Payroll taxes.....   | 169,894                  | 807,274                     | 6,219               | 983,387            |
| 9. Employee relations and welfare.....   | 366,924                  | 1,743,494                   | 13,432              | 2,123,850          |
| 10. Insurance.....   | 44,078                   | 209,444                     | 1,614               | 255,136            |
| 11. Directors' fees.....   | 0                        | 0                           | 0                   | 0                  |
| 12. Travel and travel items.....   | 63,025                   | 299,473                     | 2,307               | 364,805            |
| 13. Rent and rent items.....   | 265,976                  | 1,263,822                   | 9,737               | 1,539,535          |
| 14. Equipment.....   | 100,954                  | 479,700                     | 3,696               | 584,350            |
| 15. Cost or depreciation of EDP equipment and software.....                                  | 55,254                   | 262,548                     | 2,023               | 319,825            |
| 16. Printing and stationery.....   | 107,018                  | 255,264                     | 1,967               | 364,249            |
| 17. Postage, telephone and telegraph, exchange and express.....                              | 68,268                   | 324,386                     | 2,499               | 395,153            |
| 18. Legal and auditing.....  | 62,338                   | 400,903                     | 939,328             | 1,402,569          |
| 19. Totals (Lines 3 to 18).....  | 3,963,756                | 17,645,790                  | 1,080,198           | 22,689,744         |
| 20. Taxes, licenses and fees:  |                          |                             |                     |                    |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$.....0..... | 0                        | 0                           | 0                   | 0                  |
| 20.2 Insurance department licenses and fees.....   | 0                        | 51,423                      | 0                   | 51,423             |
| 20.3 Gross guaranty association assessments.....   | 0                        | 0                           | 0                   | 0                  |
| 20.4 All other (excluding federal and foreign income and real estate).....                   | 0                        | 56,764                      | 0                   | 56,764             |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....                         | 0                        | 108,187                     | 0                   | 108,187            |
| 21. Real estate expenses.....  | 0                        | 0                           | 0                   | 0                  |
| 22. Real estate taxes.....   | 0                        | 0                           | 0                   | 0                  |
| 23. Reimbursements by uninsured plans.....   | 0                        | 0                           | 0                   | 0                  |
| 24. Aggregate write-ins for miscellaneous expenses.....                                      | 91,722                   | 601,806                     | 71,217              | 764,745            |
| 25. Total expenses incurred.....   | 11,589,236               | 12,737,050                  | 1,151,415           | (a).....25,477,701 |
| 26. Less unpaid expenses - current year.....   | 54,883,102               | (1,145)                     | 0                   | 54,881,957         |
| 27. Add unpaid expenses - prior year.....  | 56,910,496               | 55,224                      | 0                   | 56,965,720         |
| 28. Amounts receivable relating to uninsured plans, prior year.....                          | 0                        | 0                           | 0                   | 0                  |
| 29. Amounts receivable relating to uninsured plans, current year.....                        | 0                        | 0                           | 0                   | 0                  |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....                                  | 13,616,630               | 12,793,419                  | 1,151,415           | 27,561,464         |

**DETAILS OF WRITE-INS**

|  |         |          |         |          |
|--|---------|----------|---------|----------|
| 2401. Outside consulting.....  | 76,381  | 330,728  | 56,268  | 463,377  |
| 2402. Corporate administrative services.....                             | 19,658  | 353,849  | 19,658  | 393,165  |
| 2403. Other.....   | (4,317) | (82,771) | (4,709) | (91,797) |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 0       | 0        | 0       | 0        |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | 91,722  | 601,806  | 71,217  | 764,745  |

(a) Includes management fees of \$.....22,919,757 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

|  | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|--|-------------------------------|----------------------------|
| 1. U.S. government bonds.....  | (a).....517,877               | .....458,081               |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....3,901,673             | .....4,089,335             |
| 1.2 Other bonds (unaffiliated).....  | (a).....12,151,044            | .....12,019,575            |
| 1.3 Bonds of affiliates.....   | (a).....0                     | .....0                     |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....1,988,509             | .....2,081,632             |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....0                     | .....0                     |
| 2.2 Common stocks (unaffiliated).....  | .....681,695                  | .....534,209               |
| 2.21 Common stocks of affiliates.....  | .....0                        | .....0                     |
| 3. Mortgage loans.....   | (c).....0                     | .....0                     |
| 4. Real estate.....  | (d).....0                     | .....0                     |
| 5. Contract loans.....   | .....0                        | .....0                     |
| 6. Cash, cash equivalents and short-term investments.....                    | (e).....5,166                 | .....5,149                 |
| 7. Derivative instruments.....   | (f).....0                     | .....0                     |
| 8. Other invested assets.....  | .....0                        | .....0                     |
| 9. Aggregate write-ins for investment income.....                            | .....0                        | .....0                     |
| 10. Total gross investment income.....                                       | <u>19,245,964</u>             | <u>19,187,981</u>          |
| 11. Investment expenses.....   |                               | (g).....1,151,415          |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... |                               | (g).....0                  |
| 13. Interest expense.....  |                               | (h).....0                  |
| 14. Depreciation on real estate and other invested assets.....               |                               | (i).....0                  |
| 15. Aggregate write-ins for deductions from investment income.....           |                               | .....0                     |
| 16. Total deductions (Lines 11 through 15).....                              |                               | <u>1,151,415</u>           |
| 17. Net investment income (Line 10 minus Line 16).....                       |                               | <u>18,036,566</u>          |

### DETAILS OF WRITE-INS

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

- (a) Includes \$.....2,345,737 accrual of discount less \$.....926,773 amortization of premium and less \$.....335,452 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....720 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

|   | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | 680,529   | .....0                                | 680,529   | .....0  | .....0  |
| 1.1 Bonds exempt from U.S. tax.....                       | 473,226   | .....0                                | 473,226   | .....0  | .....0  |
| 1.2 Other bonds (unaffiliated).....                       | 3,757,526   | (419,514)                             | 3,338,012   | 2,571,336   | .....0  |
| 1.3 Bonds of affiliates.....                              | .....0  | .....0                                | .....0  | .....0  | .....0  |
| 2.1 Preferred stocks (unaffiliated).....                  | 161,335   | .....0                                | 161,335   | 4,183,738   | .....0  |
| 2.11 Preferred stocks of affiliates.....                  | .....0  | .....0                                | .....0  | .....0  | .....0  |
| 2.2 Common stocks (unaffiliated).....                     | 2,656,067   | .....0                                | 2,656,067   | (2,999,849)   | .....0  |
| 2.21 Common stocks of affiliates.....                     | .....0  | .....0                                | .....0  | 79,159  | .....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..... | 96  | .....0                                | 96  | .....0  | .....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).....    | .....0  | .....0                                | .....0  | .....0  | .....0  |
| 10. Total capital gains (losses).....                     | <u>7,728,779</u>  | <u>(419,514)</u>                      | <u>7,309,265</u>  | <u>3,834,384</u>                                    | <u>.....0</u>   |

### DETAILS OF WRITE-INS

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

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(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)<br>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.....   | 1,900,236  | 1,575,355                                      | (324,881)   |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       | 0  | 0  | 0   |
| 15.3 Accrued retrospective premiums.....  | 0  | 0  | 0   |
| 16. Reinsurance:  |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....   | 0  | 0  | 0   |
| 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.....  | 2,716,420  | 3,383,037                                      | 666,617   |
| 19. Guaranty funds receivable or on deposit.....  | 0  | 0  | 0   |
| 20. Electronic data processing equipment and software.....  | 0  | 0  | 0   |
| 21. Furniture and equipment, including health care delivery assets.....   | 0  | 0  | 0   |
| 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.....   | 0  | 0  | 0   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | 4,616,656  | 4,958,392                                      | 341,736   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  | 0  | 0  | 0   |
| 28. TOTALS (Lines 26 and 27).....   | 4,616,656  | 4,958,392                                      | 341,736   |

**DETAILS OF WRITE-INS**

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

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Accounting Practices

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

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

The accompanying financial statements contain no differences as a result of practices prescribed or permitted by Ohio that differ from the NAIC's *Accounting Practices and Procedures Manual*.

#### 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 Policies

Premiums are earned over the terms of the related policies. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are determined on a daily pro rata basis. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such 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 either amortized cost, using the interest method or the lower of amortized cost or fair market value.
- (3) Unaffiliated common stocks are stated at fair market value.
- (4) Perpetual preferred stocks are stated at fair market value. Mandatorily redeemable preferred stocks are stated at amortized cost.
- (5) The Company has no mortgage loans.
- (6) Loan-backed securities are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities, EITF 99-20 eligible securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) Affiliated common stock is stated at the statutory value of the insurance subsidiary.
- (8) The Company has no investments in joint ventures, partnerships, or limited liability companies.
- (9) The Company has no investments in derivatives.
- (10) The Company does not consider investment income as a factor in determining premium deficiency reserves.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on industry 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 are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. The Company adopted the provisions of SSAP 101 *Accounting for Income Taxes - A Replacement of SSAP 10R and SSAP 10* (SSAP 101), effective January 1, 2012. SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets. The difference between the recalculated amounts as of January 1, 2012, and the amount actually reported in the prior year financial statements is treated as a change in accounting principle in accordance with SSAP 3 *Accounting Changes and Corrections of Errors*. There was no impact on unassigned funds as of January 1, 2012 as a result of adopting SSAP 101.

### 3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable

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## NOTES TO FINANCIAL STATEMENTS

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**4. DISCONTINUED OPERATIONS**

Not applicable

**5. INVESTMENTS**

A. Mortgage Loans - None

B. Debt Restructuring - None

C. Reverse Mortgages - None

D. Loan-Backed Securities

(1) Prepayment assumptions for Mortgage-Backed Securities, Collateralized Mortgage Obligations and Other Structured Securities were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning). On an ongoing basis, the rate of prepayment is monitored and the model is calibrated to reflect actual experience, market factors and viewpoint.

(2-3) At December 31, 2012 the Company held no securities with a recognized other-than-temporary impairment.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

|                        |         |
|------------------------|---------|
| 1. Less than 12 months | \$4,131 |
| 2. 12 months or longer | \$ 0    |

b. The aggregate related fair value of securities with unrealized losses:

|                        |             |
|------------------------|-------------|
| 1. Less than 12 months | \$1,046,437 |
| 2. 12 months or longer | \$ 0        |

(5) Impairments are based on periodic analytical reviews. Analysis relies on actual collateral performance measurements including, but not limited to prepayment rates, default rates, delinquencies, and loss severity sourced through third party data providers.

E. Repurchase Agreements

The Company invests in repurchase agreements with term limits of no more than 30 days. The Company's investment policy requires that the collateral securing the repurchase agreement have a market value of no less than 102% of the repurchase amount. Repurchase agreements are classified as Cash Equivalents.

F. Real Estate - None

G. Investments in Low-Income Housing Tax Credits - None

**6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

Not applicable

**7. INVESTMENT INCOME**

A. All investment income due and accrued with amounts over 90 days past due is recognized as non-admitted and excluded from surplus.

B. The Company has no investment income due and accrued exceeding 90 days past due.

**8. DERIVATIVE INSTRUMENTS**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

### 9. INCOME TAXES

#### A. Deferred Tax Asset / Liability

##### (1) Components of the Net Deferred Tax Asset / Liability

|  | December 31, 2012 |               |             | December 31, 2011 |             |              | Change    |               |             |
|--|-------------------|---------------|-------------|-------------------|-------------|--------------|-----------|---------------|-------------|
|  | Ordinary          | Capital       | Total       | Ordinary          | Capital     | Total        | Ordinary  | Capital       | Total       |
| Gross deferred tax assets                      | \$9,607,360       | \$341,952     | \$9,949,312 | \$8,903,365       | \$1,879,820 | \$10,783,185 | \$703,995 | \$(1,537,868) | \$(833,873) |
| Deferred tax assets non-admitted               | 2,374,468         | 341,952       | 2,716,420   | 2,385,869         | 997,169     | 3,383,038    | (11,401)  | (655,217)     | (666,618)   |
| Subtotal net admitted deferred tax asset       | 7,232,892         | 0             | 7,232,892   | 6,517,496         | 882,651     | 7,400,147    | 715,396   | (882,651)     | (167,255)   |
| Deferred tax liabilities                       | 135,755           | 1,227,118     | 1,362,873   | 137,722           | 879,841     | 1,017,563    | (1,967)   | 347,277       | 345,310     |
| Net admitted deferred tax assets/(liabilities) | \$7,097,137       | \$(1,227,118) | \$5,870,019 | \$6,379,744       | \$2,810     | \$6,382,584  | \$717,363 | \$(1,229,928) | \$(512,565) |

##### (2) Admission Calculation Components

|  | December 31, 2012 |         |             | December 31, 2011 |           |             | Change    |             |             |
|--|-------------------|---------|-------------|-------------------|-----------|-------------|-----------|-------------|-------------|
|  | Ordinary          | Capital | Total       | Ordinary          | Capital   | Total       | Ordinary  | Capital     | Total       |
| (a) Para 11.a.   | \$7,232,892       | \$0     | \$7,232,892 | \$6,517,496       | \$882,651 | \$7,400,147 | \$715,396 | \$(882,651) | \$(167,255) |
| (b) Paragraph 11.b. (the lesser of 11.b.i. and 11.b.ii. below) | 0                 | 0       | 0           | 0                 | 0         | 0           | 0         | 0           | 0           |
| (c) Paragraph 11.b.i.  | 0                 | 0       | 0           | 0                 | 0         | 0           | 0         | 0           | 0           |
| (d) Paragraph 11.b.ii.   | 0                 | 0       | 0           | 0                 | 0         | 0           | 0         | 0           | 0           |
| (e) Paragraph 11.c.  | 0                 | 0       | 0           | 0                 | 0         | 0           | 0         | 0           | 0           |
| (f) Total (a+b+e)  | \$7,232,892       | \$0     | \$7,232,892 | \$6,517,496       | \$882,651 | \$7,400,147 | \$715,396 | \$(882,651) | \$(167,255) |

##### (3) Other Admissibility Criteria

|  | 2012          | 2011          |
|--|---------------|---------------|
| Ratio percentage used to determine recovery period threshold limitation amount                                   | 676%          | 709%          |
| Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | \$204,667,412 | \$209,631,207 |

(4) There was no impact of tax planning strategies.

B. The Company has no deferred tax liabilities that are not recognized.

#### C. Current and Deferred Income Taxes

##### (1) Current Income Tax

|   | 2012        | 2011        | Change        |
|---|-------------|-------------|---------------|
| (a) Federal                                 | \$5,706,945 | \$7,148,809 | \$(1,441,864) |
| (b) Prior period tax adjustment             | (132,070)   | (1,339,761) | 1,207,691     |
| c Subtotal                                  | 5,574,875   | 5,809,048   | (234,173)     |
| (d) Federal income tax on net capital gains | 2,558,243   | 2,642,352   | (84,109)      |
| (e) Federal income taxes incurred           | \$8,133,118 | \$8,451,400 | \$(318,282)   |

**NOTES TO FINANCIAL STATEMENTS**

## (2) Deferred Tax Assets

|  | 2012        | 2011        | Change      |
|--|-------------|-------------|-------------|
| Ordinary                                 |             |             |             |
| Discount on unpaid loss and LAE reserves | \$5,806,379 | \$6,477,973 | \$(671,594) |
| Discount on net unearned premiums        | 1,216,546   | 1,059,998   | 156,548     |
| Non-admitted premiums receivable         | 665,083     | 551,374     | 113,709     |
| Deferred ceding commissions              | 1,919,352   | 814,020     | 1,105,332   |
| Subtotal                                 | 9,607,360   | 8,903,365   | 703,995     |
| Non-admitted                             | 2,374,468   | 2,385,869   | (11,401)    |
| Admitted ordinary deferred tax assets    | 7,232,892   | 6,517,496   | 715,396     |
| Capital                                  |             |             |             |
| Realized loss on impaired investments    | 90,559      | 725,650     | (635,091)   |
| Unrealized losses on securities owned    | 251,393     | 1,151,360   | (899,967)   |
| Other                                    | 0           | 2,810       | (2,810)     |
| Subtotal                                 | 341,952     | 1,879,820   | (1,537,868) |
| Non-admitted                             | 341,952     | 997,169     | (655,217)   |
| Admitted capital deferred tax assets     | 0           | 882,651     | (882,651)   |
| Admitted deferred tax assets             | 7,232,892   | \$7,400,147 | \$(167,255) |

## (3) Deferred Tax Liabilities

|                                     | 2012        | 2011        | Change    |
|-------------------------------------|-------------|-------------|-----------|
| Ordinary                            |             |             |           |
| Accrued dividends                   | \$83,343    | \$90,330    | \$(6,987) |
| Market discount on bonds            | 52,412      | 47,392      | 5,020     |
| Subtotal                            | 135,755     | 137,722     | (1,967)   |
| Capital                             |             |             |           |
| Unrealized gain on securities owned | 1,227,118   | 879,841     | 347,277   |
| Subtotal                            | 1,227,118   | 879,841     | 347,277   |
| Deferred tax liabilities            | \$1,362,873 | \$1,017,563 | \$345,310 |

(4) Net Deferred Tax Assets \$5,870,019    \$6,382,584    \$512,565

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

In 2012, the significant book-to-tax adjustments were as follows:

|                                      | Amount      | Effective Tax Rate |
|--------------------------------------|-------------|--------------------|
| Provision computed at statutory rate | 9,943,822   | 35.0%              |
| Tax exempt interest                  | (1,202,178) | (4.2)              |
| Dividend received deduction          | (362,921)   | (1.3)              |
| Tax rate true up difference          | (184,937)   | (0.7)              |
| Other                                | (128,730)   | (0.4)              |
| Total                                | 8,065,056   | 28.4%              |
| Federal income taxes incurred        | 5,574,875   | 19.6%              |
| Realized capital gains taxes         | 2,558,243   | 9.0                |
| Change in deferred income taxes      | (68,062)    | (0.2)              |
| Total statutory income taxes         | 8,065,056   | 28.4%              |

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

- (1) At December 31, 2012 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

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## NOTES TO FINANCIAL STATEMENTS

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(2) The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses.

|      |             |
|------|-------------|
| 2012 | \$8,265,188 |
| 2011 | \$9,791,161 |

(3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

### F. Consolidated Federal Income Tax Return

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

James River Group, Inc.  
 James River Casualty Company  
 James River Management Company, Inc.  
 Stonewood General Insurance Company  
 Stonewood Insurance Company  
 Stonewood Insurance Management Company, Inc.  
 Stonewood National Insurance Company  
 Potomac Risk Services, Inc.

(2) A written agreement provides that federal income taxes will be allocated to the Company on approximately the same basis as though the Company were filing a separate return. Estimated tax payments are settled with the Company's parent at the time such estimates are payable to the Internal Revenue Service. Final settlement between the Company and its parent is made within thirty days of the filing of the tax return.

### G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any federal income tax loss contingencies.

## 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

### A. Nature of Relationships

On June 30, 2003 James River Group, Inc. (EIN #05-0539572), an insurance group holding company, acquired Fidelity Excess and Surplus Insurance Company for \$28.9 million in cash, and subsequently changed the name of the Company to James River Insurance Company. 100% of the outstanding common stock of the Company is owned by James River Group, Inc. (James River Group). See Schedule Y, Part 1, Organizational Chart.

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

The Company has a \$12,500,000 note payable to an affiliate.

The Company paid an ordinary dividend of \$29,000,000 and \$31,000,000 to James River Group on December 17, 2012 and December 16, 2011, respectively.

On December 5, 2011 the Company invested \$9,000,000 of additional capital in James River Casualty Company, a wholly owned subsidiary.

### C. Change in Terms of Intercompany Arrangements - None

### D. Amounts Due to or from Related Parties

On December 21, 2012, the Company borrowed \$12,500,000 from James River Group. The note is due March 22, 2013 and has a 1% interest rate computed on the basis of a 360 day year for actual days elapsed.

### E. Guarantees or Undertakings for Related Parties - None

### F. Management, Service Contracts and Cost Sharing Arrangements

James River Management Company, Inc., a wholly owned subsidiary of James River Group, provides accounting, administrative, underwriting and claims services, under contract with the Company. Fees are allocated to the Company on a basis approximating the cost of providing such services and totaled \$22,919,757 in 2012.

### G. Nature of Relationships that Could Affect Operations

See Schedule Y, Part 1, Organizational Chart.

## NOTES TO FINANCIAL STATEMENTS

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- H. The Company owns no shares, either directly or indirectly, of an upstream intermediary or ultimate parent.
- I. The Company has no investments in Subsidiary Controlled Affiliates greater than 10% of admitted assets.
- J. Investments in Impaired Subsidiary, Controlled or Affiliated Companies during the statement period – Not applicable
- K. The Company has no investments in foreign insurance subsidiaries.
- L. The Company has no investments in downstream noninsurance holding companies.

### 11. DEBT

Not applicable

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

This section is not applicable as the Company has no employees, and consequently, no employee benefit plans. The cost of these items is charged to the Company as part of the management fee under the service agreement with James River Management Company, Inc.

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

- (1) The Company has 1,650,000 shares of \$2.15 par value common stock authorized, issued and outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the State of Ohio without (i) prior approval or (ii) expiration of a 30-day waiting period without disapproval of the Director of Insurance is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. Based on this calculation, the maximum amount of ordinary dividends or distributions which may be paid in 2013 is \$21,053,743.
- (4) The Company paid an ordinary dividend of \$29,000,000 and \$31,000,000 to James River Group on December 17, 2012 and December 16, 2011, respectively.
- (5) Within the limitations of (3) above, there are no specific 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 unassigned funds.
- (7) Mutual Surplus Advances - Not applicable
- (8) No stock of the Company or its affiliates is held by it for special purposes.
- (9) The change in special surplus funds is due to the effects of applying SSAP 10 R - *Income Taxes - Revised* to net admitted deferred tax assets.
- (10) The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$2,802,888.
- (11) The Company does not have any surplus debentures or similar obligations.
- (12) There were no restatements in a quasi-reorganization.
- (13) There were no quasi-reorganizations.

### 14. CONTINGENCIES

- A. Contingent Commitments - Not applicable

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## NOTES TO FINANCIAL STATEMENTS

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### B. Assessments

The Company is subject to guaranty fund and other assessments by the state in which it is licensed to write business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessment or in the case of premium based assessments, at the time the premiums were written, or in the case of loss based assessments, at the time the losses are incurred. At December 31, 2012, based on information available from the state in which the Company is licensed to write business, there were no material unpaid assessments and the Company has not accrued a liability for guaranty fund or other assessments.

### C. Gain Contingencies - Not applicable

### D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Not applicable

### E. Product Warranties – Not applicable

### F. Other Contingencies

The Company is not aware of any contingent liabilities that existed at December 31, 2012.

## 15. LEASES

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

Not applicable

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

Not applicable

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

Not applicable

## 20. FAIR VALUE

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

#### (1) Fair Values for Items Measured and Reported at Fair Value by Levels 1, 2 and 3

For statutory accounting, certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value.

Three levels of inputs are used to measure fair value:

- (a) Level 1: Quoted prices in active markets for identical assets,
- (b) Level 2: Indirect observable inputs, including prices for similar assets and market corroborated inputs, and
- (c) Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk.

Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used to determine the appropriate fair value hierarchy. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with pricing policy procedures. Market information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

**NOTES TO FINANCIAL STATEMENTS**

|  | <u>Level 1</u>      | <u>Level 2</u>       | <u>Level 3</u>      | <u>Total</u>         |
|--|---------------------|----------------------|---------------------|----------------------|
| Bonds – Industrial & Misc.                     | \$ 0                | \$ 11,722,896        | \$ 6,083,034        | \$ 17,805,930        |
| Perpetual Preferred Stock – Industrial & Misc. | 0                   | 22,272,511           | 0                   | 22,272,511           |
| Common Stock – Industrial & Misc.              | 1,114,336           | 734,100              | 0                   | 1,848,436            |
| Common Stock – Mutual Funds                    | 6,863,360           | 0                    | 0                   | 6,863,360            |
| Total Common Stocks                            | <u>7,977,696</u>    | <u>734,100</u>       | <u>0</u>            | <u>8,711,796</u>     |
| Total Assets at Fair Value                     | <u>\$ 7,977,696</u> | <u>\$ 34,729,507</u> | <u>\$ 6,083,034</u> | <u>\$ 48,790,237</u> |

The Company held no liabilities measured at fair value as of December 31, 2012. There were no transfers between Level 1 and Level 2 for assets held at December 31, 2012.

## (2) Rollforward of Level 3 Fair Value Measurements Above:

|  | <u>Bond – Industrial<br/>&amp; Misc.</u> | <u>Common Stock –<br/>Industrial &amp; Misc.</u> | <u>Total Level 3</u> |
|--|--|--|----------------------|
| Beginning Balance at January 1, 2012               | \$ 37,402,444                            | \$ 32,242  | \$37,434,686         |
| Transfers into Level 3 (a)                         | (36,273)                                 | 0  | (36,273)             |
| Transfers into Level 3 (b)                         | 0  | 0  | 0                    |
| Transfers out of Level 3 (a)                       | (15,647,755)                             | 0  | (15,647,755)         |
| Transfers out of Level 3 (b)                       | (1,860,394)                              | 0  | (1,860,394)          |
| Total Gains and (Losses) included in Net<br>Income | 184,182                                  | 30,850   | 215,032              |
| Total Gains and (Losses) included in<br>Surplus    | 1,388,529                                | 0  | 1,388,529            |
| Purchases  | 3,183,312                                | 0  | 3,183,312            |
| Sales  | (18,531,011)                             | (63,092)   | (18,594,103)         |
| Ending Balance at December 31, 2012                | <u>\$ 6,083,034</u>                      | <u>\$ 0</u>                                      | <u>\$6,083,034</u>   |

(a) Measurement basis changed from amortized cost to fair value based on NAIC designation.

(b) Transfers due to a change in observability of inputs used to determine fair value.

## (3) Policy on Transfers Into and Out of Level 3

Transfers in and out of Level 3 are recognized based on the beginning of the reporting period.

## (4) Input and Techniques Used for Level 2 and Level 3 Fair Values

Fair value measurements for fixed income and equity securities are based on values either published by the NAIC's Securities Valuation Office (SVO) or from an external pricing source. Under certain circumstances, if neither an SVO price nor vendor price is available, a price may be obtained from a broker. Short-term securities and cash equivalents are valued at amortized cost.

When published prices from the SVO are not available, the Company relies predominately on external pricing sources that have been evaluated and approved by the investment manager's pricing policy committee. Generally, external pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

Investments for which external sources are not available or are determined by the investment manager not to be representative of fair value are recorded at fair value as determined by the investment manager. In determining the fair value of such investments, the investment manager considers one or more of the following factors: type of security held, convertibility or exchangeability of the security, redeemability of the security (including timing of such redemptions), application of industry accepted valuation models, recent trading activity, liquidity, estimates of liquidation value, purchase cost, and prices received for securities with similar terms of the same issuer or similar issuers. At December 31, 2012, there were no investments for which external sources were unavailable to determine fair value.

## (5) Derivative Fair Values

Not applicable.

## B. Other Fair Value Disclosures

Not applicable.

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

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

## NOTES TO FINANCIAL STATEMENTS

|   | <u>Fair Value</u>    | <u>Admitted Value</u> | <u>Level 1</u>      | <u>Level 2</u>       | <u>Level 3</u>      | <u>Not Practical<br/>(Carrying Value)</u> |
|---|----------------------|-----------------------|---------------------|----------------------|---------------------|---|
| Bonds                                     | \$267,859,515        | \$248,587,153         | \$19,307,308        | \$210,526,288        | \$38,025,919        | \$0                                       |
| Preferred Stocks                          | 34,564,991           | 33,428,791            | 0                   | 34,564,991           | 0                   | 0   |
| Common Stocks                             | 8,711,796            | 8,711,796             | 7,977,696           | 734,100              | 0                   | 0   |
| Cash Equivalents & Short-Term Investments | 22,866,599           | 22,866,599            | 12,149,099          | 10,717,500           | 0                   | 0   |
| <b>Total Assets</b>                       | <b>\$334,002,901</b> | <b>\$313,594,339</b>  | <b>\$39,434,103</b> | <b>\$256,542,879</b> | <b>\$38,025,919</b> | <b>\$0</b>                                |

D. Financial Instruments for which Not Practical to Determine Fair Values

Not applicable.

21. OTHER ITEMS

A. Extraordinary Items – Not applicable

B. Troubled Debt Restructuring – Not applicable

C. Other Disclosures

Effective January 1, 2002, the Company entered into a reinsurance agreement with its parent at that time, American Empire Surplus Lines Insurance Company. The Company ceded to American Empire Surplus Lines Insurance Company all liability with respect to direct business written by the Company and the insurance business retroceded to the Company under a Pooling Agreement dated January 1, 1992, as amended. The Company was eliminated as a party to the Pooling Agreement effective January 1, 2002.

With respect to the reinsurance recoverable by the Company related to the direct business ceded under the above contract, American Empire Surplus Lines Insurance Company has provided security in the form of a trust account containing securities that qualify as admitted assets in an amount greater than such recoverable reinsurance. In addition, a parent of the reinsurer, Great American Insurance Company has provided a guarantee for the payment of such reinsurance recoverable to the Company.

Effective January 1, 2008 the Company entered into a reinsurance arrangement with JRG Reinsurance Company, Ltd., whereby the Company ceded 70% of premiums earned and 70% of losses and allocated loss adjustment expenses incurred. The effects of the reinsurance transactions and related information are disclosed on the Reinsurance Summary Supplemental Filing.

D. Uncollectible Premiums Receivable

At December 31, 2012, the Company had admitted assets of \$104,133,174 in uncollected premiums and agents balances in course of collection. The Company routinely assesses the collectibility of the receivables. Based on Company experience, any uncollectible premiums receivable as of December 31, 2012 are not expected to exceed the nonadmitted amounts totaling \$1,900,236 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Business Interruption Insurance Recoveries - Not applicable

F. State Transferable and Non-Transferable Tax Credits - Not applicable

G. Subprime Mortgage Related Exposure

(1) The Company does not engage in direct subprime residential mortgage lending. The Company's exposure to subprime is limited to investments within the fixed income investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending. Such characteristics include an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings (FICO scores), unconventionally high initial loan-to-value ratios, and borrowers with less than conventional documentation of their income and/or net assets.

(2) The Company has no direct exposure through investments in subprime mortgage loans.

## NOTES TO FINANCIAL STATEMENTS

(3) The Company has direct exposure through other investments in subprime mortgage loans. All of these investments are residential mortgage backed securities. The details of these investments follows:

- |   |             |
|---|-------------|
| a. Actual cost:   | \$1,334,185 |
| b. Book adjusted carrying value:                            | \$1,324,432 |
| c. Fair Value:  | \$1,327,122 |
| d. Other-than-temporary impairment losses recognized - None |             |

(4) The Company has no underwriting exposure to subprime mortgages.

### 22. EVENTS SUBSEQUENT

There were no events subsequent to December 31, 2012 that had a material effect on the financial statements.

### 23. REINSURANCE

#### A. Unsecured Reinsurance Recoverable

At December 31, 2012, the Company had the following unsecured aggregate reinsurance recoverable for losses and loss adjustment expenses, paid and unpaid, including IBNR, and unearned premium that exceeded 3% of the Company's policyholders' surplus:

| <u>Company</u>                        | <u>NAIC Company Code</u> | <u>Federal Employer or ISI Identification Number</u> | <u>Amount</u> |
|---------------------------------------|--------------------------|--|---------------|
| Third Point Reinsurance Co LTD        | 00000                    | AA-3191179   | \$44,340,000  |
| Berkley Insurance Company             | 32603                    | 47-0574325   | 36,950,000    |
| Alterra Reinsurance USA, Inc.         | 10829                    | 06-1481194   | 32,867,000    |
| Swiss Reinsurance America Corporation | 25364                    | 13-1675535   | 28,998,000    |
| Transatlantic Reinsurance Company     | 19453                    | 13-5616275   | 9,406,000     |
| QBE Reinsurance Corporation           | 10219                    | 23-1641984   | 7,351,000     |
| Munich Reinsurance America            | 10227                    | 13-4924125   | 6,409,000     |

#### B. Reinsurance Recoverable in Dispute

The Company does not have any reinsurance recoverables in dispute with any one reinsurer exceeding 5% of policyholders' surplus or any reinsurance recoverables in dispute which in the aggregate exceeds 10% of policyholders' surplus.

#### C. Reinsurance Assumed and Ceded

(1) The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2012, of all reinsurance agreements would be:

|              | <u>Assumed Reinsurance</u> |                          | <u>Ceded Reinsurance</u> |                          | <u>Net</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> |
| Affiliates   | \$424,002                  | \$148,401                | \$40,551,527             | \$11,354,428             | \$(40,127,525)         | \$(11,206,027)           |
| All Other    | 0                          | 0                        | 16,117,180               | 4,412,689                | (16,117,180)           | (4,412,689)              |
| <b>TOTAL</b> | <b>\$424,002</b>           | <b>\$148,401</b>         | <b>\$56,668,707</b>      | <b>\$15,767,117</b>      | <b>\$(56,244,705)</b>  | <b>\$(15,618,716)</b>    |

The direct unearned premium reserve at December 31, 2012 is \$73,623,931.

(2) Additional or return commission resulting from existing contractual arrangements are accrued as follows:

|                                      | <u>Reinsurance</u> |                |                  |                    |
|--------------------------------------|--------------------|----------------|------------------|--------------------|
|                                      | <u>Direct</u>      | <u>Assumed</u> | <u>Ceded</u>     | <u>Net</u>         |
| Contingent Commission                | \$0                | \$0            | \$0              | \$0                |
| Sliding Scale Adjustments            | 0                  | 0              | 0                | 0                  |
| Other Profit Commission Arrangements | 0                  | 1,146          | 110,635          | (109,489)          |
| <b>TOTAL</b>                         | <b>\$0</b>         | <b>\$1,146</b> | <b>\$110,635</b> | <b>\$(109,489)</b> |

(3) Protected Cells - Not applicable

#### D. Uncollectible Reinsurance - None

## NOTES TO FINANCIAL STATEMENTS

- E. Commutation of Ceded Reinsurance - None
- F. Retroactive Reinsurance - None
- G. Reinsurance Accounted for as a Deposit - None
- H. Run-off Agreements - None
- I. Certified Reinsurance Downgrades or Status Subject to Revocation - None

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

Not applicable

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

The following table provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance recoverables for the past two years (in thousands):

|   | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|
| Balance at beginning of period                      | \$151,417   | \$173,340   |
| Loss and loss adjustment expense incurred:          |             |             |
| Current accident year                               | 33,857      | 37,230      |
| Prior accident years                                | (8,306)     | (17,853)    |
|   | 25,551      | 19,377      |
| Loss and loss adjustment expense payments made for: |             |             |
| Current accident year                               | 2,471       | 8,652       |
| Prior accident years                                | 32,171      | 32,648      |
|   | 34,642      | 41,300      |
| Balance at end of period                            | \$142,326   | \$151,417   |

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years, decreased by approximately \$8.3 million in 2012, resulting primarily from the other liability lines of business. This change is the result of an ongoing analysis of recent development trends and additional information regarding individual claims.

### 26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

### 27. STRUCTURED SETTLEMENTS

Not applicable

### 28. HEALTH CARE RECEIVABLES

Not applicable

### 29. PARTICIPATING POLICIES

Not applicable

### 30. PREMIUM DEFICIENCY RESERVES

- 1. Liability carried for premium deficiency reserves \$0
- 2. Date of the most recent evaluation of this liability January 28, 2013
- 3. Was anticipated investment income utilized in the calculation? No

### 31. HIGH DEDUCTIBLES

Not applicable

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

The Company does not discount liabilities for unpaid losses or unpaid loss adjusting expenses.

## NOTES TO FINANCIAL STATEMENTS

### 33. ASBESTOS/ENVIRONMENTAL RESERVES

The Company has no exposure to asbestos claims that it had not intended.

The Company has exposure to environmental claims through the sale of general liability insurance in prior years.

The Company attempts to estimate the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

The Company's environmental related losses for each of the five most recent calendar years are as follows:

| <u>Gross of Reinsurance</u> |             |             |             |             |             |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
|                             | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Beginning Reserves          | \$201,189   | \$173,818   | \$152,353   | \$149,968   | \$0         |
| Incurring Losses and LAE    | 53,191      | 70,737      | 8,834       | (104,799)   | 165,151     |
| Paid Losses and LAE         | 80,562      | 92,202      | 11,219      | 45,169      | 21,215      |
| Ending Reserves             | \$173,818   | \$152,353   | \$149,968   | \$0         | \$143,936   |

| <u>Net of Reinsurance</u> |             |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
|                           | <u>2008</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Beginning Reserves        | \$0         | \$0         | \$0         | \$0         | \$0         |
| Incurring Losses and LAE  | 0           | 0           | 0           | 0           | 0           |
| Paid Losses and LAE       | 0           | 0           | 0           | 0           | 0           |
| Ending Reserves           | \$0         | \$0         | \$0         | \$0         | \$0         |

The Company's environmental related IBNR and allocated loss adjustment expense reserves held at December 31, 2012 were as follows:

|                      | <u>Allocated</u>     |                     |
|----------------------|----------------------|---------------------|
|                      | <u>IBNR Reserves</u> | <u>LAE Reserves</u> |
| Gross of Reinsurance | \$0                  | \$0                 |
| Net of Reinsurance   | \$0                  | \$0                 |

### 34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable

### 35. MULTIPLE PERIL CROP INSURANCE

Not applicable

### 36. FINANCIAL GUARANTY INSURANCE

Not applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 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). 08/06/2010
- 3.4 By what department or departments?  
Ohio Department of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Co. Code | 3<br>State of Domicile |
|---------------------|--------------------|------------------------|
|                     |                    |                        |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: \_\_\_\_\_

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ X ] No [ ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....100.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

| 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
| Bermuda          | Corporation         |

- 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP, 2100 East Cary Street, Suite 201, Richmond, VA 23223
- 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 answer 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?  
Sean P. McDermott, FCAS, MAAA, of the firm Towers Watson, 1500 Market St., Philadelphia, Pennsylvania 19102

**GENERAL INTERROGATORIES**

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved .....0  
 12.13 Total book/adjusted carrying value \$.....0

12.2 If yes, provide explanation.

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**PART 1 - COMMON INTERROGATORIES - FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers \$.....0  
 20.12 To stockholders not officers \$.....0  
 20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$.....0  
 20.22 To stockholders not officers \$.....0  
 20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others \$.....0  
 21.22 Borrowed from others \$.....0  
 21.23 Leased from others \$.....0  
 21.24 Other \$.....0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$.....0  
 22.22 Amount paid as expenses \$.....0  
 22.23 Other amounts paid \$.....0

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [ ] No [X]

24.02 If no, give full and complete information relating thereto.

Held under custodial agreements by the following: US Bank, N.A., 1025 Connecticut Avenue, N.W., Suite 517, Washington, DC 20036;  
 US Bank, N.A., One Federal St., Third Floor, Boston, Massachusetts 02110

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes  No  N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....0

24.103 Total payable for securities lending reported on the liability page. \$.....0

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

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

25.21 Subject to repurchase agreements \$.....0

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

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

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

25.25 Pledged as collateral \$.....16,339,587

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

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

25.28 On deposit with state or other regulatory body \$.....6,185,013

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|----------------------------|------------------|-------------|

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address                                       |
|---------------------------|--|
| US Bank, N.A.             | 1025 Connecticut Avenue, N.W., Suite 517, Washington, DC 20036 |
| US Bank, N.A.             | One Federal St., Third Floor, Boston, Massachusetts 02110      |

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<br>Name(s) | 2<br>Location(s) | 3<br>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

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository Number(s) | 2<br>Name                                 | 3<br>Address                                 |
|--|---|--|
| N/A  | General Re - New England Asset Management | 76 Batterson Park Road, Farmington, CT 06032 |
| N/A  | Angelo, Gordon & Co                       | 245 Park Ave., New York, NY 10167            |

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

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #   | 2<br>Name of Mutual Fund | 3<br>Book/Adj. Carrying Value |
|----------------|--------------------------|-------------------------------|
| 29.2999. TOTAL |                          | 0                             |

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

| 1<br>Name of Mutual Fund (from the above table) | 2<br>Name of Significant Holding of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding | 4<br>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<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|----------------------------|---------------------------------|-----------------|--|
| 30.1 Bonds.....            | 271,453,752                     | 290,726,114     | 19,272,362   |
| 30.2 Preferred stocks..... | 33,428,791                      | 34,564,991      | 1,136,200  |
| 30.3 Totals.....           | 304,882,543                     | 325,291,105     | 20,408,562   |

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

- 30.4 Describe the sources or methods utilized in determining the fair values:  
 Fair values are based on values either published by the NAIC's Security Valuation Office (SVO) or from an independent pricing service vendor such as Merrill Lynch indices, Interactive Data Corp, Reuters, S&P or Bloomberg. Under certain circumstances, if neither an SVO price or vendor price is available, a price may be obtained from a broker. Short term securities and cash equivalents are valued at amortized cost.
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
- 
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]
- 32.2 If no, list exceptions:
- 

**PART 1 - COMMON INTERROGATORIES - OTHER**

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....474,954
- 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<br>Name                | 2<br>Amount Paid |
|--------------------------|------------------|
| Insurance Service Office | 401,839          |
- 34.1 Amount of payments for legal expenses, if any? \$.....244,736
- 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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| Gibbons   | 122,506          |
- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.
- | 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           |                  |

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0  
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0  
 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned \$.....0  
 1.62 Total incurred claims \$.....0  
 1.63 Number of covered lives .....0  
 All years prior to most current three years:  
 1.64 Total premium earned \$.....0  
 1.65 Total incurred claims \$.....0  
 1.66 Number of covered lives .....0  
 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned \$.....0  
 1.72 Total incurred claims \$.....0  
 1.73 Number of covered lives .....0  
 All years prior to most current three years:  
 1.74 Total premium earned \$.....0  
 1.75 Total incurred claims \$.....0  
 1.76 Number of covered lives .....0

2. Health test:

|                                  | 1<br>Current Year  | 2<br>Prior Year    |
|----------------------------------|--------------------|--------------------|
| 2.1 Premium Numerator.....       | \$.....0           | \$.....0           |
| 2.2 Premium Denominator.....     | \$.....41,520,108  | \$.....41,608,676  |
| 2.3 Premium Ratio (2.1/2.2)..... | .....0.0           | .....0.0           |
| 2.4 Reserve Numerator.....       | \$.....0           | \$.....0           |
| 2.5 Reserve Denominator.....     | \$.....159,705,223 | \$.....186,197,042 |
| 2.6 Reserve Ratio (2.4/2.5)..... | .....0.0           | .....0.0           |

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [ X ]  
 3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating policies \$.....0  
 3.22 Non-participating policies \$.....0

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]  
 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? .....0.0 %  
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]  
 5.2 If yes, is the commission paid:  
 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]  
 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]  
 5.5 If yes, give full information:

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
The Company has no workers compensation exposure.

- 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 estimates probable maximum loss by use of catastrophic modeling software. The primary exposure to catastrophe is from a book of excess property business, that includes wind-exposed business in the southern and southeastern United States. The Company uses the CLASIC/2 catastrophe model from AIR, version 13.5. The Company also relies on modeling expertise from its reinsurers and reinsurance brokers.

- 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 property catastrophe reinsurance.

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

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to 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 [ X ]  
 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. .....0  
 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [ X ]
- 8.2 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [ X ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [ X ] 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 [ X ]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or Yes [ ] No [ X ]  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [ X ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ X ] No [ ] N/A [ ]
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [ X ]
- 11.2 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 12.11 Unpaid losses \$.....0  
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ X ] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 12.41 From .....0.0 %  
 12.42 To .....0.0 %
- 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 \$.....875,000  
 12.62 Collateral and other funds \$.....0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,650,000
- 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 [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. .....1

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

---

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]

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<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|-----------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home.....       |                                |                              |                                |                                 |                               |
| 16.12 Products.....   |                                |                              |                                |                                 |                               |
| 16.13 Automobile..... |                                |                              |                                |                                 |                               |
| 16.14 Other*.....     |                                |                              |                                |                                 |                               |

\* Disclose type of coverage: .....

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

Included 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 | \$.....0 |
| 17.12 Unfunded portion of Interrogatory 17.11   | \$.....0 |
| 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11                       | \$.....0 |
| 17.14 Case reserves portion of Interrogatory 17.11  | \$.....0 |
| 17.15 Incurred but not reported portion of Interrogatory 17.11                                      | \$.....0 |
| 17.16 Unearned premium portion of Interrogatory 17.11   | \$.....0 |
| 17.17 Contingent commission portion of Interrogatory 17.11  | \$.....0 |

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

|   |          |
|---|----------|
| 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 | \$.....0 |
| 17.19 Unfunded portion of Interrogatory 17.18   | \$.....0 |
| 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18                       | \$.....0 |
| 17.21 Case reserves portion of Interrogatory 17.18  | \$.....0 |
| 17.22 Incurred but not reported portion of Interrogatory 17.18                                      | \$.....0 |
| 17.23 Unearned premium portion of Interrogatory 17.18   | \$.....0 |
| 17.24 Contingent commission portion of Interrogatory 17.18  | \$.....0 |

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

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

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....0

**FIVE-YEAR HISTORICAL DATA**

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

|   | 1<br>2012    | 2<br>2011    | 3<br>2010   | 4<br>2009    | 5<br>2008   |
|---|--------------|--------------|-------------|--------------|-------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>   |              |              |             |              |             |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 148,185,528  | 121,713,141  | 111,012,551 | 133,435,391  | 162,248,669 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   | 103,728,119  | 61,363,746   | 34,817,154  | 43,534,597   | 24,729,984  |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   | 0            | 0            | 0           | 0            | 0           |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....  | 0            | 0            | 0           | 0            | 0           |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....   | 0            | 0            | 0           | 0            | 0           |
| 6. Total (Line 35).....   | 251,913,647  | 183,076,887  | 145,829,705 | 176,969,988  | 186,978,653 |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>   |              |              |             |              |             |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 36,022,220   | 30,474,359   | 28,860,381  | 33,885,343   | (5,472,582) |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   | 7,734,292    | 12,286,362   | 4,979,598   | 11,911,320   | 392,090     |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   | 0            | 0            | 0           | 0            | 0           |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 0            | 0            | 0           | 0            | 0           |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  | 0            | 0            | 0           | 0            | 0           |
| 12. Total (Line 35).....  | 43,756,512   | 42,760,721   | 33,839,979  | 45,796,663   | (5,080,492) |
| <b>Statement of Income (Page 4)</b>   |              |              |             |              |             |
| 13. Net underwriting gain (loss) (Line 8).....  | 3,231,632    | 11,117,712   | 2,901,134   | 5,114,411    | 18,067,972  |
| 14. Net investment gain (loss) (Line 11).....   | 22,787,589   | 24,143,048   | 34,398,147  | 12,316,491   | 3,129,501   |
| 15. Total other income (Line 15).....   | (166,543)    | (311,185)    | (136,155)   | 2,723        | 9,523       |
| 16. Dividends to policyholders (Line 17).....   | 0            | 0            | 0           | 0            | 0           |
| 17. Federal and foreign income taxes incurred (Line 19).....  | 5,574,875    | 5,809,048    | 5,815,238   | 3,241,092    | 4,919,049   |
| 18. Net income (Line 20).....   | 20,277,804   | 29,140,527   | 31,347,888  | 14,192,533   | 16,287,947  |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |              |              |             |              |             |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....  | 479,862,937  | 431,177,687  | 455,594,989 | 442,888,869  | 446,232,065 |
| 20. Premiums and considerations (Page 2, Col. 3):   |              |              |             |              |             |
| 20.1 In course of collection (Line 15.1).....   | 104,133,174  | 56,142,369   | 38,991,998  | 42,927,384   | 25,164,035  |
| 20.2 Deferred and not yet due (Line 15.2).....  | 0            | 0            | 0           | 0            | 0           |
| 20.3 Accrued retrospective premiums (Line 15.3).....  | 0            | 0            | 0           | 0            | 0           |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26).....  | 269,325,506  | 215,163,996  | 235,834,746 | 253,124,917  | 266,969,773 |
| 22. Losses (Page 3, Line 1).....  | 87,442,895   | 94,506,231   | 113,832,759 | 136,812,797  | 159,581,476 |
| 23. Loss adjustment expenses (Page 3, Line 3).....  | 54,883,102   | 56,910,497   | 59,506,948  | 62,480,919   | 67,971,800  |
| 24. Unearned premiums (Page 3, Line 9).....   | 17,379,226   | 15,142,822   | 13,990,777  | 15,653,813   | 21,040,603  |
| 25. Capital paid up (Page 3, Lines 30 & 31).....  | 3,547,500    | 3,547,500    | 3,547,500   | 3,547,500    | 3,547,500   |
| 26. Surplus as regards policyholders (Page 3, Line 37).....   | 210,537,431  | 216,013,691  | 219,760,243 | 189,763,952  | 179,262,292 |
| <b>Cash Flow (Page 5)</b>   |              |              |             |              |             |
| 27. Net cash from operations (Line 11).....   | (23,596,270) | (21,240,154) | 14,390,395  | (18,488,488) | 10,386,599  |
| <b>Risk-Based Capital Analysis</b>  |              |              |             |              |             |
| 28. Total adjusted capital.....   | 210,537,431  | 216,013,691  | 219,760,243 | 189,763,952  | 179,262,292 |
| 29. Authorized control level risk-based capital.....  | 30,270,651   | 29,551,435   | 31,634,505  | 32,591,228   | 33,372,894  |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0                          |              |              |             |              |             |
| 30. Bonds (Line 1).....   | 76.0         | 70.7         | 83.7        | 90.3         | 89.8        |
| 31. Stocks (Lines 2.1 & 2.2).....   | 17.6         | 22.4         | 5.5         | 1.8          | 5.3         |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2).....  | 0.0          | 0.0          | 0.0         | 0.0          | 0.0         |
| 33. Real estate (Lines 4.1, 4.2 & 4.3).....   | 0.0          | 0.0          | 0.0         | 0.0          | 0.0         |
| 34. Cash, cash equivalents and short-term investments (Line 5).....   | 6.4          | 6.9          | 10.8        | 3.3          | 4.7         |
| 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).....   | 0.0          | 0.0          | 0.0         | 4.4          | 0.0         |
| 38. Receivable for securities (Line 9).....   | 0.0          | 0.0          | 0.0         | 0.2          | 0.1         |
| 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       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |              |              |             |              |             |
| 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).....  | 15,270,827   | 15,191,668   | 6,103,983   | 6,023,073    | 0           |
| 45. Affiliated short-term investments<br>(subtotals included in Schedule DA, Verification, Column 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.....  | 15,270,827   | 15,191,668   | 6,103,983   | 6,023,073    | 0           |
| 49. Total investment in parent included in Lines 42 to 47 above.....  | 0            | 0            | 0           | 0            | 0           |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus<br>as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)..... | 7.3          | 7.0          | 2.8         | 3.2          | 0.0         |

**FIVE-YEAR HISTORICAL DATA**

(Continued)

|   | 1            | 2            | 3          | 4            | 5            |
|---|--------------|--------------|------------|--------------|--------------|
|   | 2012         | 2011         | 2010       | 2009         | 2008         |
| <b>Capital and Surplus Accounts (Page 4)</b>  |              |              |            |              |              |
| 51. Net unrealized capital gains (losses) (Line 24).....  | 2,587,138    | (262,620)    | 10,914     | 5,707,584    | (5,294,705)  |
| 52. Dividends to stockholders (Line 35).....  | (29,000,000) | (31,000,000) | 0          | (17,000,000) | (17,000,000) |
| 53. Change in surplus as regards policyholders for the year (Line 38).....  | (5,476,260)  | (3,746,552)  | 29,996,291 | 10,501,660   | (10,138,097) |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>  |              |              |            |              |              |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 35,994,712   | 45,545,201   | 35,904,610 | 48,368,466   | 72,974,232   |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 39,635,013   | 32,640,730   | 26,229,745 | 38,729,643   | 34,714,586   |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | 0            | 0            | 0          | 0            | 0            |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 0            | 0            | 0          | 0            | 0            |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  | 0            | 0            | 0          | 0            | 0            |
| 59. Total (Line 35).....  | 75,629,725   | 78,185,931   | 62,134,355 | 87,098,109   | 107,688,818  |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |              |              |            |              |              |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 15,367,025   | 18,925,020   | 18,409,441 | 29,487,193   | 24,733,677   |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  | 5,658,501    | 7,784,555    | 6,106,599  | 10,034,763   | 7,561,444    |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  | 0            | 0            | 0          | 0            | 0            |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   | 0            | 0            | 0          | 0            | 0            |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  | 0            | 0            | 0          | 0            | 0            |
| 65. Total (Line 35).....  | 21,025,526   | 26,709,575   | 24,516,040 | 39,521,956   | 32,295,121   |
| <b>Operating Percentages</b><br>(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).....   | 33.6         | 17.7         | 4.3        | 32.7         | 30.7         |
| 68. Loss expenses incurred (Line 3).....  | 27.9         | 28.8         | 47.3       | 38.6         | 34.6         |
| 69. Other underwriting expenses incurred (Line 4).....  | 30.7         | 26.7         | 40.2       | 18.6         | 1.6          |
| 70. Net underwriting gain (loss) (Line 8).....  | 7.8          | 26.7         | 8.2        | 10.0         | 33.1         |
| <b>Other Percentages</b>  |              |              |            |              |              |
| 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).....   | 29.5         | 26.7         | 42.6       | 20.8         | (17.5)       |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....   | 61.5         | 46.6         | 51.6       | 71.4         | 65.3         |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....  | 20.8         | 19.8         | 15.4       | 24.1         | (2.8)        |
| <b>One Year Loss Development (000 omitted)</b>  |              |              |            |              |              |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....  | (7,655)      | (16,730)     | (9,564)    | (4,438)      | (6,676)      |
| 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).....                   | (3.5)        | (7.6)        | (5.0)      | (2.5)        | (3.5)        |
| <b>Two Year Loss Development (000 omitted)</b>  |              |              |            |              |              |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....                           | (26,839)     | (26,710)     | (12,558)   | (10,640)     | (12,815)     |
| 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)..... | (12.2)       | (14.1)       | (7.0)      | (5.6)        | (7.0)        |

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

Yes [ ] No [ ]

If no, please explain:

## SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

### SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned         |                   |                        | Loss and Loss Expense Payments |                   |                                       |                  |                              |                  | 10<br>Salvage and Subrogation Received | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | 12<br>Number of Claims Reported-Direct and Assumed |
|--|-------------------------|-------------------|------------------------|--------------------------------|-------------------|---------------------------------------|------------------|------------------------------|------------------|--|--|--|
|  | 1<br>Direct and Assumed | 2<br>Ceded        | 3<br>Net (Cols. 1 - 2) | Loss Payments                  |                   | Defense and Cost Containment Payments |                  | Adjusting and Other Payments |                  |  |  |  |
|  |                         |                   |                        | 4<br>Direct and Assumed        | 5<br>Ceded        | 6<br>Direct and Assumed               | 7<br>Ceded       | 8<br>Direct and Assumed      | 9<br>Ceded       |  |  |  |
| 1. Prior.....  | .....XXX.....           | .....XXX.....     | .....XXX.....          | .....0.....                    | .....0.....       | .....29.....                          | .....29.....     | .....0.....                  | .....0.....      | .....0.....                            | .....0.....  | .....XXX.....                                      |
| 2. 2003.....   | .....7,853.....         | .....2,766.....   | .....5,087.....        | .....999.....                  | .....(208).....   | .....395.....                         | .....(49).....   | .....339.....                | .....(27).....   | .....0.....                            | .....2,017.....                                    | .....XXX.....                                      |
| 3. 2004.....   | .....91,109.....        | .....38,075.....  | .....53,034.....       | .....16,552.....               | .....8,454.....   | .....10,964.....                      | .....2,755.....  | .....3,974.....              | .....1,206.....  | .....291.....                          | .....19,075.....                                   | .....XXX.....                                      |
| 4. 2005.....   | .....194,702.....       | .....100,702..... | .....94,000.....       | .....167,802.....              | .....133,458..... | .....25,514.....                      | .....13,272..... | .....14,679.....             | .....7,879.....  | .....224.....                          | .....53,386.....                                   | .....XXX.....                                      |
| 5. 2006.....   | .....269,021.....       | .....94,664.....  | .....174,357.....      | .....72,553.....               | .....28,102.....  | .....24,714.....                      | .....5,273.....  | .....10,660.....             | .....2,311.....  | .....469.....                          | .....72,242.....                                   | .....XXX.....                                      |
| 6. 2007.....   | .....299,126.....       | .....96,045.....  | .....203,081.....      | .....84,607.....               | .....29,198.....  | .....29,172.....                      | .....6,986.....  | .....13,000.....             | .....2,727.....  | .....116.....                          | .....87,868.....                                   | .....XXX.....                                      |
| 7. 2008.....   | .....219,414.....       | .....164,791..... | .....54,623.....       | .....60,301.....               | .....44,407.....  | .....18,776.....                      | .....13,195..... | .....9,027.....              | .....3,795.....  | .....10.....                           | .....26,707.....                                   | .....XXX.....                                      |
| 8. 2009.....   | .....198,992.....       | .....147,806..... | .....51,186.....       | .....50,632.....               | .....36,515.....  | .....9,822.....                       | .....6,965.....  | .....5,159.....              | .....2,092.....  | .....26.....                           | .....20,041.....                                   | .....XXX.....                                      |
| 9. 2010.....   | .....152,755.....       | .....117,252..... | .....35,503.....       | .....35,042.....               | .....27,530.....  | .....6,885.....                       | .....4,820.....  | .....3,864.....              | .....1,582.....  | .....6.....                            | .....11,858.....                                   | .....XXX.....                                      |
| 10. 2011.....  | .....175,762.....       | .....134,153..... | .....41,609.....       | .....66,483.....               | .....51,834.....  | .....2,076.....                       | .....1,453.....  | .....2,170.....              | .....683.....    | .....0.....                            | .....16,759.....                                   | .....XXX.....                                      |
| 11. 2012.....  | .....240,620.....       | .....199,101..... | .....41,519.....       | .....18,863.....               | .....17,283.....  | .....571.....                         | .....400.....    | .....1,073.....              | .....353.....    | .....1.....                            | .....2,471.....                                    | .....XXX.....                                      |
| 12. Totals.....  | .....XXX.....           | .....XXX.....     | .....XXX.....          | .....573,833.....              | .....376,573..... | .....128,916.....                     | .....55,098..... | .....63,946.....             | .....22,601..... | .....1,142.....                        | .....312,422.....                                  | .....XXX.....                                      |

|                 | Losses Unpaid            |                   |                          |                   | Defense and Cost Containment Unpaid |                 |                          |                  | Adjusting and Other Unpaid |                 | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding-Direct and Assumed |
|-----------------|--------------------------|-------------------|--------------------------|-------------------|-------------------------------------|-----------------|--------------------------|------------------|----------------------------|-----------------|---|--|---|
|                 | Case Basis               |                   | Bulk + IBNR              |                   | Case Basis                          |                 | Bulk + IBNR              |                  | 21<br>Direct and Assumed   | 22<br>Ceded     |   |  |   |
|                 | 13<br>Direct and Assumed | 14<br>Ceded       | 15<br>Direct and Assumed | 16<br>Ceded       | 17<br>Direct and Assumed            | 18<br>Ceded     | 19<br>Direct and Assumed | 20<br>Ceded      |                            |                 |   |  |   |
| 1. Prior.....   | .....3,003.....          | .....3,003.....   | .....11.....             | .....11.....      | .....427.....                       | .....427.....   | .....4.....              | .....4.....      | .....0.....                | .....0.....     | .....0.....                               | .....0.....                                | .....XXX.....   |
| 2. 2003.....    | .....1.....              | .....0.....       | .....244.....            | .....131.....     | .....0.....                         | .....0.....     | .....52.....             | .....16.....     | .....21.....               | .....0.....     | .....0.....                               | .....170.....                              | .....XXX.....   |
| 3. 2004.....    | .....40.....             | .....0.....       | .....2,051.....          | .....499.....     | .....37.....                        | .....0.....     | .....610.....            | .....55.....     | .....215.....              | .....0.....     | .....0.....                               | .....2,399.....                            | .....XXX.....   |
| 4. 2005.....    | .....499.....            | .....0.....       | .....9,600.....          | .....3,861.....   | .....362.....                       | .....0.....     | .....2,718.....          | .....625.....    | .....1,495.....            | .....112.....   | .....0.....                               | .....10,076.....                           | .....XXX.....   |
| 5. 2006.....    | .....1,339.....          | .....174.....     | .....11,190.....         | .....3,794.....   | .....560.....                       | .....0.....     | .....3,182.....          | .....460.....    | .....1,443.....            | .....15.....    | .....0.....                               | .....13,271.....                           | .....XXX.....   |
| 6. 2007.....    | .....4,017.....          | .....1,500.....   | .....21,394.....         | .....7,981.....   | .....909.....                       | .....88.....    | .....6,049.....          | .....969.....    | .....2,413.....            | .....24.....    | .....0.....                               | .....24,220.....                           | .....XXX.....   |
| 7. 2008.....    | .....3,805.....          | .....2,746.....   | .....21,955.....         | .....17,561.....  | .....1,118.....                     | .....782.....   | .....6,810.....          | .....5,099.....  | .....2,551.....            | .....251.....   | .....0.....                               | .....9,799.....                            | .....XXX.....   |
| 8. 2009.....    | .....5,950.....          | .....4,267.....   | .....29,083.....         | .....23,322.....  | .....1,084.....                     | .....759.....   | .....9,108.....          | .....6,805.....  | .....3,389.....            | .....323.....   | .....0.....                               | .....13,138.....                           | .....XXX.....   |
| 9. 2010.....    | .....6,884.....          | .....5,080.....   | .....30,910.....         | .....24,348.....  | .....2,045.....                     | .....1,432..... | .....10,102.....         | .....7,518.....  | .....3,739.....            | .....385.....   | .....0.....                               | .....14,918.....                           | .....XXX.....   |
| 10. 2011.....   | .....20,058.....         | .....15,125.....  | .....40,816.....         | .....31,462.....  | .....1,949.....                     | .....1,364..... | .....14,052.....         | .....10,351..... | .....4,864.....            | .....485.....   | .....0.....                               | .....22,951.....                           | .....XXX.....   |
| 11. 2012.....   | .....74,986.....         | .....68,977.....  | .....70,760.....         | .....57,305.....  | .....1,702.....                     | .....1,192..... | .....20,295.....         | .....15,051..... | .....6,678.....            | .....510.....   | .....0.....                               | .....31,386.....                           | .....XXX.....   |
| 12. Totals..... | .....120,581.....        | .....100,873..... | .....238,013.....        | .....170,277..... | .....10,193.....                    | .....6,044..... | .....72,981.....         | .....46,952..... | .....26,808.....           | .....2,104..... | .....0.....                               | .....142,327.....                          | .....XXX.....   |

|            | Total Losses and Loss Expenses Incurred |                   |                   | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |                 |                | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves after Discount |                            |
|------------|---|-------------------|-------------------|---|-----------------|----------------|---------------------|--------------------|--|---|----------------------------|
|            | 26<br>Direct and Assumed                | 27<br>Ceded       | 28<br>Net         | 29<br>Direct and Assumed                                    | 30<br>Ceded     | 31<br>Net      | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |
| 1. Prior.. | .....XXX.....                           | .....XXX.....     | .....XXX.....     | .....XXX.....   | .....XXX.....   | .....XXX.....  | .....0.....         | .....0.....        | .....XXX.....  | .....0.....                               | .....0.....                |
| 2. 2003..  | .....2,051.....                         | .....(137).....   | .....2,187.....   | .....26.1.....  | .....(4.9)..... | .....43.0..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....114.....                             | .....57.....               |
| 3. 2004..  | .....34,443.....                        | .....12,970.....  | .....21,474.....  | .....37.8.....  | .....34.1.....  | .....40.5..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....1,592.....                           | .....807.....              |
| 4. 2005..  | .....222,669.....                       | .....159,207..... | .....63,462.....  | .....114.4.....   | .....158.1..... | .....67.5..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....6,238.....                           | .....3,839.....            |
| 5. 2006..  | .....125,641.....                       | .....40,128.....  | .....85,513.....  | .....46.7.....  | .....42.4.....  | .....49.0..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....8,561.....                           | .....4,710.....            |
| 6. 2007..  | .....161,560.....                       | .....49,473.....  | .....112,087..... | .....54.0.....  | .....51.5.....  | .....55.2..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....15,930.....                          | .....8,290.....            |
| 7. 2008..  | .....124,341.....                       | .....87,836.....  | .....36,505.....  | .....56.7.....  | .....53.3.....  | .....66.8..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....5,452.....                           | .....4,346.....            |
| 8. 2009..  | .....114,226.....                       | .....81,048.....  | .....33,178.....  | .....57.4.....  | .....54.8.....  | .....64.8..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....7,443.....                           | .....5,695.....            |
| 9. 2010..  | .....99,471.....                        | .....72,694.....  | .....26,776.....  | .....65.1.....  | .....62.0.....  | .....75.4..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....8,365.....                           | .....6,553.....            |
| 10. 2011.. | .....152,468.....                       | .....112,758..... | .....39,710.....  | .....86.7.....  | .....84.1.....  | .....95.4..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....14,286.....                          | .....8,665.....            |
| 11. 2012.. | .....194,928.....                       | .....161,071..... | .....33,857.....  | .....81.0.....  | .....80.9.....  | .....81.5..... | .....0.....         | .....0.....        | .....0.00.....                                       | .....19,463.....                          | .....11,923.....           |
| 12. Totals | .....XXX.....                           | .....XXX.....     | .....XXX.....     | .....XXX.....   | .....XXX.....   | .....XXX.....  | .....0.....         | .....0.....        | .....XXX.....  | .....87,444.....                          | .....54,883.....           |

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

### SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted) |        |        |        |         |         |         |         |         |        | DEVELOPMENT |          |
|-------------------------------------|--|--------|--------|--------|---------|---------|---------|---------|---------|--------|-------------|----------|
|                                     | 1  | 2      | 3      | 4      | 5       | 6       | 7       | 8       | 9       | 10     | 11          | 12       |
|                                     | 2003   | 2004   | 2005   | 2006   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012   | One Year    | Two Year |
| 1. Prior.....                       | 0  | (2)    | (2)    | (2)    | (2)     | (2)     | (2)     | (2)     | (2)     | (2)    | 0           | 0        |
| 2. 2003.....                        | 2,923  | 2,827  | 2,399  | 2,047  | 1,964   | 1,895   | 1,746   | 1,813   | 1,873   | 1,801  | (73)        | (13)     |
| 3. 2004.....                        | XXX  | 29,709 | 26,675 | 23,710 | 20,298  | 19,817  | 19,106  | 19,673  | 18,426  | 18,491 | 64          | (1,182)  |
| 4. 2005.....                        | XXX  | XXX    | 60,461 | 57,838 | 57,578  | 59,166  | 59,192  | 58,674  | 55,463  | 55,278 | (185)       | (3,396)  |
| 5. 2006.....                        | XXX  | XXX    | XXX    | 98,443 | 94,006  | 88,345  | 83,811  | 80,671  | 77,418  | 75,736 | (1,683)     | (4,935)  |
| 6. 2007.....                        | XXX  | XXX    | XXX    | XXX    | 114,732 | 112,680 | 114,084 | 110,115 | 103,199 | 99,425 | (3,774)     | (10,690) |
| 7. 2008.....                        | XXX  | XXX    | XXX    | XXX    | XXX     | 33,172  | 32,698  | 31,571  | 30,264  | 28,974 | (1,290)     | (2,597)  |
| 8. 2009.....                        | XXX  | XXX    | XXX    | XXX    | XXX     | XXX     | 32,026  | 30,582  | 29,310  | 27,045 | (2,265)     | (3,537)  |
| 9. 2010.....                        | XXX  | XXX    | XXX    | XXX    | XXX     | XXX     | XXX     | 21,629  | 22,045  | 21,140 | (905)       | (489)    |
| 10. 2011.....                       | XXX  | XXX    | XXX    | XXX    | XXX     | XXX     | XXX     | XXX     | 31,389  | 33,843 | 2,454       | XXX      |
| 11. 2012.....                       | XXX  | XXX    | XXX    | XXX    | XXX     | XXX     | XXX     | XXX     | XXX     | 26,969 | XXX         | XXX      |
| 12. Totals.....                     |  |        |        |        |         |         |         |         |         |        | (7,655)     | (26,839) |

### 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   | (2)   | (2)   | (2)    | (2)    | (2)    | (2)    | (2)    | (2)    | (2)    | XXX                                       | XXX  |
| 2. 2003.....                        | 9   | 353   | 905   | 1,044  | 1,478  | 1,405  | 1,501  | 1,541  | 1,653  | 1,651  | XXX                                       | XXX  |
| 3. 2004.....                        | XXX   | 1,241 | 2,522 | 6,779  | 10,049 | 11,638 | 13,738 | 14,657 | 15,101 | 16,307 | XXX                                       | XXX  |
| 4. 2005.....                        | XXX   | XXX   | 1,024 | 12,640 | 24,361 | 31,850 | 37,713 | 43,672 | 45,234 | 46,585 | XXX                                       | XXX  |
| 5. 2006.....                        | XXX   | XXX   | XXX   | 7,306  | 24,416 | 30,629 | 48,202 | 55,883 | 59,743 | 63,893 | XXX                                       | XXX  |
| 6. 2007.....                        | XXX   | XXX   | XXX   | XXX    | 9,945  | 31,080 | 48,805 | 61,149 | 72,292 | 77,595 | XXX                                       | XXX  |
| 7. 2008.....                        | XXX   | XXX   | XXX   | XXX    | XXX    | 4,530  | 9,279  | 14,196 | 18,564 | 21,475 | XXX                                       | XXX  |
| 8. 2009.....                        | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | 8,585  | 11,593 | 14,279 | 16,973 | XXX                                       | XXX  |
| 9. 2010.....                        | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | 3,792  | 7,180  | 9,576  | XXX                                       | XXX  |
| 10. 2011.....                       | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 8,047  | 15,271 | XXX                                       | XXX  |
| 11. 2012.....                       | XXX   | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 1,751  | 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.....                       | 0   | (0)    | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0 | 0 |
| 2. 2003.....                        | 2,649   | 2,338  | 1,084  | 582    | 398    | 329    | 240    | 211    | 207    | 149    |   |   |
| 3. 2004.....                        | XXX   | 24,102 | 18,771 | 12,695 | 7,483  | 5,927  | 4,300  | 4,296  | 2,909  | 2,106  |   |   |
| 4. 2005.....                        | XXX   | XXX    | 47,985 | 35,751 | 23,674 | 22,444 | 15,666 | 12,651 | 8,836  | 7,832  |   |   |
| 5. 2006.....                        | XXX   | XXX    | XXX    | 72,549 | 52,441 | 42,511 | 26,987 | 20,439 | 14,200 | 10,118 |   |   |
| 6. 2007.....                        | XXX   | XXX    | XXX    | XXX    | 79,701 | 63,992 | 48,460 | 35,277 | 25,761 | 18,492 |   |   |
| 7. 2008.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | 24,281 | 17,526 | 12,588 | 8,964  | 6,105  |   |   |
| 8. 2009.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 20,867 | 15,729 | 12,061 | 8,065  |   |   |
| 9. 2010.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 15,397 | 12,026 | 9,146  |   |   |
| 10. 2011.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 18,671 | 13,054 |   |   |
| 11. 2012.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 18,698 |   |   |

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, Etc.                        | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges not Included in Premiums | 9<br>Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-------------------------------------|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|                                     |                    | 2<br>Direct Premiums Written   | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |
| 1. Alabama.....AL                   | E                  | 1,824,160  | 1,648,474                   | 0   | 40,013                                      | (62,042)                    | 2,585,480                 | 0   | 0  |
| 2. Alaska.....AK                    | E                  | 378,348  | 280,538                     | 0   | 0   | (67,250)                    | 497,265                   | 0   | 0  |
| 3. Arizona.....AZ                   | E                  | 3,565,262  | 3,541,703                   | 0   | 1,727,096                                   | 3,041,977                   | 5,238,901                 | 0   | 0  |
| 4. Arkansas.....AR                  | E                  | 984,189  | 1,109,122                   | 0   | 35,199                                      | 216,123                     | 1,690,020                 | 0   | 0  |
| 5. California.....CA                | E                  | 46,887,597   | 42,997,203                  | 0   | 8,707,922                                   | 9,976,145                   | 76,037,030                | 0   | 0  |
| 6. Colorado.....CO                  | E                  | 2,285,683  | 2,292,002                   | 0   | 229,187                                     | (2,050,728)                 | 5,360,390                 | 0   | 0  |
| 7. Connecticut.....CT               | E                  | 2,959,747  | 2,007,043                   | 0   | (105,307)                                   | 1,127,453                   | 3,659,028                 | 0   | 0  |
| 8. Delaware.....DE                  | E                  | 379,303  | 315,380                     | 0   | 271,731                                     | 4,916                       | 499,543                   | 0   | 0  |
| 9. District of Columbia.....DC      | E                  | 301,404  | 253,473                     | 0   | 0   | (184,513)                   | 410,320                   | 0   | 0  |
| 10. Florida.....FL                  | E                  | 9,661,389  | 9,592,441                   | 0   | 1,929,329                                   | 846,697                     | 16,298,844                | 0   | 0  |
| 11. Georgia.....GA                  | E                  | 2,522,375  | 2,485,742                   | 0   | 842,462                                     | 1,297,834                   | 4,871,313                 | 0   | 0  |
| 12. Hawaii.....HI                   | E                  | 493,544  | 430,916                     | 0   | 0   | (94,977)                    | 1,063,731                 | 0   | 0  |
| 13. Idaho.....ID                    | E                  | 517,849  | 535,127                     | 0   | 348,852                                     | (29,803)                    | 917,789                   | 0   | 0  |
| 14. Illinois.....IL                 | E                  | 5,447,398  | 4,919,941                   | 0   | 121,459                                     | 3,661,714                   | 10,436,718                | 0   | 0  |
| 15. Indiana.....IN                  | E                  | 1,477,648  | 1,393,261                   | 0   | 1,148,874                                   | 1,533,664                   | 2,974,646                 | 0   | 0  |
| 16. Iowa.....IA                     | E                  | 497,886  | 498,660                     | 0   | 87,500                                      | 169,823                     | 722,680                   | 0   | 0  |
| 17. Kansas.....KS                   | E                  | 627,875  | 515,239                     | 0   | 0   | 66,834                      | 1,047,211                 | 0   | 0  |
| 18. Kentucky.....KY                 | E                  | 681,721  | 740,380                     | 0   | 16,262                                      | 70,895                      | 1,137,225                 | 0   | 0  |
| 19. Louisiana.....LA                | E                  | 3,677,596  | 3,504,814                   | 0   | 603,464                                     | (1,157,268)                 | 9,737,069                 | 0   | 0  |
| 20. Maine.....ME                    | E                  | 234,904  | 206,620                     | 0   | 0   | 8,028                       | 314,582                   | 0   | 0  |
| 21. Maryland.....MD                 | E                  | 1,555,696  | 1,673,145                   | 0   | 216,002                                     | (126,745)                   | 2,868,677                 | 0   | 0  |
| 22. Massachusetts.....MA            | E                  | 2,123,925  | 2,070,229                   | 0   | 703,087                                     | 671,061                     | 3,918,619                 | 0   | 0  |
| 23. Michigan.....MI                 | E                  | 1,801,675  | 1,632,278                   | 0   | 0   | 166,577                     | 2,741,533                 | 0   | 0  |
| 24. Minnesota.....MN                | E                  | 1,189,414  | 1,195,680                   | 0   | 170,000                                     | (15,372)                    | 1,971,624                 | 0   | 0  |
| 25. Mississippi.....MS              | E                  | 1,222,546  | 912,740                     | 0   | 297,016                                     | 363,241                     | 1,347,690                 | 0   | 0  |
| 26. Missouri.....MO                 | E                  | 3,233,192  | 3,342,430                   | 0   | 925,676                                     | 2,094,539                   | 6,925,638                 | 0   | 0  |
| 27. Montana.....MT                  | E                  | 340,761  | 331,872                     | 0   | 4,300                                       | 338,037                     | 677,268                   | 0   | 0  |
| 28. Nebraska.....NE                 | E                  | 967,791  | 867,606                     | 0   | 81,000                                      | 119,214                     | 1,967,089                 | 0   | 0  |
| 29. Nevada.....NV                   | E                  | 2,290,945  | 2,320,345                   | 0   | 2,191,052                                   | 905,816                     | 3,998,291                 | 0   | 0  |
| 30. New Hampshire.....NH            | E                  | 362,592  | 331,275                     | 0   | 25,521                                      | 37,931                      | 527,435                   | 0   | 0  |
| 31. New Jersey.....NJ               | E                  | 4,000,316  | 4,403,206                   | 0   | 831,232                                     | 778,466                     | 8,437,349                 | 0   | 0  |
| 32. New Mexico.....NM               | E                  | 612,966  | 551,458                     | 0   | 584,595                                     | 194,907                     | 874,133                   | 0   | 0  |
| 33. New York.....NY                 | E                  | 11,767,135   | 9,993,435                   | 0   | 2,374,211                                   | 10,155,416                  | 21,543,405                | 0   | 0  |
| 34. North Carolina.....NC           | E                  | 3,514,328  | 3,095,207                   | 0   | 232,250                                     | 1,638,541                   | 5,282,970                 | 0   | 0  |
| 35. North Dakota.....ND             | E                  | 1,036,406  | 622,952                     | 0   | 0   | 71,231                      | 1,014,746                 | 0   | 0  |
| 36. Ohio.....OH                     | L                  | 0  | 0                           | 0   | 0   | (2)                         | 5                         | 0   | 0  |
| 37. Oklahoma.....OK                 | E                  | 1,499,383  | 1,655,106                   | 0   | 988,076                                     | 487,540                     | 2,923,124                 | 0   | 0  |
| 38. Oregon.....OR                   | E                  | 1,220,445  | 1,115,514                   | 0   | 245,491                                     | (644,087)                   | 1,867,151                 | 0   | 0  |
| 39. Pennsylvania.....PA             | E                  | 4,157,790  | 4,434,887                   | 0   | 2,365,484                                   | 2,095,475                   | 9,021,194                 | 0   | 0  |
| 40. Rhode Island.....RI             | E                  | 414,689  | 355,614                     | 0   | 1,170,000                                   | 560,180                     | 836,379                   | 0   | 0  |
| 41. South Carolina.....SC           | E                  | 908,474  | 916,559                     | 0   | 57,411                                      | (49,343)                    | 1,901,495                 | 0   | 0  |
| 42. South Dakota.....SD             | E                  | 136,331  | 131,558                     | 0   | 0   | (11,592)                    | 212,387                   | 0   | 0  |
| 43. Tennessee.....TN                | E                  | 2,420,987  | 2,359,046                   | 0   | 208,377                                     | 1,318,684                   | 3,410,573                 | 0   | 0  |
| 44. Texas.....TX                    | E                  | 13,211,361   | 12,124,859                  | 0   | 5,491,683                                   | 1,528,580                   | 21,447,036                | 0   | 0  |
| 45. Utah.....UT                     | E                  | 961,942  | 929,386                     | 0   | 40,777                                      | 137,146                     | 1,495,788                 | 0   | 0  |
| 46. Vermont.....VT                  | E                  | 56,413   | 53,535                      | 0   | 0   | (220,188)                   | 80,116                    | 0   | 0  |
| 47. Virginia.....VA                 | E                  | 2,362,872  | 2,015,398                   | 0   | 185,252                                     | (449,101)                   | 3,408,331                 | 0   | 0  |
| 48. Washington.....WA               | E                  | 4,778,485  | 3,483,202                   | 0   | 381,606                                     | 149,739                     | 6,183,298                 | 0   | 0  |
| 49. West Virginia.....WV            | E                  | 1,336,970  | 1,155,625                   | 0   | 20,753                                      | 1,330,116                   | 1,818,220                 | 0   | 0  |
| 50. Wisconsin.....WI                | E                  | 1,004,523  | 1,160,868                   | 0   | 61,096                                      | 51,183                      | 2,875,737                 | 0   | 0  |
| 51. Wyoming.....WY                  | E                  | 277,406  | 255,088                     | 0   | 0   | (68,710)                    | 409,502                   | 0   | 0  |
| 52. American Samoa.....AS           | N                  | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 53. Guam.....GU                     | N                  | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 54. Puerto Rico.....PR              | E                  | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 55. US Virgin Islands.....VI        | E                  | 57,038   | 82,579                      | 0   | 0   | (65,103)                    | 162,747                   | 0   | 0  |
| 56. Northern Mariana Islands.....MP | N                  | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 57. Canada.....CAN                  | N                  | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 58. Aggregate Other Alien.....OT    | XXX                | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 59. Totals.....(a).....1            |                    | 156,230,675  | 144,840,763                 | 0   | 35,855,991                                  | 41,918,898                  | 267,649,335               | 0   | 0  |

**DETAILS OF WRITE-INS**

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

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

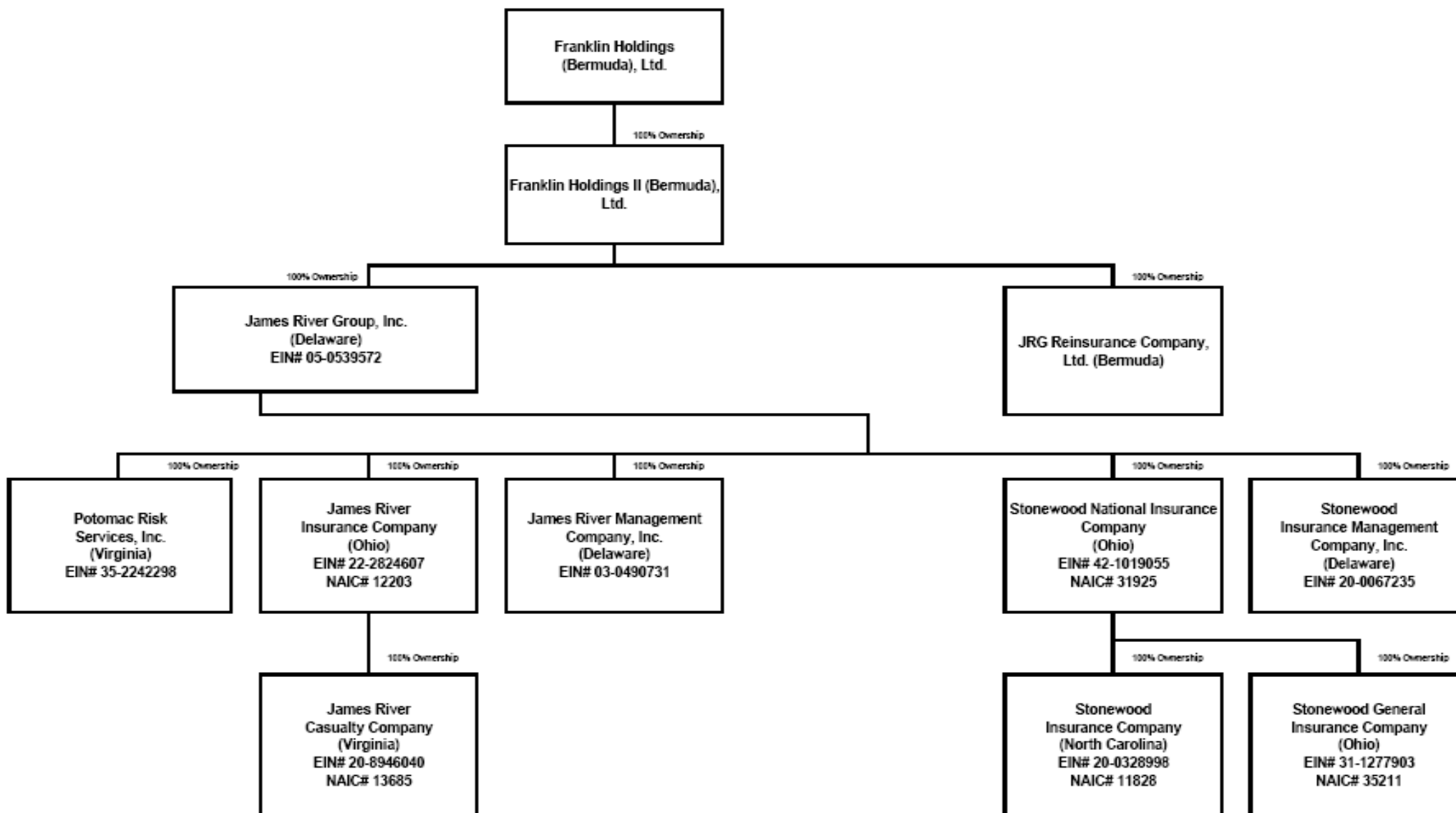
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

Premiums are allocated to jurisdiction based on location of risk.

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

## PART 1 – ORGANIZATIONAL CHART



## 2012 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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