



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

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

Motorists Commercial Mutual Insurance Company

NAIC Group Code 0291 0291 NAIC Company Code 13331 Employer's ID Number 41-0299900
(Current) (Prior)

Organized under the Laws of Ohio, State of Domicile or Port of Entry OH
Country of Domicile United States of America

Incorporated/Organized 05/25/1899 Commenced Business 01/04/1900

Statutory Home Office 471 East Broad Street, Columbus, OH, US 43215
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 471 East Broad Street
(Street and Number)
Columbus, OH, US 43215 614-225-8211
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 471 East Broad Street, Columbus, OH, US 43215
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 471 East Broad Street
(Street and Number)
Columbus, OH, US 43215 614-225-8211
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address MotoristsGroup.com

Statutory Statement Contact Joel B. Kratzer, 614-225-8327
(Name) (Area Code) (Telephone Number)
Accounting@MotoristsGroup.com 614-225-8330
(E-mail Address) (FAX Number)

OFFICERS

Chairman & CEO John Jacob Bishop Secretary Susan Elizabeth Haack
President David Lynn Kaufman # Treasurer Michael Lee Wiseman

OTHER

Steven Eugene Manteufel Senior Vice President Charles Donovan Stapleton Senior VP, Claims & Affiliate Operations

DIRECTORS OR TRUSTEES

<u>John Jacob Bishop</u>	<u>Larry Lee Forrester</u>	<u>Susan Elizabeth Haack</u>
<u>Sandra Werth Harbrecht</u>	<u>David Lynn Kaufman</u>	<u>David William Lemon</u>
<u>Robert Lee McCracken</u>	<u>Thomas Charles Ogg</u>	<u>Robert Charles Smith</u>
<u>Charles Donovan Stapleton</u>	<u>Robert Lynn Western</u>	<u>Michael Lee Wiseman</u>

State of Ohio SS:
County of Franklin

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.

David L. Kaufman
President

Susan E. Haack
Secretary

Michael L. Wiseman
Treasurer

Subscribed and sworn to before me this
20th day of February, 2013

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	161,645,578		161,645,578	173,782,028
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	59,156,366	88,561	59,067,805	57,498,706
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$				
encumbrances)				
4.2 Properties held for the production of income (less				
\$				
encumbrances)				
4.3 Properties held for sale (less \$				
encumbrances)				
5. Cash (\$				
(792,212), Schedule E - Part 1), cash equivalents				
(\$				
0, Schedule E - Part 2) and short-term				
investments (\$				
2,780,989, Schedule DA)	1,988,776		1,988,776	2,058,772
6. Contract loans (including \$				
premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	22,156,734		22,156,734	21,240,017
9. Receivable for securities	17,807		17,807	9,415
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	244,965,261	88,561	244,876,701	254,588,939
13. Title plants less \$				
charged off (for Title insurers				
only)				
14. Investment income due and accrued	1,616,009		1,616,009	1,840,831
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	8,764,266		8,764,266	8,942,217
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$				
14,400				
earned but unbilled premiums)	12,813,957	3,147	12,810,810	12,094,287
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,159,722		12,159,722	6,052,690
16.2 Funds held by or deposited with reinsured companies	31,498,856		31,498,856	28,632,277
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	47,861		47,861	545,594
18.2 Net deferred tax asset	9,111,629		9,111,629	12,536,788
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	35,615		35,615	17,061
21. Furniture and equipment, including health care delivery assets				
(\$				
0)	13,845	13,845		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	967,889		967,889	749,952
24. Health care (\$				
) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	30,056,698	29,158,530	898,168	1,102,952
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	352,051,607	29,264,082	322,787,524	327,103,589
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts				
28. Total (Lines 26 and 27)	352,051,607	29,264,082	322,787,524	327,103,589
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)				
2501. Pooled general expenses receivable	717,717		717,717	943,548
2502. Equities and deposits in pools and associations	180,450		180,450	159,404
2503. Prepaid pension	29,033,140	29,033,140		
2598. Summary of remaining write-ins for Line 25 from overflow page	125,390	125,390		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	30,056,698	29,158,530	898,168	1,102,952

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	78,785,206	81,585,105
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	6,416,954	7,988,307
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	20,870,956	23,114,960
4. Commissions payable, contingent commissions and other similar charges	3,617,171	3,267,261
5. Other expenses (excluding taxes, licenses and fees)	1,180,910	1,014,590
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,150,633	1,063,602
7.1 Current federal and foreign income taxes (including \$1,515,819 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$13,885,235 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)	53,482,169	51,078,651
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	1,412,892	1,388,534
12. Ceded reinsurance premiums payable (net of ceding commissions)	3,608,775	3,595,378
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	18,259,034	15,090,252
14. Amounts withheld or retained by company for account of others	270,163	399,477
15. Remittances and items not allocated	2,847	20,205
16. Provision for reinsurance (including \$0 certified) (Schedule F, Part 8)	651,259	583,012
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	2,469,524	339,757
20. Derivatives		
21. Payable for securities	10,012	21,472
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	2,016,152	15,204,047
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	194,204,657	205,754,608
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	194,204,657	205,754,608
29. Aggregate write-ins for special surplus funds		1,269,082
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	128,582,867	120,079,898
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	128,582,867	121,348,980
38. TOTALS (Page 2, Line 28, Col. 3)	322,787,524	327,103,589
DETAILS OF WRITE-INS		
2501. Pooled general expenses payable	1,724,784	1,641,675
2502. Obligations in pools and associations	72,169	71,648
2503. Reinsurance assumed overhead payable	60,873	94,956
2598. Summary of remaining write-ins for Line 25 from overflow page	158,326	13,395,767
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	2,016,152	15,204,047
2901. Surplus from SSAP No. 101 (carryover from 10R)		1,269,082
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)		1,269,082
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)		

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	117,817,304	120,828,069
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	69,400,510	79,542,804
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	14,166,860	14,631,365
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	42,601,120	40,603,259
5. Aggregate write-ins for underwriting deductions.....	(1,332)	(4,625)
6. Total underwriting deductions (Lines 2 through 5).....	126,167,158	134,772,804
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	(8,349,854)	(13,944,734)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	6,189,695	6,581,133
10. Net realized capital gains or (losses) less capital gains tax of \$ 1,590,819 (Exhibit of Capital Gains (Losses)).....	3,997,068	2,511,991
11. Net investment gain (loss) (Lines 9 + 10).....	10,186,764	9,093,124
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 15,737 amount charged off \$ 129,450).....	(113,713)	(227,667)
13. Finance and service charges not included in premiums.....	704,232	612,606
14. Aggregate write-ins for miscellaneous income.....	(9,448)	9,314,355
15. Total other income (Lines 12 through 14).....	581,071	9,699,295
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	2,417,981	4,847,684
17. Dividends to policyholders.....	1,422,356	1,641,299
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).....	995,625	3,206,385
19. Federal and foreign income taxes incurred.....	(2,651,477)	(65,587)
20. Net income (Line 18 minus Line 19)(to Line 22).....	3,647,102	3,271,972
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	121,348,980	124,134,224
22. Net income (from Line 20).....	3,647,102	3,271,972
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 1,871,382.....	3,924,797	(2,461,182)
25. Change in net unrealized foreign exchange capital gain (loss).....	25,706	(35,123)
26. Change in net deferred income tax.....	2,963,144	829,012
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3).....	(10,757,675)	249,894
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(68,247)	(58,718)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	7,499,060	(4,581,099)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	7,233,886	(2,785,244)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	128,582,867	121,348,980
DETAILS OF WRITE-INS		
0501. Change in premium deficiency reserve.....	(1,332)	(4,625)
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....		
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....	(1,332)	(4,625)
1401. Miscellaneous income or expense.....	(797)	319
1402. Penalties and assessments.....	(8,651)	(8,747)
1403. Gain / (loss) on sale of discontinued book of business.....		9,327,051
1498. Summary of remaining write-ins for Line 14 from overflow page.....		(4,268)
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	(9,448)	9,314,355
3701. Net change in pension plan obligations.....	8,768,142	(4,177,006)
3702. Change in surplus from SSAP No. 101 (carryover from 10R).....	(1,269,082)	(404,093)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....		
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	7,499,060	(4,581,099)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	118,325,227	116,867,457
2. Net investment income	7,581,474	7,669,655
3. Miscellaneous income	581,071	7,343,084
4. Total (Lines 1 through 3)	126,487,772	131,880,196
5. Benefit and loss related payments	77,792,585	79,641,256
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	58,125,980	56,660,434
8. Dividends paid to policyholders	1,397,998	1,494,889
9. Federal and foreign income taxes paid (recovered) net of \$864,302 tax on capital gains (losses)	(1,558,391)	1,620,355
10. Total (Lines 5 through 9)	135,758,172	139,416,934
11. Net cash from operations (Line 4 minus Line 10)	(9,270,400)	(7,536,738)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	54,059,388	72,652,881
12.2 Stocks	9,475,773	11,637,759
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	1,781,004	2,783,181
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(101)
12.7 Miscellaneous proceeds	(6,931)	1,506,061
12.8 Total investment proceeds (Lines 12.1 to 12.7)	65,309,234	88,579,781
13. Cost of investments acquired (long-term only):		
13.1 Bonds	39,395,547	75,781,670
13.2 Stocks	4,359,284	7,885,600
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	1,701,946	997,093
13.6 Miscellaneous applications	11,459	8,706
13.7 Total investments acquired (Lines 13.1 to 13.6)	45,468,236	84,673,069
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	19,840,998	3,906,712
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(10,640,594)	(1,628,500)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(10,640,594)	(1,628,500)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(69,996)	(5,258,526)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,058,772	7,317,299
19.2 End of period (Line 18 plus Line 19.1)	1,988,776	2,058,772

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,680,671	835,235	871,494	1,644,412
2. Allied lines	1,423,014	691,564	755,287	1,359,291
3. Farmowners multiple peril	1,201,087	536,062	555,165	1,181,983
4. Homeowners multiple peril	23,715,702	13,048,627	13,052,305	23,712,024
5. Commercial multiple peril	12,198,527	6,074,374	6,470,979	11,801,921
6. Mortgage guaranty				
8. Ocean marine	55,508	29,760	29,057	56,211
9. Inland marine	3,150,081	1,529,240	1,619,635	3,059,686
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake	347,131	182,467	185,743	343,854
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	3,704	675	280	4,099
16. Workers' compensation	11,124,613	4,844,258	5,109,512	10,859,359
17.1 Other liability - occurrence	11,723,476	5,223,209	5,540,296	11,406,389
17.2 Other liability - claims-made	90,686			90,686
17.3 Excess workers' compensation				
18.1 Products liability - occurrence	866,436	375,455	395,876	846,015
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	18,859,146	5,638,000	6,142,874	18,354,272
19.3, 19.4 Commercial auto liability	11,320,805	5,118,903	5,294,602	11,145,106
21. Auto physical damage	19,370,667	6,632,574	7,126,837	18,876,404
22. Aircraft (all perils)				
23. Fidelity	148,883	59,121	70,942	137,062
24. Surety	5,716	5,739	3,008	8,447
26. Burglary and theft	167,067	66,174	75,721	157,520
27. Boiler and machinery	194,084	120,116	114,748	199,451
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - nonproportional assumed property	1,784,962	41,240	56,215	1,769,987
32. Reinsurance - nonproportional assumed liability	788,857	25,859	11,591	803,125
33. Reinsurance - nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	120,220,821	51,078,651	53,482,169	117,817,304
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	871,494				871,494
2.	Allied lines	755,287				755,287
3.	Farmowners multiple peril	555,165				555,165
4.	Homeowners multiple peril	13,052,305				13,052,305
5.	Commercial multiple peril	6,470,979				6,470,979
6.	Mortgage guaranty					
8.	Ocean marine	29,057				29,057
9.	Inland marine	1,619,635				1,619,635
10.	Financial guaranty					
11.1	Medical professional liability - occurrence					
11.2	Medical professional liability - claims-made					
12.	Earthquake	185,743				185,743
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health	280				280
16.	Workers' compensation	5,109,512				5,109,512
17.1	Other liability - occurrence	5,540,296				5,540,296
17.2	Other liability - claims-made					
17.3	Excess workers' compensation					
18.1	Products liability - occurrence	395,876				395,876
18.2	Products liability - claims-made					
19.1, 19.2	Private passenger auto liability	6,142,874				6,142,874
19.3, 19.4	Commercial auto liability	5,294,602				5,294,602
21.	Auto physical damage	7,126,837				7,126,837
22.	Aircraft (all perils)					
23.	Fidelity	70,942				70,942
24.	Surety	3,008				3,008
26.	Burglary and theft	75,721				75,721
27.	Boiler and machinery	114,748				114,748
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance - nonproportional assumed property	56,215				56,215
32.	Reinsurance - nonproportional assumed liability	11,591				11,591
33.	Reinsurance - nonproportional assumed financial lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	53,482,169				53,482,169
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					53,482,169
DETAILS OF WRITE-INS						
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page					
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)					

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	22,568	1,680,671	11,301	32,270	1,600	1,680,671
2. Allied lines	7,892	1,423,014	2,331	9,681	542	1,423,014
3. Farmowners multiple peril		1,201,087				1,201,087
4. Homeowners multiple peril	84,161	23,715,702	5,285	87,147	2,299	23,715,702
5. Commercial multiple peril	6,417,107	12,198,527		5,975,463	441,644	12,198,527
6. Mortgage guaranty						
8. Ocean marine		55,508				55,508
9. Inland marine	2,479,352	3,150,081		2,304,646	174,706	3,150,081
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	42,624	347,131	92	39,734	2,982	347,131
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	20,022	3,704		20,022		3,704
16. Workers' compensation	1,240,033	11,124,613	(9,496)	1,120,117	110,420	11,124,613
17.1 Other liability - occurrence	5,141,735	11,723,476	16	4,685,667	456,083	11,723,476
17.2 Other liability - claims-made		90,686				90,686
17.3 Excess workers' compensation						
18.1 Products liability - occurrence	570,577	866,436		568,191	2,386	866,436
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	530	18,859,146		511	19	18,859,146
19.3, 19.4 Commercial auto liability	9,796,248	11,320,805	221,380	9,977,194	40,434	11,320,805
21. Auto physical damage	4,063,818	19,370,667	93,815	3,998,173	159,460	19,370,667
22. Aircraft (all perils)						
23. Fidelity		148,883				148,883
24. Surety	31,094	5,716		30,898	196	5,716
26. Burglary and theft	505,204	167,067	(4)	503,088	2,113	167,067
27. Boiler and machinery	553,087	194,084		(35)	553,122	194,084
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - nonproportional assumed property	XXX	1,784,962				1,784,962
32. Reinsurance - nonproportional assumed liability	XXX	788,857				788,857
33. Reinsurance - nonproportional assumed financial lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	30,976,052	120,220,821	324,720	29,352,768	1,948,005	120,220,821
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)						

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	7,372	679,783	11,591	675,564	246,127	267,836	653,855	39.8
2. Allied lines	6,057	1,078,412	8,103	1,076,367	212,597	247,093	1,041,871	76.6
3. Farmowners multiple peril		541,980		541,980	187,565	91,214	638,332	54.0
4. Homeowners multiple peril	25,325	16,360,036	28,959	16,356,402	4,999,325	6,241,440	15,114,287	63.7
5. Commercial multiple peril	2,782,403	7,764,894	2,782,403	7,764,894	5,660,288	6,406,555	7,018,627	59.5
6. Mortgage guaranty								
8. Ocean marine		17,840		17,840	4,049	4,921	16,968	30.2
9. Inland marine	966,783	999,283	966,783	999,283	229,387	270,398	958,272	31.3
10. Financial guaranty								
11.1 Medical professional liability - occurrence		0		0			0	
11.2 Medical professional liability - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	33,361	6,172	33,361	6,172	4,070	3,515	6,727	164.1
16. Workers' compensation	3,418,889	7,188,793	3,717,524	6,890,158	16,982,760	15,915,520	7,957,398	73.3
17.1 Other liability - occurrence	6,082,051	4,214,902	6,082,106	4,214,847	12,549,053	12,867,024	3,896,876	34.2
17.2 Other liability - claims-made		10,801		10,801			10,801	11.9
17.3 Excess workers' compensation								
18.1 Products liability - occurrence	818,257	288,814	818,257	288,814	1,555,202	1,673,223	170,793	20.2
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	16,379	11,037,445	16,379	11,037,445	14,591,646	14,525,248	11,103,843	60.5
19.3, 19.4 Commercial auto liability	19,604,918	9,360,861	19,800,427	9,165,352	14,568,135	16,161,562	7,571,925	67.9
21. Auto physical damage	3,593,370	11,613,291	3,656,288	11,550,373	1,038,173	1,078,063	11,510,483	61.0
22. Aircraft (all perils)								
23. Fidelity	(2,543)	56,936	(2,543)	56,936	21,738	21,201	57,473	41.9
24. Surety	27,863	5,155	27,863	5,155	15,910	32,194	(11,130)	(131.8)
26. Burglary and theft	340,293	89,526	340,293	89,526	92,693	51,913	130,306	82.7
27. Boiler and machinery	90,998	7,196	90,998	7,196	(1,295)	13,875	(7,973)	(4.0)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - nonproportional assumed property	XXX	1,306,667	242,535	1,064,132	1,713,805	1,804,357	973,581	55.0
32. Reinsurance - nonproportional assumed liability	XXX	381,172		381,172	4,113,979	3,907,954	587,197	73.1
33. Reinsurance - nonproportional assumed financial lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	37,811,776	73,009,959	38,621,327	72,200,409	78,785,206	81,585,105	69,400,510	58.9
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)								

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire		189,608		189,608		56,519		246,127	16,091
2. Allied lines	1,500	178,354	1,500	178,354		34,243		212,597	32,210
3. Farmowners multiple peril		152,581		152,581		34,984		187,565	22,302
4. Homeowners multiple peril		3,700,865		3,700,865	6,000	1,298,460	6,000	4,999,325	1,067,681
5. Commercial multiple peril	3,321,287	3,230,082	3,321,287	3,230,082	8,466,360	2,430,206	8,466,360	5,660,288	1,422,678
6. Mortgage guaranty									
8. Ocean marine		904		904		3,145		4,049	1,357
9. Inland marine	94,157	174,576	94,157	174,576	5,000	54,811	5,000	229,387	40,076
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health					22,000	4,070	22,000	(a) 4,070	
16. Workers' compensation	10,661,568	12,478,875	14,768,432	8,372,010	9,102,831	12,181,241	12,673,322	16,982,760	3,059,656
17.1 Other liability - occurrence	5,137,718	5,991,355	5,137,718	5,991,355	6,094,566	6,557,698	6,094,566	12,549,053	6,406,976
17.2 Other liability - claims-made									
17.3 Excess workers' compensation									
18.1 Products liability - occurrence	1,853,150	653,744	1,853,150	653,744	2,795,796	901,458	2,795,796	1,555,202	1,141,987
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	4,515	10,544,851	4,515	10,544,851	2,000	4,046,794	2,000	14,591,646	3,116,426
19.3, 19.4 Commercial auto liability	16,841,861	8,609,672	17,170,233	8,281,300	16,408,016	6,384,119	16,505,301	14,568,135	4,090,527
21. Auto physical damage	141,129	832,003	141,106	832,026		215,496	9,349	1,038,173	293,623
22. Aircraft (all perils)									
23. Fidelity		17,298		17,298		4,440		21,738	7,173
24. Surety	50,000	9,250	50,000	9,250	36,000	6,660	36,000	15,910	2,683
26. Burglary and theft	350,000	70,485	350,000	70,485	116,000	22,208	116,000	92,693	6,290
27. Boiler and machinery		(1,295)		(1,295)				(1,295)	1,959
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - nonproportional assumed property	XXX	1,714,174	767,044	947,130	XXX	1,966,258	1,199,584	1,713,805	71,884
32. Reinsurance - nonproportional assumed liability	XXX	1,213,564		1,213,564	XXX	2,900,415		4,113,979	69,377
33. Reinsurance - nonproportional assumed financial lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	38,456,884	49,760,947	43,659,141	44,558,689	43,054,569	39,103,226	47,931,278	78,785,206	20,870,956
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page								
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)								

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

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	490,901			490,901
1.2 Reinsurance assumed	3,753,665			3,753,665
1.3 Reinsurance ceded	563,656			563,656
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	3,680,910			3,680,910
2. Commission and brokerage:				
2.1 Direct excluding contingent		4,405,438		4,405,438
2.2 Reinsurance assumed, excluding contingent		19,171,884		19,171,884
2.3 Reinsurance ceded, excluding contingent		4,403,684		4,403,684
2.4 Contingent - direct		704,987		704,987
2.5 Contingent - reinsurance assumed		2,440,467		2,440,467
2.6 Contingent - reinsurance ceded		704,987		704,987
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		21,614,104		21,614,104
3. Allowances to managers and agents		4,164		4,164
4. Advertising		485,471		485,471
5. Boards, bureaus and associations	46,157	614,595		660,752
6. Surveys and underwriting reports		1,548,323		1,548,323
7. Audit of assureds' records		15,962		15,962
8. Salary and related items:				
8.1 Salaries	5,189,014	7,314,574	26,861	12,530,449
8.2 Payroll taxes	379,456	533,714	1,931	915,100
9. Employee relations and welfare	2,099,116	3,022,983	11,763	5,133,861
10. Insurance	55,156	81,634		136,790
11. Directors' fees	42,715	102,344	1,083	146,142
12. Travel and travel items	333,912	411,390		745,302
13. Rent and rent items	484,011	750,123	2,222	1,236,356
14. Equipment	573,472	963,880	994	1,538,345
15. Cost or depreciation of EDP equipment and software	325,545	419,173		744,718
16. Printing and stationery	47,734	119,295	942	167,971
17. Postage, telephone and telegraph, exchange and express	273,977	750,886	2,784	1,027,647
18. Legal and auditing	28,171	56,679	300,622	385,472
19. Totals (Lines 3 to 18)	9,878,436	17,195,191	349,200	27,422,827
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	2,401	2,329,691		2,329,691
20.2 Insurance department licenses and fees		146,461		146,461
20.3 Gross guaranty association assessments		(19,841)		(19,841)
20.4 All other (excluding federal and foreign income and real estate)		46,631		46,631
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		2,502,942		2,502,942
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	607,514	1,288,883		1,896,397
25. Total expenses incurred	14,166,860	42,601,120	349,200 (a)	57,117,180
26. Less unpaid expenses - current year	20,870,956	5,861,983	86,731	26,819,670
27. Add unpaid expenses - prior year	23,114,960	5,250,835	94,618	28,460,413
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	16,410,864	41,989,973	357,087	58,757,924
DETAILS OF WRITE-INS				
2401. Consulting fees	434,115	891,737		1,325,852
2402. Data services	208,621	158,602		367,222
2403. Reinsurance assumed overhead		162,393		162,393
2498. Summary of remaining write-ins for Line 24 from overflow page	(35,222)	76,152		40,929
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	607,514	1,288,883		1,896,397

(a) Includes management fees of \$ 100,000 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,273,375	1,207,026
1.1 Bonds exempt from U.S. tax	(a) 1,770,228	1,684,847
1.2 Other bonds (unaffiliated)	(a) 2,701,909	2,646,645
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	898,056	879,825
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 6,638	6,638
7. Derivative instruments	(f)	
8. Other invested assets	106,911	106,911
9. Aggregate write-ins for investment income	6,600	7,003
10. Total gross investment income	6,763,717	6,538,895
11. Investment expenses		(g) 349,200
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		349,200
17. Net investment income (Line 10 minus Line 16)		6,189,695
DETAILS OF WRITE-INS		
0901. Security lending income	6,573	6,976
0902. Miscellaneous income	28	28
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	6,600	7,003
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 87,076 accrual of discount less \$ 1,261,920 amortization of premium and less \$ 93,280 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ 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 \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	2,574,768		2,574,768	(340,069)	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	1,467,535		1,467,535		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	4		4		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,927,097	(216,888)	1,710,209	4,185,737	
2.21 Common stocks of affiliates				813,272	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	(162,375)	(3,714)	(166,089)	1,137,239	25,706
9. Aggregate write-ins for capital gains (losses)	1,460		1,460		
10. Total capital gains (losses)	5,808,490	(220,602)	5,587,887	5,796,179	25,706
DETAILS OF WRITE-INS					
0901. Litigation proceeds	1,460		1,460		
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	1,460		1,460		

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	88,561	64,927	(23,633)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens.....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income.....			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	88,561	64,927	(23,633)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,147	1,192	(1,955)
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	13,845		(13,845)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	29,158,530	17,171,206	(11,987,324)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	29,264,082	17,237,326	(12,026,757)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	29,264,082	17,237,326	(12,026,757)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)			
2501. Prepaid pension	29,033,140	17,061,279	(11,971,861)
2502. Prepaid expenses	91,822	75,949	(15,873)
2503. Automobiles	18,652	23,310	4,658
2598. Summary of remaining write-ins for Line 25 from overflow page	14,916	10,668	(4,248)
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	29,158,530	17,171,206	(11,987,324)

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

This statement has been completed in accordance with the accounting practices and procedures prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio. The statement reflects the guidance recently set forth in SSAP No. 101: Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10.

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

The preparation of financial statements in conformity with Statutory Accounting Principles as described in the *NAIC Annual Statement Instructions* and the *Accounting Practices and Procedures Manual* requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of the premiums written. Such reserves are computed using the daily method for direct business and are based on reports received from ceding companies and/or pools for assumed business.

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

In addition, the company uses the following accounting policies:

- 1) Short-term investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- 3) Common stocks are valued at market. However, investments in stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are valued using the equity basis.
- 4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32: Investments in Preferred Stock.
- 5) The company does not have any mortgage loans.
- 6) Loan-backed securities are stated in accordance with the guidance provided in SSAP No. 43R: Loan-backed and Structured Securities. The retrospective adjustment method is used to value these securities.
- 7) The company owns 30% of the common stock of Motorists Life Insurance Company, a life insurer, and 100% of the common stock of MCM Agency, Inc., an insurance broker. Motorists Life Insurance Company is valued on an equity basis as described in Part 5, Section 2ciB1 of the *Securities Valuation Handbook*. MCM Agency, Inc. is valued on an equity basis as described in Part 5, Section 2ciB2 of the *Securities Valuation Handbook*.
- 8) The company has investments in limited partnerships and limited liability companies. In accordance with SSAP No. 48: Joint Ventures, Partnerships and Limited Liability Companies, the investments are recorded using the equity method of accounting based on the underlying audited U.S. GAAP equity values of the holdings. The company also has partnership investments in low income housing tax credit properties. In accordance with SSAP No. 93: Accounting for Low Income Housing Tax Credit Property Investments, the investments are reported at amortized cost.
- 9) The company does not hold any derivative securities.
- 10) The company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53: Property/Casualty Contracts – Premiums.
- 11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported (IBNR). Such liabilities are necessarily based on assumptions and estimates. While management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities 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.
- 13) The company does not have any pharmaceutical rebate receivables to report.

2. Accounting Changes and Corrections of Errors

The company did not record any material changes in accounting principles or corrections of errors during the periods reported.

3. Business Combinations and Goodwill

The company did not have any business combination or goodwill transactions during the periods reported.

4. Discontinued Operations

1 – 4) On November 23, 2010, Motorists Commercial Mutual Insurance Company entered into an asset purchase agreement with Federated Mutual Insurance Company to sell the expiration and renewal rights to policies not marketed through its agency distribution system. The sale, which closed on January 4, 2011, had an impact on the company's financial results for 2010 and 2011.

5) The amounts related to discontinued operations and the effect on the company's balance sheet and statement of income for the years ended December 31, 2010, and 2011, are as follows:

Balance Sheet as of December 31,	2010	2011	
Assets			
a. Line 5 Cash	(523,298)	6,777,778	
b. Line 28 Total	455,755	4,473,333	
Liabilities, Surplus and Other Funds			
c. Line 28 Total liabilities	2,356,270	-	
d. Line 37 Surplus	(1,900,515)	4,473,333	
e. Line 38 Total	455,755	4,473,333	
Statement of Income for the Year Ended December 31,			
f. Line 1 Premiums	-	-	Cumulative
g. Line 6 Total underwriting deductions	-	(330,296)	(330,296)
h. Line 8 Net underwriting gain or loss	-	330,296	330,296
i. Line 18 Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(2,879,568)	9,657,346	6,777,778
j. Line 19 Federal and foreign income taxes incurred	(979,053)	3,283,498	2,304,445
k. Line 20 Net income	(1,900,515)	6,373,848	4,473,333

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

5. Investments

- A. The company did not have any mortgage loans or mezzanine real estate loans during the periods reported.
- B. The company was not involved in any debt restructuring during the periods reported.
- C. The company did not have any reverse mortgages during the periods reported.
- D. Loan-Backed Securities
 - 1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from market data vendors or broker dealer values.
 - 2) The company did not hold any loan-backed securities with other-than-temporary recognized losses.
 - 3) The company did not hold any loan-backed securities with current year other-than-temporary recognized losses.
 - 4) The company did have any loan-backed securities with current year unrealized losses.
 - 5) The company performed an analysis of loan-backed securities and determined that exposure to credit risk was not a factor and did not warrant any other-than-temporary impairments.
- E. The company did not have any repurchase agreements or relevant securities lending transactions during the periods reported.
- F. The company did not have any investments in real estate during the periods reported.
- G. The company invested in a low income housing tax credit (LIHTC) fund during 2012.
 - 1) As of December 31, 2012, the company's LIHTC investments had 6 years of unexpired tax credits remaining. There is not a required holding period for the LIHTC investments.
 - 2) As of the date of this publication, there were not any underlying properties in the LIHTC funds known to be under regulatory review.
 - 3) In aggregate, the company's LIHTC investments did not exceed 10% of total admitted assets during 2012.
 - 4) The company did not recognize any impairment losses on LIHTC investments during 2012.
 - 5) The company did not make any write-downs or reclassifications due to forfeitures, ineligibility of low income housing tax credits, or other reasons during 2012.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The company did not have any investments in joint ventures, partnerships or limited liability companies that exceeded 10% of admitted assets during the periods reported.
- B. The company did not recognize any impairment write-downs for investments in joint ventures, partnerships or limited liability companies during the periods reported.

7. Investment Income

- A. The company did not exclude any due and accrued investment income from surplus during the periods reported.
- B. The total amount excluded was \$0.

8. Derivative Instruments

The company did not own derivative financial instruments during the periods reported.

9. Income Taxes

The company adopted SSAP No. 101: Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10., effective January 1, 2012. The balances and related disclosures reported as of December 31, 2012, and 2011, were calculated and presented pursuant to SSAP No. 101.

- A. The components of the company's deferred tax assets (DTAs) and deferred tax liabilities (DTLs) and the change between the years are as follows:

#		12/31/2012			12/31/2011			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a	Gross Deferred Tax Assets	13,354,262	611,460	13,965,722	14,812,830	708,152	15,520,982	(1,458,568)	(96,692)	(1,555,260)
b	Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
c	Adjusted Gross Deferred Tax Assets (1a-1b)	13,354,262	611,460	13,965,722	14,812,830	708,152	15,520,982	(1,458,568)	(96,692)	(1,555,260)
d	Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
e	Subtotal Net Deferred Tax Assets (Liabilities) (1c-1d)	13,354,262	611,460	13,965,722	14,812,830	708,152	15,520,982	(1,458,568)	(96,692)	(1,555,260)
f	Deferred Tax Liabilities	80,647	4,773,446	4,854,093	82,130	2,902,064	2,984,194	(1,483)	1,871,382	1,869,899
g	Net Admitted Deferred Tax Assets (Liabilities) (1e-1f)	13,273,615	(4,161,986)	9,111,629	14,730,700	(2,193,912)	12,536,788	(1,457,085)	(1,968,074)	(3,425,159)
2	Admission Calculation Components	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a	Federal income taxes paid in prior years recoverable through loss carrybacks (11a)	-	-	-	677,184	273,655	950,839	(677,184)	(273,655)	(950,839)
b	Adjusted gross DTAs expected to be realized after application of the threshold limitations (Lesser of 11bi or 11bii below)	11,212,758	261,055	11,473,813	11,889,837	-	11,889,837	(677,079)	261,055	(416,024)
1	Adjusted gross DTAs expected to be realized following the balance sheet date (11bi)	11,212,758	261,055	11,473,813	11,889,837	-	11,889,837	(677,079)	261,055	(416,024)
2	Adjusted gross DTAs allowed per limitation threshold (11bii)	17,632,509	261,055	17,893,564	15,475,301	-	15,475,301	2,157,208	261,055	2,418,263
c	Adjusted gross DTAs offset by gross DTLs (11c)	2,141,504	350,405	2,491,909	2,245,809	434,497	2,680,306	(104,305)	(84,092)	(188,397)
d	DTAs Admitted as the result of application of SSAP No. 101 (Total 2a+2b+2c)	13,354,262	611,460	13,965,722	14,812,830	708,152	15,520,982	(1,458,568)	(96,692)	(1,555,260)
3	Disclosure of ratios used for threshold limitation			12/31/2012			12/31/2011			
a	ExDTA ACL RBC % used to determine recovery period and threshold limitation amount in 2(b) above	xxx	xxx	710	xxx	xxx	676	xxx	xxx	34
b	Amount of adjusted capital and surplus used to determine recovery period threshold limitation in 2(b)2 above	xxx	xxx	119,435,623	xxx	xxx	108,795,131	xxx	xxx	10,640,492
4	Impact of Tax Planning Strategies	12/31/2012			12/31/2011			Change		
	On the Determination of:	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a	Adjusted Gross DTAs	23.7%	0.0%	23.7%	37.1%	0.0%	37.1%	-13.4%	0.0%	-13.4%
b	Net Admitted Adjusted Gross DTAs	23.7%	0.0%	23.7%	45.9%	0.0%	45.9%	-22.2%	0.0%	-22.2%
c	Does the company's tax-planning strategies include the use of reinsurance?			Yes			No			X

- B. There were no temporary differences for which deferred tax liabilities were not recognized.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

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

#	Current Income Tax	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>Change</u>
	Federal	(2,651,477)	(65,587)	(2,585,890)
	Foreign	-	-	-
	Subtotal	(2,651,477)	(65,587)	(2,585,890)
	Federal income tax on net capital gains	1,590,819	1,030,204	560,615
	Utilization of capital loss carry-forward	-	-	-
	Other	-	-	-
	Federal and foreign income taxes incurred	<u>(1,060,658)</u>	<u>964,617</u>	<u>(2,025,275)</u>

Deferred income tax assets and liabilities consist of the following major components:

#	Deferred tax assets:	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>Change</u>
a	<u>Ordinary</u>			
	Discounting of unpaid losses	4,046,862	4,277,142	(230,280)
	Unearned premium reserve	3,636,787	3,473,348	163,439
	Investments	7,134	-	7,134
	Policyholders dividends accruals	480,383	472,102	8,281
	Fixed Assets	15,426	14,651	775
	Compensation and benefit accruals	45,552	57,528	(11,976)
	Minimum Pension Liability	-	4,516,921	(4,516,921)
	Nonadmitted Assets	67,472	29,855	37,617
	Net operating loss and contribution carry-forward	4,095,955	-	4,095,955
	Foreign tax, LHC and AMT credit carry-forward	936,321	849,051	87,270
	Lease early termination	-	1,105,000	(1,105,000)
	Other	22,370	17,232	5,138
99	Subtotal	<u>13,354,262</u>	<u>14,812,830</u>	<u>(1,458,568)</u>
b	Statutory Valuation Allowance adjustment	-	-	-
c	Nonadmitted	-	-	-
d	Admitted ordinary deferred tax assets (2a99-2b-2c)	<u>13,354,262</u>	<u>14,812,830</u>	<u>(1,458,568)</u>
e	<u>Capital</u>			
	Investments	611,460	708,152	(96,692)
	Net capital loss carry-forward	-	-	-
99	Subtotal	<u>611,460</u>	<u>708,152</u>	<u>(96,692)</u>
f	Statutory Valuation Allowance adjustment	-	-	-
g	Nonadmitted	-	-	-
h	Admitted capital deferred tax assets (2e99-2f-2g)	<u>611,460</u>	<u>708,152</u>	<u>(96,692)</u>
i	Admitted deferred tax assets (2d+2h)	13,965,722	15,520,982	(1,555,260)
#	Deferred Tax Liabilities:			
a	<u>Ordinary</u>			
	Investments	80,647	82,130	(1,483)
	Fixed Assets	-	-	-
	Other	-	-	-
99	Subtotal	<u>80,647</u>	<u>82,130</u>	<u>(1,483)</u>
b	<u>Capital</u>			
	Investments	4,773,446	2,902,064	1,871,382
	Other	-	-	-
99	Subtotal	<u>4,773,446</u>	<u>2,902,064</u>	<u>1,871,382</u>
c	Deferred tax liabilities (3a99+3b99)	<u>4,854,093</u>	<u>2,984,194</u>	<u>1,869,899</u>
	Net deferred tax assets/liabilities (2i-3c)	<u>9,111,629</u>	<u>12,536,788</u>	<u>(3,425,159)</u>

D. The company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes as follows:

	<u>12/31/2012</u>	<u>12/31/2011</u>
Current income taxes incurred	(1,060,658)	964,617
Change in deferred income tax (without tax on unrealized gains/losses and min. pension liability)	(2,963,144)	(682,410)
Total income tax reported	<u>(4,023,802)</u>	<u>282,207</u>
Income before taxes	2,586,444	4,236,589
Expected income tax expense (benefit) at 35% statutory rate	905,255	1,482,806
Increase (decrease) in actual tax resulting from:		
a) Tax exempt interest net of proration	(486,921)	(517,612)
b) Dividends received deduction net of proration	(119,495)	(116,016)
c) Change in deferred tax benefit on nonadmitted assets	(4,081,062)	(43,821)
d) Low income housing and foreign tax credits	(257,976)	(284,325)
e) Recognized partnership income	72,604	(462,160)
f) Rate Differential	(25,864)	(42,366)
g) Treasury Inflation Protection securities	(115,624)	80,410
h) Nondeductible expenses	2,170	-
i) Change in Valuation Allowance	-	-
j) Provision to return adjustment	149,676	-
k) Other	(66,566)	185,291
Total income tax reported	<u>(4,023,802)</u>	<u>282,207</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

E. 1) As of December 31, 2012, the company had the following operating loss and tax credits carry-forwards:

Operating loss carry-forwards	<u>Origination Year</u>	<u>Expiration Year</u>	<u>Amount</u>
	2010	2030	1,521,948
	2011	2031	1,591,620
	2012	2032	<u>8,933,140</u>
	Total		<u><u>12,046,708</u></u>

Low income housing credit carry-forwards	<u>Origination Year</u>	<u>Expiration Year</u>	<u>Amount</u>
	2009	2019	215,158
	2010	2020	214,902
	2011	2021	190,451
	2012	2022	<u>257,850</u>
	Total		<u><u>878,361</u></u>

Foreign tax credit carry-forwards	<u>Origination Year</u>	<u>Expiration Year</u>	<u>Amount</u>
	2009	2019	15,034
	2010	2020	20,863
	2011	2021	21,937
	2012	2022	<u>126</u>
	Total		<u><u>57,960</u></u>

2) The amounts of federal income taxes incurred that are available for recoupment in the event of future net losses are as follows:

2012 (current year)	-
2011 (current year - 1)	-
2010 (current year - 2)	-

3) The company did not have any deposits admitted under Section 6603 of the Internal Revenue Service (IRS) Code as of December 31, 2012.

F. 1) The company's federal income tax return was consolidated with the following entities:

MCM Insurance Agency, Inc.
 AHM Insurance Agency, Inc. of MA

2) The method of allocation between the companies is subject to written agreement, approved by the board of directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually when the federal income tax return is filed.

G. As of December 31, 2012, the company did not have any federal or foreign income tax loss contingencies.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. - C. On January 2, 2011, Phenix Mutual Fire Insurance Company sold its 44.8% equity interest in N.E. Corporation, the parent of Casco Indemnity Company, to Ohio Mutual Insurance Company for \$3,824,316. Phenix Mutual realized a net capital gain of \$60,511 as a result of the sale. Per the terms of the sale agreement, Phenix deposited \$448,000 of its proceeds in an escrow account. In the event of unfavorable development on the loss reserves reported by Casco Indemnity Company as of December 31, 2010, Phenix Mutual may be required to return all or a portion of the funds to Ohio Mutual. The loss development tracking period extends through December 31, 2013, with a final settlement to be made in 2014. The funds on deposit have been nonadmitted in Phenix Mutual's financial statement.
- D. As of December 31, 2012, and 2011, the company reported net amounts due from/(due to) affiliates of \$(1,501,635) and \$410,195, respectively. All amounts were settled within 90 days.
- E. The company did not have any guarantees or undertakings for the benefit of an affiliate or related party that resulted in a material contingent exposure to the company or any related parties during the periods reported.
- F. During the periods reported, the company had a management agreement with Motorists Mutual Insurance Company, an Ohio-based affiliate, whereby Motorists provided management services to the company. The company had a separate agreement with Motorists Service Corporation (MSC), a wholly owned subsidiary of Motorists, whereby MSC delivered staffing services to the company. The company also had an arrangement with its affiliates whereby costs for common facilities and support services were shared.
- G. The company is a mutual property/casualty insurer and an affiliate of The Motorists Insurance Group. Motorists Mutual Insurance Company is the ultimate controlling entity of The Group through an interlocking board of directors.
- H. The company did not own any shares, directly or indirectly, of an upstream intermediate entity or ultimate parent during the periods reported.
- I. The company did not have any investments in subsidiary, controlled or affiliated entities that exceed 10% of admitted assets during the periods reported.
- J. The company did not recognize any impairment write-downs for investments in subsidiary, controlled or affiliated entities during the periods reported.
- K. The company did not have any investments in foreign insurance subsidiaries during the periods reported.
- L. The company did not have any investments in downstream non-insurance holding companies during the periods reported.

11. Debt

- A. The company did not have any capital notes or other debt obligations outstanding during the periods reported.
- B. The company did not have any Federal Home Loan Bank agreements in place during the periods reported.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit

- A. The company participated in a defined benefit pension plan sponsored by an affiliate, Motorists Mutual Insurance Company, during 2012. During 2011 the company sponsored a defined benefit pension plan covering substantially all associates. Effective December 31, 2011, associates of the company became employed by Motorists Service Corporation, a wholly owned subsidiary of Motorists Mutual Insurance Company, and were eligible to participate in the defined benefit pension plan sponsored by Motorists Mutual Insurance Company (Motorists Plan). Also, effective that date the company sponsored defined benefit pension plan merged with the Motorists Plan. All assets and liabilities of the company sponsored plan were transferred to the Motorists Plan.

A summary of the previous plan, American Hardware Mutual Insurance Company Provident Plus plan, assets, obligations and assumptions as of December 31, 2011 is provided below.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

	Pension Benefits	
	<u>2011</u>	<u>2012</u>
1) Change in projected benefit obligation:		
a. Benefit obligation at beginning of year	58,038,298	-
b. Service cost	217,439	-
c. Interest cost	3,037,645	-
d. Contributions by plan participants	-	-
e. Actuarial (gain) loss	5,211,554	-
f. Foreign currency exchange rate changes	-	-
g. Benefits paid	(3,269,631)	-
h. Plan amendments	-	-
i. Business curtailments, settlements, and plan merger	(63,235,305)	-
j. Benefit obligation at end of year	<u>-</u>	<u>-</u>
2) Change in plan assets:		
a. Fair value of plan assets at beginning of year	50,462,340	-
b. Actual return on plan assets	548,079	-
c. Foreign currency exchange rate changes	-	-
d. Employer contributions	1,500,000	-
e. Plan participants' contributions	-	-
f. Benefits paid	(3,269,631)	-
g. Business curtailments, settlements, and plan merger	(49,240,788)	-
h. Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
3) Funded status:	<u>2011</u>	<u>2012</u>
a. Unamortized prior service cost	-	-
b. Unrecognized net (gain) or loss	-	-
c. Remaining net obligation or net (asset) at initial date of application	-	-
d. Prepaid assets or (accrued liabilities)	-	-
e. Intangible asset	-	-
4) Accumulated benefit obligation for vested associates and partially vested associates to the extent vested:	-	-
5) The company did not have any obligations for non-vested associates.		
a. Projected pension obligation	-	-
b. Accumulated benefit obligation	-	-
6) Components of net periodic benefit cost:		
a. Service cost	-	-
b. Interest cost	-	-
c. Expected return on plan assets	-	-
d. Amortization of unrecognized transition obligation or transition (asset)	-	-
e. Amount of recognized (gains) and losses	-	-
f. Amount of prior service cost recognized	-	-
g. Amount of (gains) and losses recognized due to a settlement or curtailment	-	-
h. Total net periodic benefit cost	-	-
7) A minimum pension liability adjustment is required when the actuarial present value of the accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, net of tax benefit, is reported as a component of unassigned surplus funds. As of December 31, 2011 the company's additional minimum liability balance was \$13,285,063.		
8) Weighted-average assumptions as of December 31:	<u>2011</u>	<u>2012</u>
a. Discount rate	N/A	N/A
b. Expected long-term rate of return on plan assets	N/A	N/A
c. Rate of compensation increase	N/A	N/A

- B. The company participated in an incentive savings plan sponsored by an affiliate, Motorists Mutual Insurance Company, during 2012. Motorists Mutual contributed up to a maximum of 3% of each associate's compensation and allocated amounts to the company based on a cost sharing arrangement. The company's share of the contribution to the plan was \$58,439. During 2011 the company sponsored a defined contribution savings plan for the benefit of substantially all associates. The company contributed an amount equal to 35% of the first 6% of associate contributions. The company's contribution to the plan was \$40,678.
- C. The company did not participate in any multi-employer plans during the periods reported.
- D. The company participated in a non-contributory defined benefit pension plan sponsored by an affiliate, Motorists Mutual Insurance Company, during 2012. The company did not have any legal obligation for benefits under this plan. Motorists Mutual allocated amounts to the company based on a cost sharing arrangement. Under this arrangement, the company incurred periodic pension cost of \$1,313,202. During 2011 the company did not participate in any consolidated/holding company plans during the periods reported.
- E. The company's financial records include adequate accruals for all post-employment benefit obligations and compensated absences.
- F. The company did not sponsor or participate in any post-retirement benefits plans during the periods reported.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- 1) Information concerning capital stock is not applicable. The company is a mutual property/casualty insurer.
- 2) Information concerning preferred stock is not applicable. The company is a mutual property/casualty insurer.
- 3) Information concerning stock dividends is not applicable. The company is a mutual property/casualty insurer.
- 4) Information concerning stock dividend payments is not applicable. The company is a mutual property/casualty insurer.
- 5) Information concerning stock dividends is not applicable. The company is a mutual property/casualty insurer.
- 6) There were not any restrictions on the company's surplus during the periods reported.
- 7) There were not any advances to surplus to disclose for the periods reported.
- 8) The company did not hold any stock for special purposes during the periods reported.
- 9) The change in the company's special surplus funds balance (Page 3, line 29) can be attributed to the reporting requirements necessitated by SSAP No. 101: Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10.
- 10) As of December 31, 2012, the portion of unassigned funds (surplus) represented by cumulative unrealized gains (net of deferred FIT) was \$10,878,860.
- 11) The company did not have any surplus debentures or similar obligations to disclose for the periods reported.
- 12) Information concerning quasi-reorganization is not applicable.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

13) Information concerning quasi-reorganization is not applicable.

14. Contingencies

A. Contingent Commitments

- 1) At December 31, 2012, the company had outstanding commitments associated with joint venture interests totaling \$9,284,965.
- 2) The aforementioned commitments are not reflected as liabilities in the accompanying financial statement. The figure presented represents the sum of the company's maximum potential outlays related to the commitments. Other details are provided below.

(1)	(2)	(3)	(4)	(5)
Nature and circumstances of guarantee and key attributes, including date and duration of agreement	Liability recognition of guarantee	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted)	Current status of payment or performance risk of guarantee
Adams Street 2012 Global Fund LP	-	Increase in other invested assets	3,766,400	All current capital calls have been funded.
HarbourVest Partners, LLC	-	Increase in other invested assets	5,321,065	All current capital calls have been funded.
Park Street Capital Private Equity Fund LP	-	Increase in other invested assets	197,500	All current capital calls have been funded.
Total	-		9,284,965	

3) Details regarding the impact these commitments had or could potentially have on the company's financial statements are provided below.

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above.)	9,284,965
b. Current Liability Recognized in F/S	
1. Noncontingent Liabilities	-
2. Contingent Liabilities	-
c. Ultimate Financial Statement Impact if action under the guarantee is required.	
1. Investments in SCA	-
2. Joint Venture	9,284,965
3. Dividends to Stockholders (capital contribution)	-
4. Expense	-
5. Other	-
6. Total (Should equal (3)a.)	9,284,965

B. Assessments

The company is subject to guaranty fund and other assessments by the states in which it conducts business. Guaranty fund assessments are accrued upon notification of the insolvency. Other assessments are recognized 1) when assessed by a state, 2) when premiums are written for premium-based assessments, or 3) when losses are incurred for loss-based assessments. Incurred assessments are subject to the intercompany pooling arrangement described in Note 26. The company's net paid guaranty fund assessments totaled \$(13,015) and \$(11,257) for the years ended December 31, 2012, and 2011, respectively. The company's net accrued liabilities for guaranty funds were \$116,910 and \$123,736 as of December 31, 2012, and 2011, respectively. Per the accounting practices and procedures prescribed by the company's state of domicile, receivables for premium tax credits are not reflected in the accompanying financial statements.

C. Gain Contingencies

The company did not have any material gain contingencies to disclose for the periods reported.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The company did not make any direct payments to settle claims related extra contractual obligations (ECO) or bad faith claims stemming from lawsuits in the current reporting period.

E. Product Warranties

The company did not have any contingent liabilities associated with product warranties to disclose for the periods reported.

F. All Other Contingencies

The company did not have any other contingent liabilities arising from litigation, income taxes, or other matters that were material in nature. All assets that the company considered to be impaired were valued at market prior to the closing of the company's financial records.

15. Leases

A. Leasing Arrangements

- 1) The company leases computer-related equipment under various operating lease arrangements and has entered into various agreements for information technology-related services through December 2014. The expenses for these commitments for 2012 and 2011 were \$2,438,267 and \$2,418,718, respectively.
- 2) As of December 31, 2012, the company had aggregate commitments of \$799,100. Commitments for the next two years are as follows:

<u>Fiscal Year</u>	<u>Commitment</u>
2013	726,208
2014	72,892

- 3) The company was not involved in sale-leaseback transactions during the periods reported.

B. The company did not act as a lessor in business activities or participate in leveraged leases during the periods reported.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The company did not have any investments in financial instruments with off-balance sheet risk during the periods reported.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. The company did not have any transfers of receivables reported as sales during the periods reported.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

B. Transfer and Servicing of Financial Assets

- 1) The company did not obtain any assets or incur any liabilities due to the transfer of financial assets during the periods reported.
- 2) As of December 31, 2012, the company was not involved in any securities lending programs.
- 3) The company did not have any servicing assets or servicing liabilities to disclose for the periods reported.
- 4) The company did not securitize any financial assets during the periods reported.
- 5) The company did not have any retained interests in securitized financial assets during the periods reported.
- 6) The company was not involved in any transfers of receivables during the periods reported.

C. Wash Sales

In the course of the company's asset management, there were not any securities sales and reacquisitions made within 30 days of the sale date to enhance the yield on the investment portfolio.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

The company did not serve as an Administrative Services Only (ASO) or as an Administrative Services Contract (ASC) plan administrator during the periods reported.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The company did not write any direct premiums through managing general agents or third party administrators during the periods reported.

20. Fair Value Measurements

A. Fair Value Hierarchy

- 1) Information regarding assets measured at fair value on a recurring basis is provided below.

Description for each class of asset or liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
a. Assets at fair value				
Perpetual Preferred stock				
Industrial and Misc	-	-	-	-
Parents, Subsidiaries and Affiliates	-	-	-	-
Total Perpetual Preferred Stocks	-	-	-	-
Bonds				
U.S. Governments	-	-	-	-
Industrial and Misc	-	-	-	-
Hybrid Securities	-	-	-	-
Parents, Subsidiaries and Affiliates	-	-	-	-
Total Bonds	-	-	-	-
Common Stock				
Industrial and Misc	42,187,328	-	34,986	42,222,314
Parents, Subsidiaries and Affiliates	-	-	16,934,051	16,934,051
Total Common Stocks	42,187,328	-	16,969,037	59,156,365
Other Invested Assets	-	-	20,910,317	20,910,317
Derivative Assets				
Interest rate contract	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity future contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total Derivatives	-	-	-	-
Separate account assets	-	-	-	-
Total assets at fair value	42,187,328	-	37,879,354	80,066,682
b. Liabilities at fair value				
Derivative liabilities	-	-	-	-
Total liabilities at fair value	-	-	-	-

- 2) Information regarding assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is provided below.

a. Assets	Beginning Balance at 01/01/2012	Transfers into Level 3	Transfers out of Level 3	Total gains (losses) Realized	Total gains (losses) Unrealized	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2012
Loan-Backed and Structured Securities										
	-	-	-	-	-	-	-	-	-	-
Common Stock										
Industrial and Misc	32,785	-	-	-	2,201	-	-	-	-	34,986
Parents, Subsidiaries and Affiliates	16,120,778	-	-	-	813,273	-	-	-	-	16,934,051
Other Invested Assets	19,831,224	-	-	(3,714)	1,162,945	1,700,866	-	(1,781,004)	-	20,910,317
Total Assets	35,984,787	-	-	(3,714)	1,978,419	1,700,866	-	(1,781,004)	-	37,879,354
b. Liabilities										
Total Liabilities	-	-	-	-	-	-	-	-	-	-

- 3) The company did not recognize any transfers into or out of the Level 3 classification during the reporting period. The company's policy is to recognize transfers of this nature on the actual date of the event or change in circumstances that caused the transfer.
- 4) The company valued common stocks using the equity method. Other invested assets were valued using equity statements from the respective fund managers.
- 5) The company does not hold any derivative assets or liabilities.

B. The company did not have any other assets measured at fair value.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

C. Fair Value Measurement

Description for each class of asset or liability	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
Perpetual Preferred stock	-	-	-	-	-	-
Bonds	175,670,415	161,645,578	-	175,670,415	-	-
Common Stock	59,156,365	59,067,805	42,187,328	-	16,969,037	-
Other Invested Assets	22,156,735	22,156,735	-	-	20,910,317	1,246,418
	<u>256,983,515</u>	<u>242,870,119</u>	<u>42,187,328</u>	<u>175,670,415</u>	<u>37,879,354</u>	<u>1,246,418</u>

D. Not Practicable to Estimate Fair Value:

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Other Invested Assets				
Low Income Housing	1,246,418	n/a	n/a	Asset is not a marketable financial instrument
	<u>1,246,418</u>			

21. Other Items

A. Extraordinary Items

The company did not have any extraordinary items to disclose for the periods reported.

B. Troubled Debt Restructuring: Debtors

The company did not have any transactions related to troubled debt restructurings during the periods reported.

C. Other Disclosures

- The company elected to use rounding in the reporting of amounts in this statement.
- The table below summarizes the company's net unpaid loss and loss adjustment expense reserves for accident years 1998 through 2002 and prior for all applicable statutory categories reported in Schedule P, Part 1, columns 13 through 24 of the Annual Statement. All amounts shown are in thousands.

Schedule P Category	Loss Year	Case Basis	Bulk & IBNR	Def & Cost Containment	Adjusting & Other Exp	Salvage & Subrogation	Loss & Exp Total Unpaid
Part 1A Homeowners/ Farmowners	Prior	5	-	0	0	-	5
	1998	-	-	-	-	-	-
	1999	3	-	0	0	-	4
	2000	2	-	0	0	-	3
	2001	44	(7)	1	1	-	39
	2002	19	-	-	-	-	19
Total		73	(7)	1	1	-	69
Part 1B Private Passenger Auto Liability/Medical	Prior	89	-	4	9	-	102
	1998	5	-	0	0	-	5
	1999	13	-	-	-	-	13
	2000	7	-	0	1	-	9
	2001	13	3	1	2	-	19
	2002	-	0	0	0	-	0
Total		128	3	6	12	-	148
Part 1C Commercial Auto/ Truck Liability/Medical	Prior	28	-	10	1	-	40
	1998	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	2000	9	-	3	0	-	13
	2001	-	(0)	(0)	-	-	(0)
	2002	28	112	53	5	-	199
Total		66	112	67	6	-	251
Part 1D Workers' Compensation	Prior	2,679	1,126	119	156	-	4,079
	1998	7	3	0	0	-	10
	1999	33	3	1	2	-	39
	2000	48	3	1	3	-	55
	2001	13	5	(3)	2	-	17
	2002	67	1,201	32	67	-	1,367
Total		2,847	2,340	151	230	-	5,568
Part 1E Commercial Multiple Peril	Prior	195	-	45	2	-	242
	1998	-	-	-	-	-	-
	1999	1	-	0	0	-	1
	2000	-	-	-	-	-	-
	2001	0	(1)	(0)	-	-	(1)
	2002	1	1,379	487	12	-	1,879
Total		197	1,378	532	14	-	2,121

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

Schedule P Category	Loss Year	Case Basis	Bulk & IBNR	Def & Cost Containment	Adjusting & Other Exp	Salvage & Subrogation	Loss & Exp Total Unpaid
Part 1F, Section 1	Prior	-	-	-	-	-	-
Medical Professional	1998	-	-	-	-	-	-
Liability - Occurrence	1999	-	-	-	-	-	-
	2000	-	-	-	-	-	-
	2001	-	-	-	-	-	-
	2002	-	-	-	-	-	-
	Total	-	-	-	-	-	-
Part 1G	Prior	0	-	-	-	-	0
Special Liability	1998	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	2000	-	-	-	-	-	-
	2001	-	-	-	-	-	-
	2002	-	-	-	-	-	-
	Total	0	-	-	-	-	0
Part 1H, Section 1	Prior	297	231	123	16	-	667
Other Liability -	1998	2	-	0	0	-	2
Occurrence	1999	-	-	-	-	-	-
	2000	5	-	6	1	-	12
	2001	12	(0)	2	0	-	14
	2002	30	455	126	18	-	628
	Total	346	686	258	35	-	1,324
Part 1I	Prior	0	-	-	-	-	0
Special Property	1998	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	2000	-	-	-	-	-	-
	2001	-	(0)	(0)	-	-	(0)
	2002	-	-	-	-	-	-
	Total	0	(0)	(0)	-	-	(0)
Part 1J	Prior	-	-	-	-	-	-
Auto Physical	1998	-	-	-	-	-	-
Damage	1999	-	-	-	-	-	-
	2000	-	-	-	-	-	-
	2001	0	(1)	(0)	0	-	(1)
	2002	-	-	-	-	-	-
	Total	0	(1)	(0)	0	-	(1)
Part 1K	Prior	-	-	-	-	-	-
Fidelity/Surety	1998	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	2000	-	-	-	-	-	-
	2001	-	-	-	-	-	-
	2002	-	-	-	-	-	-
	Total	-	-	-	-	-	-
Part 1N	Prior	67	73	4	-	-	144
Reinsurance	1998	-	-	-	-	-	-
Nonproportional	1999	-	-	-	-	-	-
Assumed Property	2000	-	-	-	-	-	-
	2001	0	-	0	-	-	0
	2002	-	1	-	-	-	1
	Total	67	74	4	-	-	145
Part 1O	Prior	114	149	9	-	-	271
Reinsurance	1998	1	33	1	-	-	35
Nonproportional	1999	18	109	4	-	-	132
Assumed Liability	2000	31	68	3	-	-	102
	2001	43	118	5	-	-	166
	2002	11	157	5	-	-	173
	Total	217	634	28	-	-	879
Part 1R, Section 1	Prior	122	-	115	12	-	249
Products Liability -	1998	-	-	-	-	-	-
Occurrence	1999	1	-	0	0	-	1
	2000	8	-	7	1	-	15
	2001	-	-	-	-	-	-
	2002	4	145	135	16	-	300
	Total	134	145	256	30	-	565

D. The potential for losses associated with uncollectible receivable balances is not material to the company's financial position. Premium balances over 90 days past due are recorded as nonadmitted assets.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

- E. Business Interruption Insurance Recoveries
There were not any business interruption insurance recoveries received during the periods reported.
- F. State Transferable and Non-transferable Tax Credits
The company did not have any state transferable or non-transferable tax credits to disclose for the periods reported.
- G. Subprime-Mortgage-Related Risk Exposure
The company did not hold any investments with subprime mortgage related risk exposure during the periods reported.

22. Events Subsequent

There were not any events that occurred subsequent to the closing of the company's financial records that would materially impact the financial information presented.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

As of December 31, 2012, the company had unsecured aggregate recoverables for losses paid and unpaid (including IBNR), loss adjustment expenses, and unearned premium with a reinsurer that exceeded 3% of the company's surplus. The reinsurer and the associated recoverable balance are listed below.

<u>Company Name</u>	<u>NAIC Number</u>	<u>Federal ID</u>	<u>Amount Recoverable</u>
Motorists Mutual Insurance Company	14621	31-4259550	113,360,522

B. Reinsurance Recoverable in Dispute

As of December 31, 2012, the company did not have any reinsurance recoverable amounts in dispute from any one reinsurer that exceeded 5% of policyholder surplus.

C. Reinsurance Assumed and Ceded

- 1) The maximum amount of return commission that would have been due reinsurers if they or the company had cancelled all of the company's reinsurance or if the company or a receiver had cancelled all of the company's assumed contracts as of December 31, 2012, with the return of the unearned premium reserve is illustrated below.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1)	(2)	(3)	(4)	(5)	(6)
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	53,482,169	8,703,711	13,589,838	1,983,841	39,892,331	6,719,870
b. All Other	240,074	7,083	295,398	75,659	(55,324)	(68,576)
c. Total	53,722,243	8,710,794	13,885,235	2,059,500	39,837,007	6,651,295
d. Direct UEP		13,645,161				

- 2) The company's contingent commissions associated with existing contractual arrangements are illustrated below.

	(1) Direct	(2) Assumed	(3) Ceded	(4) Net
a. Contingent Commission	677,019	2,280,956	677,019	2,280,956
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. Total	677,019	2,280,956	677,019	2,280,956

- 3) Information concerning protected cells is not applicable.

D. Uncollectible Reinsurance

There were not any reinsurance balances written off as uncollectible during the year.

E. Commutation of Ceded Reinsurance

The company did not commute any ceded reinsurance balances during the year.

F. Retroactive Reinsurance

The company did not have any retroactive reinsurance contracts in place during the periods reported.

G. Reinsurance Accounted for as a Deposit

The company did not have any agreements in place that required reinsurance to be accounted for as a deposit during the periods reported.

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

The company did not enter into any special run-off agreements.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The company did not have any retrospectively rated contracts or contracts subject to redetermination in place during the periods reported.

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for the company's incurred losses and loss adjustment expenses (after intercompany pooling) attributable to insured events of prior years reflect favorable development totaling \$3,868,870. The development can be attributed primarily to the re-estimation of unpaid losses and loss adjustment expenses in the auto liability, other liability, auto physical damage, homeowners, and commercial multiple peril lines of business. Savings in these lines overshadowed adverse development in the workers' compensation line of business. The changes reflected in these lines were generally the result of recent development trends. Since the company did not have any retrospectively rated contracts in place during the periods reported, there were not any premium adjustments made as a result of this loss and loss adjustment expense development.

26. Intercompany Pooling Arrangements

Motorists Mutual Insurance Company (NAIC #14621) and its affiliates, Motorists Commercial Mutual Insurance Company (NAIC #13331), Iowa American Insurance Company (NAIC #31577), Iowa Mutual Insurance Company (NAIC #14338), MICO Insurance Company (NAIC #40932), Phenix Mutual Fire Insurance Company (NAIC #23175), and Wilson Mutual Insurance Company (NAIC #19950), participated in an intercompany pooling arrangement covering premiums, losses, and underwriting expenses for all lines during the year. Related finance and service charge income, agent and premium balance charge-offs, deficiency reserves, and policyholder dividends were also subject to the pooling arrangement. The participation percentages for each company were as follows: 70.5% for Motorists Mutual, 18.5% for Motorists Commercial, 1.0% for Iowa American, 3.5% for Iowa Mutual, 0.0% for MICO, 3.5% for Phenix Mutual, and 3.0% for Wilson Mutual.

Each company recognized facultative (quota share and excess) and treaty (excess and catastrophe) reinsurance cessions with unaffiliated reinsurers prior to the administration of the intercompany pooling agreement. As the lead insurer, Motorists Mutual assumed all net premiums, losses, loss adjustment expenses, and underwriting expenses and then ceded each pool participant its share of the pool. Underwriting-related balance sheet items such as premiums receivable, installments, reinsurance assumed premium receivables and loss payables, reinsurance ceded premium payables and loss receivables, general expense receivables and payables, funds held balances, advanced premiums, and outstanding drafts were also pooled.

As of December 31, 2012, the company reported a pooling-related balance of \$4,577,146 due from Motorists Mutual Insurance Company.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

- A. The company has purchased annuities for structured settlements under which the claimant is the payee, but for which the company is contingently liable. Details are provided below.

<u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
6,846,306	10,631,218

- B. As of December 31, 2012, there were amounts in excess of 1% of the company's surplus due for annuities from three individual life insurance companies associated with purchased annuities for which the company did not receive a release of liability from the claimant. These life insurance companies and the associated contingent liabilities are listed in the table below

<u>Life Insurance Company and Location</u>	<u>Licensed in State of Domicile</u>	<u>Statement Value (Present Value)</u>
American International Life Insurance Company New York, New York	Yes	4,185,507
CIGNA Retirement and Investment Company Hartford, Connecticut	Yes	1,794,827
Genworth Life and Annuity Insurance Company Richmond, Virginia	Yes	2,631,447

28. Health Care Receivables

The company did not have any health care receivables to disclose for the periods reported.

29. Participating Policies

The company did not write policies with participating contracts during the periods reported.

30. Premium Deficiency Reserves

Details regarding the premium deficiency reserve reported by the company as of December 31, 2012, are provided below.

1) Liability carried for premium deficiency reserves	\$ 518
2) Date of the most recent evaluation of this liability	January 4, 2013
3) Was anticipated investment income utilized in the calculation?	Yes

31. High Deductibles

The company did not have any unpaid claims on policies with high deductibles to disclose for the periods reported.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The company did not discount loss and loss adjustment expense reserves during the periods reported.

33. Asbestos/Environmental Reserves

- A. The company had exposure to asbestos losses during the periods reported. Direct exposure arose from the sale of general liability and commercial multiple peril business. The company also had exposure through its unaffiliated reinsurance assumed operations and an intercompany pooling arrangement (reference Note 26). The company estimates the impact of its direct exposure by establishing case reserves on all known losses and by computing IBNR losses based on previous experience. The company relies on case and IBNR reserves established by Inpoint Services to measure its exposure from unaffiliated reinsurance assumed operations.

	(1) <u>2008</u>	(2) <u>2009</u>	(3) <u>2010</u>	(4) <u>2011</u>	(5) <u>2012</u>
1) Direct basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	3,208,926	3,138,180	2,744,518	2,504,048	2,183,539
b. Incurred losses and loss adjustment expenses	247,706	(216,087)	151,503	146,035	353,813
c. Calendar year loss and loss adj. expense payments	318,452	177,575	391,973	466,544	196,214
d. Ending Reserves (incl Case, Bulk & IBNR)	3,138,180	2,744,518	2,504,048	2,183,539	2,341,138
2) Assumed reinsurance basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	899,269	752,169	764,381	748,099	446,012
b. Incurred losses and loss adjustment expenses	(69,682)	46,011	42,404	(229,744)	5,224
c. Calendar year loss and loss adj. expense payments	77,418	33,799	58,686	72,343	28,180
d. Ending Reserves (incl Case, Bulk & IBNR)	752,169	764,381	748,099	446,012	423,056
3) Net of ceded reinsurance basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	3,608,322	3,498,215	3,140,478	2,878,621	2,508,475
b. Incurred losses and loss adjustment expenses	182,953	(207,440)	146,748	86,922	210,903
c. Calendar year loss and loss adj. expense payments	293,060	150,297	408,605	457,068	15,816
d. Ending Reserves (incl Case, Bulk & IBNR)	3,498,215	3,140,478	2,878,621	2,508,475	2,703,562

- B. The amount of ending reserves for bulk and IBNR included in "A" (loss and LAE):

1) Direct Basis	2,015,911
2) Assumed Reinsurance Basis	264,981
3) Net of Ceded Reinsurance Basis	2,270,449

- C. The amount of ending reserves for loss adjustment expenses included in "A" (case, bulk + IBNR):

1) Direct Basis	497,179
2) Assumed Reinsurance Basis	17,619
3) Net of Ceded Reinsurance Basis	509,576

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

D. The company had exposure to environmental losses during the periods reported. Direct exposure arose from the sale of general liability, commercial auto liability, and commercial multiple peril business. The company also had exposure through its unaffiliated reinsurance assumed operations and an intercompany pooling arrangement (reference Note 26). The company estimates the impact of its direct exposure by establishing case reserves on all known losses and by computing IBNR losses based on previous experience. The company relies on case and IBNR reserves established by Inpoint Services to measure its exposure from unaffiliated reinsurance assumed operations.

	(1)	(2)	(3)	(4)	(5)
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1) Direct basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	583,903	663,324	524,309	375,762	678,890
b. Incurred losses and loss adjustment expenses	145,220	(22,506)	14,703	386,833	217,495
c. Calendar year loss and loss adj. expense payments	65,799	116,509	163,250	83,705	93,994
d. Ending Reserves (incl Case, Bulk & IBNR)	663,324	524,309	375,762	678,890	802,391
2) Assumed reinsurance basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	141,973	70,557	71,925	84,684	74,807
b. Incurred losses and loss adjustment expenses	(61,415)	3,152	28,847	(3,778)	1,850
c. Calendar year loss and loss adj. expense payments	10,001	1,784	16,088	6,099	942
d. Ending Reserves (incl Case, Bulk & IBNR)	70,557	71,925	84,684	74,807	75,715
3) Net of ceded reinsurance basis:					
a. Beginning Reserves (incl Case, Bulk & IBNR)	681,575	732,656	594,821	457,740	728,269
b. Incurred losses and loss adjustment expenses	126,881	(19,542)	34,391	360,333	224,617
c. Calendar year loss and loss adj. expense payments	75,800	118,293	171,472	89,804	94,718
d. Ending Reserves (incl Case, Bulk & IBNR)	732,656	594,821	457,740	728,269	858,168

E. The amount of ending reserves for bulk and IBNR included in "A" (loss and LAE):

1) Direct Basis	612,239
2) Assumed Reinsurance Basis	39,262
3) Net of Ceded Reinsurance Basis	639,341

F. The amount of ending reserves for loss adjustment expenses included in "A" (case, bulk + IBNR):

1) Direct Basis	242,729
2) Assumed Reinsurance Basis	7,556
3) Net of Ceded Reinsurance Basis	244,205

34. Subscriber Savings Accounts

Information concerning subscriber savings accounts is not applicable.

35. Multiple Peril Crop Insurance

The company did not write multiple peril crop insurance during the periods reported.

36. Financial Guaranty Insurance

The company did not write financial guaranty insurance during the periods reported.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A []
- 1.3 State Regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 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. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/04/2009
- 3.4 By what department or departments?
Ohio Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No []
4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No []
4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Company Code | 3
State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No []
- 6.2 If yes, give full information:
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

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

 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young, 41 South High Street, Columbus, Ohio 43215
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:

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

 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain

 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Peter A. Weisenberger, FCAS, Assistant Vice President, Actuarial Services and Appointed Actuary, Motorists Mutual Insurance Company, 471 East Broad Street, Columbus, Ohio 43215
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? 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).

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES**

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [X] No []
- 24.02 If no, give full and complete information relating thereto
.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
.....
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as 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	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Pledged as collateral	\$
25.26 Placed under option agreements	\$
25.27 Letter stock or other securities restricted as to sale	\$
25.28 On deposit with state or other regulatory body	\$ 12,898,991
25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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..... \$

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 Name of Custodian(s)	2 Custodian's Address
BNY Mellon	500 Grant Street One Mellon Center, Suite #1035, Pittsburgh, PA 15258

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
110638	Diamond Hill Capital Management	325 John H McConnell Blvd, Suite #200, Columbus, OH 43215
105900	General Re-New England Asset Management, Inc.	76 Batterson Park Rd, Pondview Corporate Center, Farmington, CT 06032
109918	LSV Asset Management	155 North Wacker Dr, Suite #4600, Chicago, IL 60606
105780	Northern Trust Investments, N.A.	50 South La Salle Street, Chicago, IL 60603
109846	HarbourVest	One Financial Center, Floor #44, Boston, MA 02111
115443	Park Street	One Federal Street, 24th Floor, Boston, MA 02110
153966	Crescent Capital Group, LP	11100 Santa Monica Blvd, Suite #2000, Los Angeles, CA 90025
38642	BNY Mellon Alternative Investment Services	101 Barclay Street, 20th Floor West, New York, NY 10286
109358	Adams Street Partners, LLC	One North Wacker Dr, Suite #2200, Chicago, IL 60606

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
04314H-85-7	Artisan Intl Val Fund	7,741,734
29875E-10-0	American EuroPacific Growth Fd	8,694,569
78467Y-10-7	SPDR S&P MidCap 400 ETF Tr	881,194
29.2999 - Total		17,317,497

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Artisan Intl Val Fund	Compass Group PLC	443,679	09/30/2012
Artisan Intl Val Fund	TE Connectivity Ltd	318,572	09/30/2012
Artisan Intl Val Fund	Arch Capital Group Ltd	294,108	09/30/2012
Artisan Intl Val Fund	Aon PLC	284,586	09/30/2012
Artisan Intl Val Fund	Reed Elsevier PLC	265,464	09/30/2012
American EuroPacific Growth Fd	Novo Nordisk A/S	324,742	12/31/2012
American EuroPacific Growth Fd	Samsung Electronics Co Ltd	242,752	12/31/2012
American EuroPacific Growth Fd	Novartis AG	174,848	12/31/2012
American EuroPacific Growth Fd	Softbank Corp	173,544	12/31/2012
American EuroPacific Growth Fd	Bayer AG	152,851	12/31/2012
SPDR S&P MidCap 400 ETF Tr	Regeneron Pharmaceuticals	9,543	12/31/2012
SPDR S&P MidCap 400 ETF Tr	Equinix Inc	7,420	12/31/2012
SPDR S&P MidCap 400 ETF Tr	Holly Frontier Corp	6,979	12/31/2012
SPDR S&P MidCap 400 ETF Tr	Kansas City Southern	6,803	12/31/2012
SPDR S&P MidCap 400 ETF Tr	Ametek Inc	6,759	12/31/2012

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	164,426,566	178,235,998	13,809,431
30.2 Preferred stocks			
30.3 Totals	164,426,566	178,235,998	13,809,431

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

Fair market values are obtained using an external pricing service, BNY Mellon; using an external investment service, Bloomberg, Inc.; or by contacting individual brokers.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes No

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes No

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

.....

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

32.2 If no, list exceptions:

.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$887,705

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

1 Name	2 Amount Paid
Insurance Services Office Inc.613,380

34.1 Amount of payments for legal expenses, if any?\$22,626

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

1 Name	2 Amount Paid
Baker & Hostetler LLP9,446
Lane Powell Attorneys & Counselors9,374

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 Name	2 Amount Paid

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [X] No []

1.2 If yes, indicate premium earned on U. S. business only. \$ 21,606

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. \$ 34,755

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		
	All years prior to most current three years	
1.64 Total premium earned	\$	21,606
1.65 Total incurred claims	\$	34,755
1.66 Number of covered lives		8

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		
	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		

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	4,099	5,588
2.2 Premium Denominator	117,817,304	120,828,069
2.3 Premium Ratio (2.1/2.2)	0.000	0.000
2.4 Reserve Numerator	4,350	4,190
2.5 Reserve Denominator	159,555,285	163,767,023
2.6 Reserve Ratio (2.4/2.5)	0.000	0.000

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

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

3.21 Participating policies	\$
3.22 Non-participating policies	\$

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [X] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 The company is a member of the Minnesota Workers' Compensation Reinsurance Association. In addition, the company has excess of loss reinsurance to protect itself.
- 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.
 Profiling and probable maximum loss (PML) analysis on the exposures of The Motorists Insurance Group is performed by AON Re Services using the Risk Management Solutions (RMS) RiskLink catastrophe model. Analysis is performed for the perils of wind, hail, and earthquake. The PML arises from wind and hail. The major concentration of exposures is in Iowa on a direct basis and in Ohio on a net basis. Catastrophe excess of loss reinsurance is purchased to protect against excessive loss.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 The company has catastrophe excess of loss reinsurance to protect itself.
- 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 this 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 ratio cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions:
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [X] No []
- 11.2 If yes, give full information
 Motorists Commercial guaranteed a small number of property/casualty policies issued by a small Midwest insurer. The company received fair market value consideration totaling \$33,750 in exchange for these guarantees. As of December 31, all receipts were accounted for as a liability and they will remain so until the assumed liability endorsements have fully expired. The probability of a financial loss from this exposure is negligible.
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses\$
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)\$
- 12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds\$
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From %
 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of the current year:
 12.61 Letters of credit\$
 12.62 Collateral and other funds.....\$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):\$ 370,000
- 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.2
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Premiums are allocated to cedant based on experience weighted earned premiums subject to the contract. Reinsurance recoveries are distributed based on each cedant's share of the aggregate losses subject to the contract.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No []
- 14.5 If the answer to 14.4 is no, please explain:

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

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	413,054
17.12 Unfunded portion of Interrogatory 17.11	\$	107,321
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	\$	413,054
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 - P art 3 and excluded from Schedule F - Part 5, not included above.

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	70,946,185	61,700,980	105,303,392	102,712,387	102,066,481
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	33,367,624	30,973,148	45,458,259	44,859,398	46,619,953
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	44,424,547	41,641,038	58,122,101	58,182,227	50,626,859
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	209,419	281,683	610,260	538,443	524,054
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,573,819	2,499,324	2,082,717	1,972,473	1,820,434
6. Total (Line 35)	151,521,594	137,096,173	211,576,730	208,264,928	201,657,781
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	53,985,163	50,829,998	56,925,768	56,235,367	54,167,388
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,138,629	25,486,748	28,168,334	28,058,834	27,509,331
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	37,364,907	37,270,403	40,423,599	41,149,800	34,094,622
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	158,304	148,536	198,990	183,383	168,905
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,573,819	2,499,324	2,082,717	1,972,473	1,816,964
12. Total (Line 35)	120,220,821	116,235,008	127,799,408	127,599,858	117,757,209
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(8,349,854)	(13,944,734)	(11,675,244)	(11,174,016)	(8,900,028)
14. Net investment gain or (loss) (Line 11)	10,186,764	9,093,124	10,537,169	9,242,129	4,214,805
15. Total other income (Line 15)	581,071	9,699,295	(2,470,045)	447,607	547,006
16. Dividends to policyholders (Line 17)	1,422,356	1,641,299	1,696,385	1,042,228	708,138
17. Federal and foreign income taxes incurred (Line 19)	(2,651,477)	(65,587)	(3,056,815)	(4,067,305)	40,777
18. Net income (Line 20)	3,647,102	3,271,972	(2,247,689)	1,540,797	(4,887,132)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	322,787,524	327,103,589	363,732,270	346,809,940	333,588,639
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	8,764,266	8,942,217	9,149,540	9,921,819	10,493,230
20.2 Deferred and not yet due (Line 15.2)	12,810,810	12,094,287	36,707,689	36,560,212	39,675,436
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	194,204,657	205,754,608	239,598,046	230,278,472	231,251,812
22. Losses (Page 3, Line 1)	78,785,206	81,585,105	82,560,831	79,350,837	78,488,202
23. Loss adjustment expenses (Page 3, Line 3)	20,870,956	23,114,960	24,801,154	23,210,602	19,368,679
24. Unearned premiums (Page 3, Line 9)	53,482,169	51,078,651	55,671,712	54,818,118	50,830,920
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	128,582,867	121,348,980	124,134,224	116,531,468	102,336,827
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(9,270,400)	(7,536,738)	7,289,571	2,482,130	8,356,518
Risk-Based Capital Analysis					
28. Total adjusted capital	130,038,312	122,357,857	125,080,102	117,233,817	102,502,514
29. Authorized control level risk-based capital	17,031,691	16,256,540	16,942,523	15,071,783	13,127,173
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30. Bonds (Line 1)	66.0	68.3	64.2	75.1	79.1
31. Stocks (Lines 2.1 & 2.2)	24.1	22.6	23.3	16.0	11.1
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	0.8	0.8	2.8	2.4	4.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	9.0	8.3	9.1	6.5	5.3
38. Receivables for securities (Line 9)	0.0	0.0	0.6	0.0	0.3
39. Securities lending reinvested collateral assets (Line 10)				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	16,934,051	16,120,779	14,945,610	13,375,795	12,980,787
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	16,934,051	16,120,779	14,945,610	13,375,795	12,980,787
49. Total Investment in Parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	13.2	13.3	12.0	11.5	12.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	3,924,797	(2,461,182)	6,719,791	6,426,352	(6,727,687)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	7,233,886	(2,785,244)	7,602,756	14,194,641	(26,737,709)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	62,042,111	68,466,491	62,333,965	43,773,350	43,374,851
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	19,374,170	29,556,586	26,952,954	24,652,307	27,110,238
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	27,590,672	40,797,085	37,411,765	37,343,426	32,824,776
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	126,944	136,363	207,769	152,144	295,373
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,687,839	4,453,534	1,730,371	1,996,301	1,670,555
59. Total (Line 35)	110,821,735	143,410,059	128,636,824	107,917,528	105,275,792
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	31,607,417	28,427,442	29,556,538	25,608,344	23,369,433
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,391,113	18,287,682	15,680,468	15,507,874	15,396,056
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	24,688,312	32,091,589	26,669,227	27,994,195	23,705,300
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	68,263	62,437	90,006	51,580	131,026
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,445,304	1,649,380	1,103,147	1,532,278	1,614,750
65. Total (Line 35)	72,200,409	80,518,530	73,099,387	70,694,271	64,216,565
Operating Percentages (Page 4) (Line 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)	58.9	65.8	60.1	57.9	59.6
68. Loss expenses incurred (Line 3)	12.0	12.1	13.4	15.3	13.9
69. Other underwriting expenses incurred (Line 4)	36.2	33.6	35.7	35.9	34.3
70. Net underwriting gain (loss) (Line 8)	(7.1)	(11.5)	(9.2)	(9.0)	(7.7)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	35.0	26.6	37.4	34.4	33.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.9	77.9	73.5	73.2	73.5
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)	93.5	95.8	103.0	109.5	115.1
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(2,155)	(5,021)	(2,750)	(1,807)	(3,296)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.8)	(4.0)	(2.4)	(1.8)	(2.6)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(5,593)	(5,692)	(3,745)	(5,222)	(5,910)
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)	(4.5)	(4.9)	(3.7)	(4.0)	(5.0)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []
 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						12 Number of Claims Reported Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	1,802	1,045	231	26	112	2	50	1,072	XXX
2. 2003.....	108,289	4,418	103,870	57,834	1,917	3,403	21	7,531	14	2,565	66,817	XXX
3. 2004.....	120,601	4,484	116,118	61,283	1,975	4,039	213	8,752	16	3,051	71,871	XXX
4. 2005.....	124,530	4,510	120,021	57,231	645	4,185	40	8,843	4	2,611	69,570	XXX
5. 2006.....	124,163	4,807	119,356	60,477	1,143	3,504	36	9,917	2	2,507	72,717	XXX
6. 2007.....	123,942	4,860	119,082	65,193	1,978	4,103	8	10,007	6	3,343	77,311	XXX
7. 2008.....	126,047	5,536	120,512	80,075	9,430	4,366	16	11,164	55	2,868	86,103	XXX
8. 2009.....	128,869	5,256	123,613	72,667	3,358	3,481	105	10,013	34	2,837	82,665	XXX
9. 2010.....	131,846	4,900	126,946	66,471	382	2,030		10,637	2	2,993	78,754	XXX
10. 2011.....	126,205	5,377	120,828	73,330	5,657	922	0	11,120	64	2,697	79,651	XXX
11. 2012.....	123,735	5,918	117,817	42,942	1,613	198		9,348	16	1,519	50,858	XXX
12. Totals.....	XXX	XXX	XXX	639,305	29,141	30,462	465	97,444	216	27,041	737,389	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior.....	8,289	4,213	5,561	199		1,335	32	330	1		11,070	XXX	
2. 2003.....	223		350			92		26			690	XXX	
3. 2004.....	348	0	459			130		43			979	XXX	
4. 2005.....	575	125	539	20		218		47			1,235	XXX	
5. 2006.....	821	140	546	1		265		75			1,566	XXX	
6. 2007.....	1,046	37	740	1		394		127			2,269	XXX	
7. 2008.....	1,998	20	1,040	23		891		261			4,147	XXX	
8. 2009.....	3,503	1	2,171	19		1,482		475			7,611	XXX	
9. 2010.....	8,369	761	3,424	81		2,624		901			14,476	XXX	
10. 2011.....	8,349	206	6,952	352		2,915		1,376			19,035	XXX	
11. 2012.....	16,670	129	13,717	578		3,197		3,700			36,578	XXX	
12. Totals.....	50,191	5,632	35,499	1,272		13,542	32	7,362	1		99,656	XXX	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9,438	1,632
2. 2003.....	69,459	1,952	67,507	64.1	44.2	65.0			18.5	573	117
3. 2004.....	75,053	2,203	72,850	62.2	49.1	62.7			18.5	807	172
4. 2005.....	71,638	834	70,805	57.5	18.5	59.0			18.5	969	265
5. 2006.....	75,605	1,322	74,283	60.9	27.5	62.2			18.5	1,226	340
6. 2007.....	81,609	2,029	79,580	65.8	41.8	66.8			18.5	1,748	521
7. 2008.....	99,795	9,545	90,250	79.2	172.4	74.9			18.5	2,995	1,152
8. 2009.....	93,792	3,516	90,276	72.8	66.9	73.0			18.5	5,654	1,957
9. 2010.....	94,456	1,226	93,230	71.6	25.0	73.4			18.5	10,951	3,525
10. 2011.....	104,965	6,279	98,686	83.2	116.8	81.7			18.5	14,743	4,292
11. 2012.....	89,773	2,337	87,436	72.6	39.5	74.2			18.5	29,680	6,897
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	78,785	20,871

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior.....	42,611	44,646	45,283	47,323	47,657	47,680	47,328	48,022	48,191	48,537	346	515
2. 2003.....	61,882	61,613	60,658	61,579	60,627	60,424	60,224	60,083	60,033	59,964	(69)	(119)
3. 2004.....	XXX	67,680	66,643	66,107	64,745	64,398	64,554	64,150	64,189	64,071	(118)	(79)
4. 2005.....	XXX	XXX	65,853	62,851	61,859	62,015	61,945	61,913	61,859	61,918	59	6
5. 2006.....	XXX	XXX	XXX	68,839	66,828	65,834	65,449	64,852	64,508	64,293	(215)	(559)
6. 2007.....	XXX	XXX	XXX	XXX	73,130	70,886	70,126	69,579	69,589	69,452	(137)	(127)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	80,681	80,486	79,575	78,907	78,881	(26)	(695)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	81,982	81,169	79,125	79,821	696	(1,348)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	84,882	82,803	81,695	(1,108)	(3,187)
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	87,836	86,253	(1,583)	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	74,404	XXX	XXX
12. Totals											(2,155)	(5,593)

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012		
1. Prior.....	000	13,877	22,050	27,741	30,880	32,742	34,107	35,575	36,834	37,796	XXX	XXX
2. 2003.....	33,544	45,044	50,831	55,617	57,500	58,563	58,855	59,065	59,204	59,300	XXX	XXX
3. 2004.....	XXX	35,622	49,540	55,302	58,704	60,882	62,233	62,801	63,068	63,135	XXX	XXX
4. 2005.....	XXX	XXX	33,145	45,785	50,707	54,830	57,558	59,159	60,138	60,731	XXX	XXX
5. 2006.....	XXX	XXX	XXX	37,181	49,733	55,064	59,111	61,596	62,391	62,802	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	39,539	52,428	58,911	62,984	65,678	67,310	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	44,419	59,977	67,281	72,025	74,995	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	46,414	60,491	66,358	72,685	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	45,914	61,521	68,120	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	52,944	68,594	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,527	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior.....	18,574	13,856	10,633	9,498	8,776	8,428	7,565	7,443	6,777	6,665
2. 2003.....	13,725	8,929	4,538	3,162	1,710	1,093	809	577	528	442
3. 2004.....	XXX	15,913	9,644	5,881	3,191	1,860	1,234	718	735	589
4. 2005.....	XXX	XXX	18,196	9,890	5,175	2,863	1,859	1,088	967	737
5. 2006.....	XXX	XXX	XXX	16,653	9,507	5,229	2,980	1,669	1,056	810
6. 2007.....	XXX	XXX	XXX	XXX	18,293	10,479	5,682	3,188	1,722	1,133
7. 2008.....	XXX	XXX	XXX	XXX	XXX	18,418	11,127	5,763	3,317	1,908
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	19,019	11,642	5,969	3,634
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,775	11,340	5,967
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,443	9,516
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,336

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama AL	L				18,636	214,990	627,836	0	
2. Alaska AK	L	1,146	1,891		37,702	93,130	873,367	0	
3. Arizona AZ	L	6,339	7,921		107,055	1,232,699	4,298,898	3	
4. Arkansas AR	L								
5. California CA	L	(56,420)	(28,772)		6,362,826	3,799,138	14,821,570	0	
6. Colorado CO	L	11,076	12,452	14,073	1,357,285	145,628	1,722,457	0	
7. Connecticut CT	L	(4,205)	(2,345)	1,308	809,684	715,106	3,509,465	0	
8. Delaware DE	L	7,048	10,819	11,287	58,247	(156,860)	218,940	0	
9. District of Columbia DC	L								
10. Florida FL	N				13,401	(336,244)	139,002	0	
11. Georgia GA	L				19,195	10,311	181,110	0	
12. Hawaii HI	N								
13. Idaho ID	L	(3,923)	(2,744)	3,208	201,686	(287,917)	90,854	0	
14. Illinois IL	L	3,156,878	3,265,519	129,198	1,027,941	3,166,443	7,041,844	1,318	
15. Indiana IN	L	746,693	690,870	4,448	519,439	106,524	611,999	183	
16. Iowa IA	L	3,558,101	3,687,455		1,853,851	2,240,994	2,077,940	1,376	
17. Kansas KS	L	602	1,032			(51)	395	0	
18. Kentucky KY	L	1,768,244	1,587,971		2,077,401	1,016,279	1,930,822	1,540	
19. Louisiana LA	L	550	576		16,982	(36,391)	7,099,654	0	
20. Maine ME	L	186,669	80,801		27,692	9,246	520,763	0	
21. Maryland MD	L	3,542	19,334		704,733	307,185	182,825	23	
22. Massachusetts MA	L	3,386,074	3,450,578		865,145	909,303	2,579,637	8,106	
23. Michigan MI	L	3,393,230	3,051,358	20,651	1,166,611	1,713,025	2,032,600	1,560	
24. Minnesota MN	L	1,806,624	2,243,175	22,910	1,339,880	41,533	3,209,949	1,471	
25. Mississippi MS	L	1,069	1,054			25	591	0	
26. Missouri MO	L	14,513	11,156		28,430	21,867	17,807	0	
27. Montana MT	L		10		71,055	100,612	382,122	0	
28. Nebraska NE	L	672,097	543,931		62,991	186,137	222,120	0	
29. Nevada NV	L	(5,145)	15,515	4,528	1,223,434	(1,252,432)	1,079,031	5	
30. New Hampshire NH	L	1,488,821	1,391,359	29,406	752,947	573,348	1,325,737	1,920	
31. New Jersey NJ	L	34,494	45,748	126,349	4,638,213	2,633,648	3,638,999	0	
32. New Mexico NM	L		25		65,718	50,812	7,669	0	
33. New York NY	L	32,380	97,232	39,388	990,862	297,864	5,097,524	339	
34. North Carolina NC	L	10,927	8,144		6,684	(294,394)	5,117	0	
35. North Dakota ND	L		1,482		1,053	(7,074)	4,832	0	
36. Ohio OH	L	3,309,186	3,276,683		2,809,456	2,283,940	2,191,052	2,345	
37. Oklahoma OK	L	707	707			(43)	99	0	
38. Oregon OR	L	(1,435)	1,756	5,246	3,652,539	2,615,101	4,056,687	0	
39. Pennsylvania PA	L	1,848,552	1,586,151	1,031	582,395	897,132	2,027,421	685	
40. Rhode Island RI	L	327,308	242,506		86,615	191,064	169,477	415	
41. South Carolina SC	L	8,067	7,690		3,928	3,780	3,021	15	
42. South Dakota SD	L	30,618	24,708		58,845	(28,027)	303,639	0	
43. Tennessee TN	L	28,912	30,203		4,115	(6,608)	182,611	0	
44. Texas TX	L	991,796	992,394		1,299,847	1,431,936	2,014,437	0	
45. Utah UT	L	(338)	(309)	534	266,072	10,073	145,604	0	
46. Vermont VT	L	479,508	384,408		54,814	148,604	150,574	90	
47. Virginia VA	L	3,290	3,303		47,094	(431,877)	304,710	45	
48. Washington WA	L	4,094	5,955		685,025	(258,526)	704,842	3	
49. West Virginia WV	L	67,115	66,485		2,045	(3,423)	41,292	0	
50. Wisconsin WI	L	3,661,247	3,539,406		1,832,210	2,199,900	3,662,344	1,206	
51. Wyoming WY	L					(260)	168	0	
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate other alien OT	XXX								
59. Totals	(a) 49	30,976,052	30,355,591	413,565	37,811,776	26,267,249	81,511,453	22,648	
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX								

(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.

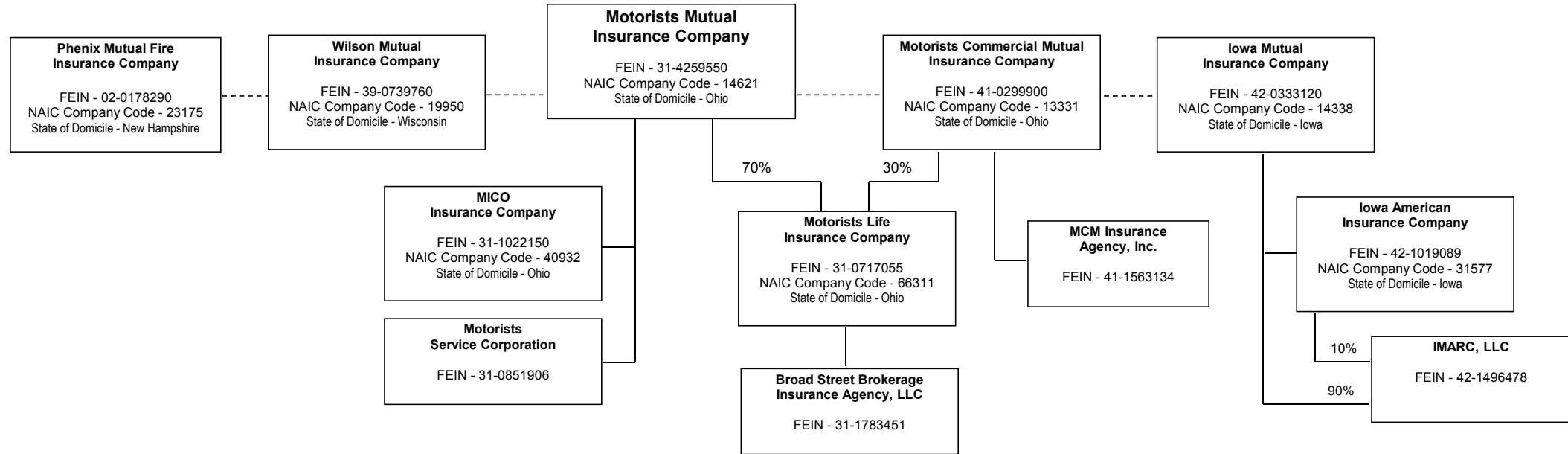
Explanation of basis of allocation of premiums by states, etc.

Premiums are assigned to state based on the following methods:

- 1) the location of the risk for lines 1, 2, 4, 5, 9, 12, 16, 26, and 27
 - 2) the billing address for line 15
 - 3) the location of the insured's operation for lines 17 and 18
 - 4) the principal garaging location for lines 19 and 21
 - 5) the location of the employer for line 23
 - 6) the location of the obligee for line 24
- (a) Insert the number of L responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

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



ANNUAL STATEMENT FOR THE YEAR 2012 OF THE MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY
OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Prepaid expenses	91,822	91,822		
2505. Automobiles	18,652	18,652		
2506. Assessments paid in advance	9,566	9,566		
2507. Employee advances	5,351	5,351		
2597. Summary of remaining write-ins for Line 25 from overflow page	125,390	125,390		

Additional Write-ins for Liabilities Line 25

	1 Current Year	2 Prior Year
2504. Low income housing obligations	59,861	60,941
2505. Escheatable funds	43,955	20,505
2506. Miscellaneous guarantees	33,750	
2507. State surcharges payable	19,229	19,993
2508. Policy refunds	1,003	363
2509. Premium deficiency reserve	518	1,850
2510. Miscellaneous liabilities	10	7,051
2511. Pension plan obligations		13,285,063
2597. Summary of remaining write-ins for Line 25 from overflow page	158,326	13,395,767

Additional Write-ins for Statement of Income Line 14

	1 Current Year	2 Prior Year
1404. Gain / (loss) from sale of assets other than securities		(4,268)
1497. Summary of remaining write-ins for Line 14 from overflow page		(4,268)

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Donations and contributions	44,244	65,894		110,137
2405. Temporary labor	16,600	7,877		24,477
2406. Policy administration / servicing fees	0	2,381		2,381
2407. Other unallocated expenses	(96,066)			(96,066)
2497. Summary of remaining write-ins for Line 24 from overflow page	(35,222)	76,152		40,929

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. Assessments paid in advance	9,566	9,438	(127)
2505. Employee advances	5,351	1,230	(4,120)
2597. Summary of remaining write-ins for Line 25 from overflow page	14,916	10,668	(4,248)

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-ins	101
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D	E22
Schedule DB - Verification	SI14
Schedule DL - Part 1	E23
Schedule DL - Part 2	E24
Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI15
Schedule F - Part 1	20
Schedule F - Part 2	21
Schedule F - Part 3	22
Schedule F - Part 4	23
Schedule F - Part 5	24
Schedule F - Part 6 - Section 1	25
Schedule F - Part 6 - Section 2	27
Schedule F - Part 7	28
Schedule F - Part 8	29
Schedule F - Part 9	30

ANNUAL STATEMENT BLANK (Continued)

Schedule H - Accident and Health Exhibit - Part 1	31
Schedule H - Part 2, Part 3 and 4	32
Schedule H - Part 5 - Health Claims	33
Schedule P - Part 1 - Summary	34
Schedule P - Part 1A - Homeowners/Farmowners	36
Schedule P - Part 1B - Private Passenger Auto Liability/Medical	37
Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical	38
Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation)	39
Schedule P - Part 1E - Commercial Multiple Peril	40
Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence	41
Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made	42
Schedule P - Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	43
Schedule P - Part 1H - Section 1 - Other Liability - Occurrence	44
Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made	45
Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	46
Schedule P - Part 1J - Auto Physical Damage	47
Schedule P - Part 1K - Fidelity/Surety	48
Schedule P - Part 1L - Other (Including Credit, Accident and Health)	49
Schedule P - Part 1M - International	50
Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property	51
Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability	52
Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines	53
Schedule P - Part 1R - Section 1 - Products Liability - Occurrence	54
Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made	55
Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty	56
Schedule P - Part 1T - Warranty	57
Schedule P - Part 2, Part 3 and Part 4 - Summary	35
Schedule P - Part 2A - Homeowners/Farmowners	58
Schedule P - Part 2B - Private Passenger Auto Liability/Medical	58
Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical	58
Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation)	58
Schedule P - Part 2E - Commercial Multiple Peril	58
Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence	59
Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made	59
Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	59
Schedule P - Part 2H - Section 1 - Other Liability - Occurrence	59
Schedule P - Part 2H - Section 2 - Other Liability - Claims-Made	59
Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	60
Schedule P - Part 2J - Auto Physical Damage	60
Schedule P - Part 2K - Fidelity, Surety	60
Schedule P - Part 2L - Other (Including Credit, Accident and Health)	60
Schedule P - Part 2M - International	60
Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property	61
Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability	61
Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines	61
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence	62
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made	62
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty	62
Schedule P - Part 2T - Warranty	62
Schedule P - Part 3A - Homeowners/Farmowners	63
Schedule P - Part 3B - Private Passenger Auto Liability/Medical	63
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical	63
Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation)	63
Schedule P - Part 3E - Commercial Multiple Peril	63
Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence	64
Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made	64
Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	64
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence	64
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made	64
Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	65
Schedule P - Part 3J - Auto Physical Damage	65
Schedule P - Part 3K - Fidelity/Surety	65
Schedule P - Part 3L - Other (Including Credit, Accident and Health)	65
Schedule P - Part 3M - International	65
Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property	66
Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability	66
Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines	66
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence	67
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made	67
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty	67
Schedule P - Part 3T - Warranty	67

ANNUAL STATEMENT BLANK (Continued)

Schedule P - Part 4A - Homeowners/Farmowners	68
Schedule P - Part 4B - Private Passenger Auto Liability/Medical	68
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical	68
Schedule P - Part 4D - Workers' Compensation (Excluding Excess Workers' Compensation)	68
Schedule P - Part 4E - Commercial Multiple Peril	68
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence	69
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made	69
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	69
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence	69
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made	69
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	70
Schedule P - Part 4J - Auto Physical Damage	70
Schedule P - Part 4K - Fidelity/Surety	70
Schedule P - Part 4L - Other (Including Credit, Accident and Health)	70
Schedule P - Part 4M - International	70
Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property	71
Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability	71
Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines	71
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence	72
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made	72
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty	72
Schedule P - Part 4T - Warranty	72
Schedule P - Part 5A - Homeowners/Farmowners	73
Schedule P - Part 5B - Private Passenger Auto Liability/Medical	74
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical	75
Schedule P - Part 5D - Workers' Compensation (Excluding Excess Workers' Compensation)	76
Schedule P - Part 5E - Commercial Multiple Peril	77
Schedule P - Part 5F - Medical Professional Liability - Claims-Made	79
Schedule P - Part 5F - Medical Professional Liability - Occurrence	78
Schedule P - Part 5H - Other Liability - Claims-Made	81
Schedule P - Part 5H - Other Liability - Occurrence	80
Schedule P - Part 5R - Products Liability - Claims-Made	83
Schedule P - Part 5R - Products Liability - Occurrence	82
Schedule P - Part 5T - Warranty	84
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical	85
Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation)	85
Schedule P - Part 6E - Commercial Multiple Peril	86
Schedule P - Part 6H - Other Liability - Claims-Made	87
Schedule P - Part 6H - Other Liability - Occurrence	86
Schedule P - Part 6M - International	87
Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property	88
Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability	88
Schedule P - Part 6R - Products Liability - Claims-Made	89
Schedule P - Part 6R - Products Liability - Occurrence	89
Schedule P - Part 7A - Primary Loss Sensitive Contracts	90
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts	92
Schedule P Interrogatories	94
Schedule T - Exhibit of Premiums Written	95
Schedule T - Part 2 - Interstate Compact	96
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	97
Schedule Y - Part 1A - Detail of Insurance Holding Company System	98
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	99
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	100
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11