



# ANNUAL STATEMENT

## For the Year Ended December 31, 2012

### OF THE CONDITION AND AFFAIRS OF THE

# CENTRAL MUTUAL INSURANCE COMPANY

NAIC Group Code	0036 <small>(Current Period)</small>	0036 <small>(Prior Period)</small>	NAIC Company Code	20230	Employer's ID Number	34-4202560
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Incorporated/Organized	04/17/1876		Commenced Business	10/02/1876		
Statutory Home Office	800 SOUTH WASHINGTON STREET <small>(Street and Number)</small>		VAN WERT, OH, US 45891-2357 <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	800 SOUTH WASHINGTON STREET <small>(Street and Number)</small>		VAN WERT, OH, US 45891-2357 <small>(City or Town, State, Country and Zip Code)</small>		(419)238-1010 <small>(Area Code) (Telephone Number)</small>	
Mail Address	P.O. BOX 351 <small>(Street and Number or P.O. Box)</small>		VAN WERT, OH, US 45891-0351 <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	800 SOUTH WASHINGTON STREET <small>(Street and Number)</small>		VAN WERT, OH, US 45891-2357 <small>(City or Town, State, Country and Zip Code)</small>		(419)238-1010 <small>(Area Code) (Telephone Number)</small>	
Internet Website Address	WWW.CENTRAL-INSURANCE.COM					
Statutory Statement Contact	THAD RYAN EIKENBARY <small>(Name)</small>		(419)238-5551-2437 <small>(Area Code)(Telephone Number)(Extension)</small>			
	TEIKENBARY@CENTRAL-INSURANCE.COM <small>(E-Mail Address)</small>		(419)238-7626 <small>(Fax Number)</small>			

### OFFICERS

Name	Title
FRANCIS WALWORTH PURMORT III	PRESIDENT
EDWARD RAY BUHL	SECRETARY
THAD RYAN EIKENBARY	TREASURER

### OTHERS

JAMES FREDERICK GLASSER, VICE PRESIDENT  
 CYNTHIA MARIE HURLESS, VICE PRESIDENT  
 TIMOTHY LEE RAUCH, VICE PRESIDENT  
 JOHN EWING WHITE, VICE PRESIDENT

MICHAEL PATRICK GUTH, SR. VICE PRESIDENT  
 PATRICK JOHN JACKSON, VICE PRESIDENT  
 JANA LOU RINGWALD, VICE PRESIDENT  
 PAUL CHARLES WOIROL, SR. VICE PRESIDENT

JEFFREY LEE HANSON, CHIEF FINANCIAL OFFICER  
 STEPHEN KEITH MOORE, VICE PRESIDENT  
 JANET LYNN WHITE, VICE PRESIDENT

### DIRECTORS OR TRUSTEES


EDWARD RAY BUHL  
 RONALD JOSEPH KUTELLA  
 DREW PENNINGTON MACONACHY

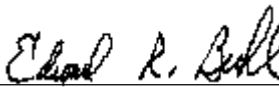
JEFFREY LEE HANSON  
 RODGER SANFORD LAWSON  
 FRANCIS WALWORTH PURMORT III

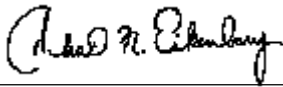
THOMAS B KEARNEY  
 EDWARD JOSEPH NOONAN  
 CHARLES ALLAN RUNSER

State of Ohio  
 County of Van Wert ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

  
 \_\_\_\_\_  
(Signature)  
 FRANCIS WALWORTH PURMORT III  
(Printed Name)  
 1.  
 PRESIDENT  
(Title)

  
 \_\_\_\_\_  
(Signature)  
 EDWARD RAY BUHL  
(Printed Name)  
 2.  
 SECRETARY  
(Title)

  
 \_\_\_\_\_  
(Signature)  
 THAD RYAN EIKENBARY  
(Printed Name)  
 3.  
 TREASURER  
(Title)

Subscribed and sworn to before me this  
15th day of February, 2013

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

Yes[X] No [ ]

\_\_\_\_\_  
(Notary Public Signature)

## 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) .....	641,227,518		641,227,518	670,586,889
2. Stocks (Schedule D)				
2.1 Preferred stocks .....	30,841,099		30,841,099	26,183,107
2.2 Common Stocks .....	253,483,294	2,598,030	250,885,264	227,703,624
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	48,648,072		48,648,072	50,272,907
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....	294,808		294,808	304,448
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....(13,317,139) Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....37,061,063 Schedule DA) .....	23,743,924		23,743,924	5,328,210
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives (Schedule DB) .....	384		384	
8. Other invested assets (Schedule BA) .....	1,739,224		1,739,224	676,574
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) .....	999,978,323	2,598,030	997,380,293	981,055,759
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	14,654,340		14,654,340	14,661,728
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	24,101,660	392,260	23,709,400	28,566,347
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	97,012,813		97,012,813	94,574,465
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	4,102,681		4,102,681	6,641,091
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	5,040,000		5,040,000	5,040,000
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	909,226		909,226	595,186
18.2 Net deferred tax asset .....	65,854,496	26,340,826	39,513,670	29,314,890
19. Guaranty funds receivable or on deposit .....	157,865		157,865	479,173
20. Electronic data processing equipment and software .....	6,425,531	6,168,385	257,146	117,626
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	1,084,519	1,084,519		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				232,652
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	31,489,307	30,029,865	1,459,442	1,771,418
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,250,810,762	66,613,886	1,184,196,877	1,163,050,335
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	1,250,810,762	66,613,886	1,184,196,877	1,163,050,335
<b>DETAILS OF WRITE-INS</b>				
1101. 0 .....				
1102. 0 .....				
1103. 0 .....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. EMPLOYEE BENEFIT TRUST FUND .....	11,656,251	11,656,251		
2502. PREPAID PENSION BENEFIT COSTS .....	18,239,699	18,239,699		
2503. PERMANENT TRAVEL ADVANCES .....	250	250		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	1,593,107	133,665	1,459,442	1,771,418
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	31,489,307	30,029,865	1,459,442	1,771,418

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	294,071,113	329,428,543
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	118,880,734	122,426,684
4. Commissions payable, contingent commissions and other similar charges .....	8,538,268	7,813,645
5. Other expenses (excluding taxes, licenses and fees) .....	14,262,559	11,875,704
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	3,848,464	3,270,409
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$.....0 and interest thereon \$.....0 .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....45,347,599 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) .....	208,328,995	207,418,217
10. Advance premiums .....	2,561,603	3,388,325
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....	334,903	744,145
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	8,119,310	3,256,935
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	11,876,085	13,331,797
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8) .....		94,539
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	722,375	
20. Derivatives .....	148,262	305,686
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$.....0 and interest thereon \$.....0 .....		
25. Aggregate write-ins for liabilities .....	2,047,388	1,872,264
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	673,740,060	705,226,894
27. Protected cell liabilities .....		
28. TOTAL Liabilities (Lines 26 and 27) .....	673,740,060	705,226,894
29. Aggregate write-ins for special surplus funds .....		
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) .....	510,456,804	457,823,424
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....		
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	510,456,804	457,823,424
38. TOTALS (Page 2, Line 28, Column 3) .....	1,184,196,864	1,163,050,318
<b>DETAILS OF WRITE-INS</b>		
2501. Reserve for Bad Faith Claims .....	100,097	100,097
2502. Reserve for Escheats .....	1,947,291	1,772,167
2503. 0 .....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,047,388	1,872,264
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	368,949,242	393,370,372
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7)	228,479,096	288,299,916
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	32,251,043	23,644,777
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	121,349,314	120,267,505
5. Aggregate write-ins for underwriting deductions		(313,350)
6. TOTAL Underwriting Deductions (Lines 2 through 5)	382,079,453	431,898,848
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(13,130,211)	(38,528,476)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	30,998,575	33,146,025
10. Net realized capital gains (losses) less capital gains tax of \$.....1,026,586 (Exhibit of Capital Gains (Losses))	1,906,517	2,729,561
11. Net investment gain or (loss) (Lines 9 + 10)	32,905,092	35,875,586
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....848,783)	(848,783)	(977,244)
13. Finance and service charges not included in premiums	2,499,291	2,782,113
14. Aggregate write-ins for miscellaneous income	850,602	604,857
15. TOTAL Other Income (Lines 12 through 14)	2,501,110	2,409,727
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	22,275,991	(243,163)
17. Dividends to policyholders	224,863	1,748,281
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)	22,051,128	(1,991,444)
19. Federal and foreign income taxes incurred	(931,542)	925,276
20. Net income (Line 18 minus Line 19) (to Line 22)	22,982,670	(2,916,720)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	457,823,214	467,678,903
22. Net income (from Line 20)	22,982,670	(2,916,720)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....5,777,540	10,729,717	(3,156,319)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	2,692,252	36,369,677
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(8,586,053)	(40,084,037)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	94,539	(68,290)
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles	24,720,255	
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	52,633,380	(9,855,689)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	510,456,594	457,823,214
<b>DETAILS OF WRITE-INS</b>		
0501. 2009 Private Passenger Auto Escrow - North Carolina		(313,350)
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		(313,350)
1401. Miscellaneous Income	850,602	604,857
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	850,602	604,857
3701. Gains and Losses in Surplus		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	376,336,146	383,321,087
2.	Net investment income .....	36,158,639	38,653,183
3.	Miscellaneous income .....	2,501,111	2,409,727
4.	Total (Lines 1 through 3) .....	414,995,896	424,383,997
5.	Benefit and loss related payments .....	261,298,113	322,597,160
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	153,139,186	154,006,877
8.	Dividends paid to policyholders .....	634,105	1,666,893
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	409,084	(76,436)
10.	Total (Lines 5 through 9) .....	415,480,488	478,194,494
11.	Net cash from operations (Line 4 minus Line 10) .....	(484,592)	(53,810,497)
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	103,584,217	104,328,950
12.2	Stocks .....	24,442,994	30,446,433
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	1,325,363	1,383,535
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	129,352,574	136,158,918
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	76,972,141	60,375,757
13.2	Stocks .....	32,314,673	25,294,836
13.3	Mortgage loans .....		
13.4	Real estate .....	6,313	86,567
13.5	Other invested assets .....	2,505,017	1,095,250
13.6	Miscellaneous applications .....	1,208,555	1,150,576
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	113,006,699	88,002,986
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) .....	16,345,875	48,155,932
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	2,554,422	(5,807,687)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	2,554,422	(5,807,687)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	18,415,705	(11,462,252)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	5,328,219	16,790,471
19.2	End of year (Line 18 plus Line 19.1) .....	23,743,924	5,328,219

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

20.0001	.....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	6,204,580	3,667,288	3,805,542	6,066,327
2. Allied lines .....	6,871,372	4,031,550	4,206,774	6,696,148
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	90,926,625	53,415,524	55,623,310	88,718,839
5. Commercial multiple peril .....	65,745,355	37,857,854	38,323,578	65,279,631
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....	7,338,438	4,137,888	4,221,134	7,255,192
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	995,594	570,513	617,345	948,762
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....	8,940,260	5,782,699	4,593,715	10,129,245
17.1 Other liability - occurrence .....	15,502,317	9,912,441	9,959,844	15,454,915
17.2 Other liability - claims-made .....				
17.3 Excess Workers' Compensation .....				
18.1 Products liability - occurrence .....	10,748,318	5,761,198	5,611,218	10,898,298
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....	77,185,830	39,893,274	39,886,987	77,192,117
19.3 19.4 Commercial auto liability .....	16,924,882	10,244,820	9,390,621	17,779,081
21. Auto physical damage .....	62,436,936	32,121,326	32,066,435	62,491,826
22. Aircraft (all perils) .....				
23. Fidelity .....	26,589	16,415	15,294	27,710
24. Surety .....	1,322	514	569	1,267
26. Burglary and theft .....	11,711	5,113	6,739	10,086
27. Boiler and machinery .....	(111)	(199)	(110)	(200)
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance-Nonproportional Assumed Property .....				
32. Reinsurance-Nonproportional Assumed Liability .....				
33. Reinsurance-Nonproportional Assumed Financial Lines .....				
34. Aggregate write-ins for other lines of business .....				
35. TOTALS .....	369,860,019	207,418,218	208,328,995	368,949,242
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....				

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 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 Columns 1 + 2 + 3 + 4
1. Fire .....	3,805,542				3,805,542
2. Allied lines .....	4,206,774				4,206,774
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....	55,623,310				55,623,310
5. Commercial multiple peril .....	38,323,578				38,323,578
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	4,221,134				4,221,134
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	617,345				617,345
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....	4,593,715				4,593,715
17.1 Other liability - occurrence .....	9,959,844				9,959,844
17.2 Other liability - claims-made .....					
17.3 Excess Workers' Compensation .....					
18.1 Products liability - occurrence .....	5,611,218				5,611,218
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....	39,886,987				39,886,987
19.3 19.4 Commercial auto liability .....	9,390,621				9,390,621
21. Auto physical damage .....	32,066,435				32,066,435
22. Aircraft (all perils) .....					
23. Fidelity .....	15,294				15,294
24. Surety .....	569				569
26. Burglary and theft .....	6,739				6,739
27. Boiler and machinery .....	(110)				(110)
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance-Nonproportional Assumed Property .....					
32. Reinsurance-Nonproportional Assumed Liability .....					
33. Reinsurance-Nonproportional Assumed Financial Lines .....					
34. Aggregate write-ins for other lines of business .....					
35. TOTALS .....	208,328,995				208,328,995
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					0
38. Balance (Line 35 through Line 37) .....					208,328,995
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....					

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	8,685,777	135,922	19,164	1,181,825	1,454,457	6,204,580
2. Allied lines .....	9,660,733	238,041	154,580	1,308,833	1,873,149	6,871,372
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	129,727,841		280,059	17,319,357	21,761,918	90,926,625
5. Commercial multiple peril .....	82,217,181	15,565,914		12,522,925	19,514,815	65,745,355
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	10,327,908	35,363		1,397,798	1,627,035	7,338,438
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	1,398,721	17,912		189,637	231,402	995,594
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....	8,226,416	2,415,366	650,796	1,702,907	649,411	8,940,260
17.1 Other liability - occurrence .....	24,067,692	23,493		2,952,823	5,636,045	15,502,317
17.2 Other liability - claims-made .....						
17.3 Excess Workers' Compensation .....						
18.1 Products liability - occurrence .....	11,640,454	2,344,080		2,047,299	1,188,918	10,748,318
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....	93,973,533			14,702,062	2,085,641	77,185,830
19.3 19.4 Commercial auto liability .....	15,707,729	6,544,704	147,880	3,223,787	2,251,644	16,924,882
21. Auto physical damage .....	73,043,926	2,382,587	41,912	11,892,750	1,138,740	62,436,936
22. Aircraft (all perils) .....						
23. Fidelity .....	28,944	5,743		5,065	3,034	26,589
24. Surety .....	1,725			252	151	1,322
26. Burglary and theft .....	16,504	88		2,231	2,650	11,711
27. Boiler and machinery .....	556,151			(21)	556,283	(111)
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance-Nonproportional Assumed Property .....	X X X					
32. Reinsurance-Nonproportional Assumed Liability .....	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS .....	469,281,235	29,709,213	1,294,391	70,449,528	59,975,292	369,860,019
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No[X]  
 If yes, (1) The amount of such installment premiums \$.....0.  
 (2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire	4,154,654	189,826	762,337	3,582,143	66,555	(452,110)	4,100,808	67.60
2. Allied lines	5,713,195	290,495	1,445,204	4,558,486	1,016,926	1,048,578	4,526,834	67.60
3. Farmowners multiple peril								
4. Homeowners multiple peril	102,068,546	300,647	21,130,729	81,238,464	18,572,766	22,274,303	77,536,926	87.40
5. Commercial multiple peril	53,130,930	11,427,618	18,496,007	46,062,542	67,869,578	85,648,352	28,283,768	43.33
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	4,655,794	40,229	928,763	3,767,260	(1,019,899)	(2,396,412)	5,143,773	70.90
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake					1	1	0	0.00
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	11,105,862	4,684,450	3,333,164	12,457,148	64,309,852	70,815,121	5,951,879	58.76
17.1 Other liability - occurrence	5,823,476	6,474	978,550	4,851,400	19,245,606	20,924,256	3,172,750	20.53
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence	3,413,022	1,255,446	746,955	3,921,513	40,701,539	40,450,189	4,172,864	38.29
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability	63,152,792	141,716	10,714,088	52,580,420	57,950,882	57,611,550	52,919,752	68.56
19.3 19.4 Commercial auto liability	10,429,029	4,233,047	2,459,361	12,202,715	27,024,997	34,391,329	4,836,383	27.20
21. Auto physical damage	43,848,499	2,578,870	7,812,942	38,614,427	(1,667,693)	(886,622)	37,833,356	60.54
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft			(5)	5			5	0.05
27. Boiler and machinery	240,887		240,887	0	4	6	(2)	0.79
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	307,736,686	25,148,818	69,048,980	263,836,524	294,071,113	329,428,541	228,479,096	61.93
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)								

## UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	582,147	3,155	127,711	457,591	(1,244,013)	(7,590)	(860,566)	66,555	127,492
2. Allied Lines .....	812,389	23,811	294,378	541,822	1,514,581	8,000	1,047,477	1,016,926	348,893
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....	12,270,315	45,665	2,637,744	9,678,236	11,255,686		2,361,156	18,572,766	6,250,633
5. Commercial multiple peril .....	28,373,398	9,758,042	10,648,273	27,483,167	40,329,948	12,287,112	12,230,649	67,869,578	38,945,031
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....	191,845		30,866	160,979	(1,398,947)	(6,180)	(224,249)	(1,019,899)	1,284,971
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....					2		1	1	1
13. Group accident & health .....								(a)	
14. Credit accident & health (group & individual) .....								(a)	
15. Other accident & health .....									
16. Workers' compensation .....	41,786,024	22,629,648	17,939,678	46,475,994	20,635,632	5,736,948	8,538,721	64,309,852	11,033,693
17.1 Other liability - occurrence .....	26,510,623	26,775	22,022,242	4,515,156	19,450,631	397,857	5,118,038	19,245,606	6,946,300
17.2 Other liability - claims-made .....									
17.3 Excess Workers' Compensation .....									
18.1 Products liability - occurrence .....	7,545,216	2,946,744	1,690,334	8,801,625	31,984,120	10,140,968	10,225,174	40,701,539	34,759,789
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....	45,388,051		7,502,248	37,885,803	27,053,570		6,988,492	57,950,882	10,033,564
19.3 19.4 Commercial auto liability .....	12,775,956	3,479,833	3,843,666	12,412,123	17,391,993	3,940,838	6,719,957	27,024,997	8,479,650
21. Auto physical damage .....	2,381,242	145,075	744,836	1,781,481	(3,809,462)	(265,950)	(626,238)	(1,667,693)	670,402
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....					8	1	5	4	315
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
34. Aggregate write-ins for other lines of business .....									
35. TOTALS .....	178,617,206	39,058,749	67,481,977	150,193,977	163,163,749	32,232,004	51,518,618	294,071,113	118,880,734
<b>DETAILS OF WRITE-INS</b>									
3401. ....									
3402. ....									
3403. ....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	17,685,262			17,685,262
1.2 Reinsurance assumed .....	1,890,469			1,890,469
1.3 Reinsurance ceded .....	3,322,866			3,322,866
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	16,252,864			16,252,864
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		75,299,645		75,299,645
2.2 Reinsurance assumed, excluding contingent .....		4,437,618		4,437,618
2.3 Reinsurance ceded, excluding contingent .....		15,710,039		15,710,039
2.4 Contingent - direct .....		4,183,812		4,183,812
2.5 Contingent - reinsurance assumed .....		264,722		264,722
2.6 Contingent - reinsurance ceded .....		799,196		799,196
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) .....		67,676,562		67,676,562
3. Allowances to manager and agents .....		513,454		513,454
4. Advertising .....		13,052		13,052
5. Boards, bureaus and associations .....	652,033	2,338,444		2,990,477
6. Surveys and underwriting reports .....		3,926,062		3,926,062
7. Audit of assureds' records .....		216,737		216,737
8. Salary and related items:				
8.1 Salaries .....	7,934,145	17,892,495	754,915	26,581,556
8.2 Payroll taxes .....	579,394	1,232,441	52,953	1,864,788
9. Employee relations and welfare .....	3,386,612	8,048,538	328,709	11,763,859
10. Insurance .....	59,428	135,878	5,667	200,974
11. Directors' fees .....	32,340	73,944	3,084	109,368
12. Travel and travel items .....	371,125	1,350,506	7,636	1,729,267
13. Rent and rent items .....	864,804	1,944,049	129,634	2,938,486
14. Equipment .....	963,310	2,701,877	102,884	3,768,072
15. Cost or depreciation of EDP equipment and software .....	363,233	830,510	34,640	1,228,383
16. Printing and stationery .....	98,775	398,905	13,326	511,006
17. Postage, telephone and telegraph, exchange and express .....	502,826	1,786,753	93,168	2,382,747
18. Legal and auditing .....	78,085	261,251	6,824	346,160
19. TOTALS (Lines 3 to 18) .....	15,886,109	43,664,895	1,533,442	61,084,446
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....		10,855,211		10,855,211
20.2 Insurance department licenses and fees .....		854,577		854,577
20.3 Gross guaranty association assessments .....		(110,289)		(110,289)
20.4 All other (excluding federal and foreign income and real estate) .....		5,742		5,742
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		11,605,241		11,605,241
21. Real estate expenses .....			941,012	941,012
22. Real estate taxes .....			302,754	302,754
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	112,069	(1,597,384)	10,731	(1,474,584)
25. TOTAL expenses incurred .....	32,251,043	121,349,314	2,787,938	(a) 156,388,295
26. Less unpaid expenses - current year .....	118,880,734	26,335,550	313,740	145,530,024
27. Add unpaid expenses - prior year .....	122,426,685	22,649,739	310,020	145,386,444
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) .....	35,796,994	117,663,503	2,784,218	156,244,715
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expenses .....	112,069	(1,692,270)	10,731	(1,569,470)
2402. Donations .....		94,886		94,886
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	112,069	(1,597,384)	10,731	(1,474,584)

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 565,569	515,977
1.1 Bonds exempt from U.S. tax	(a) 23,109,604	19,265,806
1.2 Other bonds (unaffiliated)	(a) 7,390,766	7,221,195
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 1,776,027	1,706,785
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	3,613,643	3,592,624
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 2,411,135	2,411,135
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 42,767	43,657
7. Derivative instruments	(f)	
8. Other invested assets		(767)
9. Aggregate write-ins for investment income	33,346	670,888
10. Total gross investment income	38,942,857	35,427,300
11. Investment expenses		(g) 2,485,184
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 302,754
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 1,640,787
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		4,428,725
17. Net Investment income (Line 10 minus Line 16)		30,998,575

**DETAILS OF WRITE-INS**

0901. INTEREST EARNED FROM STOP LOSS		637,542
0902. MISC INTEREST RECD	33,346	33,346
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)	33,346	670,888
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 72,381 accrual of discount less \$ 3,479,229 amortization of premium and less \$ 166,006 paid for accrued interest on purchases.
- (b) Includes \$ 22,707 accrual of discount less \$ 124,029 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 241,135 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 1,640,787 depreciation on real estate and \$ 0 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	2,126		2,126		
1.1 Bonds exempt from U.S. tax	558,803		558,803		
1.2 Other bonds (unaffiliated)	98,602		98,602		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	336,458		336,458	125,837	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	3,200,079	(1,199)	3,198,880	9,897,994	
2.21 Common stocks of affiliates				6,389,410	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments	214,530		214,530	60,086	
8. Other invested assets		(1,476,297)	(1,476,297)	33,930	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	4,410,598	(1,477,496)	2,933,102	16,507,257	

**DETAILS OF WRITE-INS**

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....	2,598,030	2,718,755	120,725
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) .....	2,598,030	2,718,755	120,725
13. Title plants (for Title insurers only) .....			
14. Invested income due and accrued .....			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	392,260	417,050	24,789
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	
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 .....	26,340,826	39,624,894	13,284,068
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....	6,168,385	5,535,735	(632,650)
21. Furniture and equipment, including health care delivery assets .....	1,084,519	1,734,034	649,514
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 .....	30,029,865	32,717,620	2,687,755
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	66,613,886	82,748,087	16,134,201
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	66,613,886	82,748,087	16,134,201
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501. EMPLOYEE BENEFITS TRUST FUND .....	11,656,251	11,528,073	(128,178)
2502. PREPAID PENSION BENEFIT COSTS .....	18,239,699	20,930,855	2,691,156
2503. PERMANENT TRAVEL ADVANCES .....	250	250	
2598. Summary of remaining write-ins for Line 25 from overflow page .....	133,665	258,442	124,777
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	30,029,865	32,717,620	2,687,755

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

The financial statements of Central Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual - Version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

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

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

### C. Accounting Policy

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

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

In addition, Central Mutual Insurance 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 interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which Central Mutual Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at market value except qualified sinking fund preferreds which are stated at amortized cost.
- (5) Central Mutual Insurance Company has no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective Adjustment method is used to value these securities.
- (7) Central Mutual Insurance Company owns 100% of the common stock of All America Insurance Company, a property and casualty insurance company. Central Mutual Insurance Company owns 100% of Security Central, a holding company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) Central Mutual Insurance Company has minor ownership interest in a limited liability company. The company carries this interest based upon the underlying audited GAAP equity of the investee.
- (9) Central Mutual Insurance Company's derivatives are carried at fair market value (marked-to-market monthly) on Schedule DB. An unrealized gain or loss is incurred monthly as a result. Derivatives in which the positions are closed (expire, purchased, or exercised) incur a realized gain or loss.
- (10) Central Mutual Insurance 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. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) There was no change in the capitalization policy or the resultant predefined thresholds from the prior period.
- (13) Central Mutual Insurance Company has no pharmaceutical rebate receivables.

## 2. Accounting Changes and Correction of Errors

Changes in accounting principle and/or correction of errors – NONE

## 3. Business Combinations and Goodwill

Central Mutual Insurance Company has not purchased or merged with another entity during the prior two years. No goodwill is recorded in the company's assets.

## 4. Discontinued Operations

No operations were discontinued that required reporting.

## 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - NONE
- B. Debt Restructuring - NONE
- C. Reverse Mortgages - NONE
- D. Loan-Backed Securities - NONE
- E. Repurchase Agreements and/or Securities Lending Transactions - NONE
- F. Real Estate – NO TRANSACTIONS TO REPORT
- G. Investments in low-income housing tax credits (LIHTC) - NONE

## 6. Joint Ventures, Partnerships and Limited Liability Companies

## Notes to Financial Statements

Central Mutual Insurance Company has no investments in Joint Ventures, Partnerships or Limited Liability companies that exceed 10% of admitted assets.

### 7. Investment Income

- A. Due and accrued income was excluded from surplus on the following bases:  
 All income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. No amount was excluded.

### 8. Derivative Instruments

Central Mutual Insurance Company's derivatives transacted in 2012 included both covered calls and stock warrants. Both would be subject to market risk, specifically, equity risk, as stock prices or implied volatility of the underlying securities change. These derivatives should have no credit risk. Cash requirements would be minimal, since the vast majority of options written are the sale of covered calls, which is a cash inflow. The warrants would entail cash outflows, but are minimal.

The derivatives are written for income generation purposes. The sale of these covered calls, on only a portion of our equity holdings, is to allow some appreciation on the underlying stock, and to recognize a realized gain if the calls are exercised. The covered calls may be purchased back if fundamental changes occur in the stock, and it is advantageous to do so and roll to a higher strike price.

All derivatives are carried at fair market value (marked-to-market monthly) on Schedule DB. An unrealized gain or loss is incurred monthly as a result. Derivatives in which the positions are closed (expire, purchased, or exercised) incur a realized gain or loss.

### 9. Income Taxes

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

1.	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	81,272,844	3,335,478	84,608,322	80,688,732	3,073,824	83,762,556	584,111	261,654	845,766
(b) Statutory valuation allowance adjustments	0	0	0	0	0	0	0	0	0
(c) Adjusted gross deferred tax assets (a1 - 1b)	81,272,844	3,335,478	84,608,322	80,688,732	3,073,824	83,762,556	584,111	261,654	845,766
(d) Deferred Tax Assets Nonadmitted	26,340,826	0	26,340,826	39,624,897	0	39,624,897	(13,284,071)	0	(13,284,071)
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	54,932,018	3,335,478	58,267,496	41,063,835	3,073,824	44,137,659	13,868,182	261,654	14,129,837
(f) Deferred Tax Liabilities	5,246,426	13,507,400	18,753,826	4,829,665	9,993,104	14,822,769	416,762	3,514,296	3,931,057
(g) Net admitted deferred tax asset/(Net Deferred Tax Liability) (1e - 1f)	49,685,591	(10,171,922)	39,513,670	36,234,171	(6,919,280)	29,314,891	13,451,421	(3,252,641)	10,198,779
2.	December 31, 2012			December 31, 2011			Change		
<b>SSAP 101, paragraphs 11.a., 11.b., and 11.c.:</b>	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	0	0	0	0	0	0	0	0	0
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	36,178,192	3,335,478	39,513,670	26,241,066	3,073,824	29,314,890	9,937,126	261,654	10,198,780
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	36,178,192	3,335,478	39,513,670	26,241,066	3,073,824	29,314,890	9,937,126	261,654	10,198,780
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	70,602,898	XXX	XXX	70,641,470	XXX	XXX	(38,572)
(c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	18,753,826	0	18,753,826	14,822,769	0	14,822,769	3,931,057	0	3,931,057
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	54,932,018	3,335,478	58,267,496	41,063,835	3,073,824	44,137,659	13,868,183	261,654	14,129,837
3.	2012 Percentage	2011 Percentage							
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	791%	720%							
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	470,943,134	428,508,534							
4.	December 31, 2012			December 31, 2011			Change		
<b>Impact of Tax Planning Strategies</b>	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.0%	3.9%	3.9%	0.0%	3.7%	3.7%	0.0%	0.3%	0.3%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.0%	8.4%	8.4%	0.0%	10.5%	10.5%	0.0%	-2.1%	-2.1%
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes	No	X						

B. Unrecognized DTLs  
 Not applicable

## Notes to Financial Statements

C. Current Tax and Change in Deferred Tax			
1. Current income tax			
	2012	2011	Change
(a) Federal	95,044	925,276	(830,232)
(b) Foreign	0	0	0
(c) Subtotal	95,044	925,276	(830,232)
(d) Federal income tax on net capital gains	0	1,469,763	(1,469,763)
(e) Utilization of capital loss carryforward	0	0	0
(f) Other	0	0	0
Federal and foreign income taxes incurred	95,044	2,395,039	(1,469,763)
2. Deferred income tax			
	2012	2011	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	12,842,648	16,239,326	(3,396,678)
(2) Unearned premium reserve	14,762,342	14,756,458	5,884
(3) Non-Qualifying Pension	1,855,216	1,602,119	253,097
(4) SPP Equalization Plan	521,669	543,806	(22,137)
(5) Post Retirement Expenses	8,218,141	7,110,689	1,107,452
(6) Charitable Contribution Deduction Carryforward	110,395	263,845	(153,450)
(7) AMT Tax Carryforward Consolidated	3,315,634	8,550,209	(5,234,575)
(8)			0
(9) Net operating loss carry-forward	36,970,905	36,404,232	566,673
(10) Tax credit carry-forward			0
(11) Other (including items <5% of total ordinary tax assets)			0
(12) Other assets – nonadmitted	2,675,895	775,686	1,900,209
(99) Subtotal	81,272,845	86,246,370	(4,973,525)
(b) Statutory valuation allowance adjustment			0
(c) Nonadmitted			0
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	81,272,845	86,246,370	(4,973,525)
(e) Capital			
(1) Investments - Other than temporary impairments (OTTI)	3,335,478	3,073,824	261,654
(2) Net capital loss carry-forward			0
(3) Real estate			0
(4) Other (including items <5% of total capital tax assets)			0
(99) Subtotal	3,335,478	3,073,824	261,654
(f) Statutory valuation allowance adjustment			0
(g) Nonadmitted			0
(h) Admitted capital deferred tax assets (2e99-2f-2g)	3,335,478	3,073,824	261,654
(i) Admitted deferred tax assets (2d+2h)	84,608,323	89,320,194	(4,711,871)
3. Deferred tax liabilities:			
	2012	2011	Change
(a) Ordinary:			
(1) Employee Benefit Trust Fund	4,079,688	4,083,806	(4,118)
(2) Discount on Salvage and Subrogation	315,201	406,458	(91,257)
(3) Acquisition Expense - Advanced Premiums	170,347	225,321	(54,974)
(4) Tax/Book Depreciation	681,191	114,079	567,112
(5)			0
(6)			0
(7)			0
(99) Subtotal	5,246,427	4,829,664	416,763
(b) Capital			
(1) Investments - Unrealized capital gains - net	13,507,400	9,993,104	3,514,296
(2)			0
(3)			0
(99) Subtotal	13,507,400	9,993,104	3,514,296
(c) Deferred tax liabilities (3a99+3b99)	18,753,827	14,822,768	3,931,059
4. Net deferred tax assets/liabilities (2i-3c)			
	65,854,496	74,497,426	(8,642,930)

D. The more significant reconciling items that created a difference between the sum of the Company's income taxes incurred and the change in its DTAs and DTLs and the result obtained by applying the federal statutory rate to its pretax net income are the tax exempt income deduction net of the proration of tax exempt investment income (-24.1%) and the dividends received deduction (-4.6%).

## Notes to Financial Statements

E. Operating Loss and Tax Credit Carryforwards			
(1) At December 31, 2012, the Company had \$105,631,157 in unused operating loss carryforwards available to offset against future taxable income.			
(2) The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:			
	Year	Amount	
	2012	\$95,044	
	2011	\$2,395,039	
(3) The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.			
F. Consolidated Federal Income Tax Return			
(1) The Company's federal income tax return is consolidated with the following entities:			
All America Insurance Company			
CMI Lloyds			
CAFCO, Inc.			
Central Insurex Agency			
Security Central			
(2) The method of allocation among companies is subject to a written agreement, approved by the Board of Directors. It is agreed among the companies that the tax liability of the subsidiaries shall be determined as if each was filing an individual tax return and the amount of tax so determined, if any, shall be paid to Central Mutual Insurance Company, which, in turn, shall be responsible for payment of the total tax liability calculated in the consolidated return. It is further agreed between the companies that any available tax exemption credits will be allocated first to CMI Lloyds, and any remaining balance to Central Mutual. In the event the subsidiary produces a tax loss, which is utilized by Central Mutual in the consolidated return to reduce its tax liability, Central Mutual shall pay to the subsidiary the tax cash benefit so utilized in the consolidated tax return.			
G. Federal or Foreign Federal Income Tax Loss Contingencies			
The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.			

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A., B, & C. There were no transactions with affiliated companies other than reinsurance transactions and cost allocation transactions that are based on generally accepted accounting principles.
- D. At December 31, 2012, Central Mutual Insurance Company reported \$722,048 as amounts payable to its subsidiary All America Insurance Company and \$327 payable to its affiliate CMI Lloyds. The terms of the settlement require that these amounts be settled within 30 days.
- E. No guarantees or undertakings have been taken for the benefit of an affiliate or related party that result in a material contingent exposure for Central Mutual Insurance Company.
- F. Central Mutual Insurance Company has an intercompany pooling agreement with its subsidiary All America Insurance Company whereby premiums, losses, underwriting and claims expenses are shared 84%/16% respectively in accordance with the pooling arrangement between the two entities. Investment expenses are allocated based on number of securities held in each company. Central Mutual Insurance company has a service agreement to provide employees and facilities to its affiliate CMI Lloyds. The contract provides for remuneration based upon 10% of premiums written for underwriting and investment services and 5% of premiums earned for claims services.
- G. Central Mutual Insurance Company owns 100% of the shares of All America Insurance Company which is domiciled in the State of Ohio. All America Insurance Company controls CMI Lloyds which is domiciled in Texas through a trust agreement with twelve underwriters.
- H. Central Mutual Insurance Company owns no shares of an upstream company.
- I. Central Mutual Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.
- J. Central Mutual Insurance Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.
- K. Central Mutual Insurance Company has no investment in foreign insurance subsidiaries.
- L. Central Mutual Insurance Company does not utilize the look-through approach for the valuation of downstream non-insurance entities. Such entities are non-admitted assets.

### 11. Debt

Central Mutual Insurance Company has no debt obligations.

## Notes to Financial Statements

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

#### A. Defined Benefit Plan

Qualified Pension Plan - Central Mutual Insurance Company sponsors a non-contributory defined benefit pension plan covering substantially all of its employees. A pension cost of \$4,891,156 was recognized in 2012.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2012 and 2011 and were estimated by measuring employee data as of October 1.

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ 105,755,912	\$ 93,980,265	\$ 26,171,227	\$ 27,751,574
b. Service cost	3,356,106	3,430,401	2,249,162	1,297,351
c. Interest cost	5,199,892	5,077,968	1,152,482	1,488,578
d. Contribution by plan participants	0	0		
e. Actuarial gain (loss)	(14,654,572)	(6,528,902)	(2,264,017)	3,005,890
f. Foreign currency exchange rate changes	0	0		
g. Benefits paid	3,468,527	3,261,624	1,104,300	1,006,808
h. Plan amendments	0	0	(533,683)	(353,578)
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0		
j. Benefit obligation at end of year	\$ 125,497,955	\$ 105,755,912	\$ 30,198,905	\$ 26,171,227
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$ 76,193,543	\$ 72,711,012	0	0
b. Actual return on plan assets	15,188,184	2,844,155	0	0
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contributions	10,100,000	3,900,000	0	0
e. Plan participants' contributions	0	0	0	0
f. Benefits paid	3,468,527	3,261,624	0	0
g. Business combinations, divestitures and settlements	0	0	0	0
h. Fair value of plan assets at end of year	\$ 98,013,200	\$ 76,193,543	13,207,510	0
(3) Funded status				
a. Unamortized prior service cost	59,024	88,536	1,104,655	642,738
b. Unrecognized net gain or (loss)	43,465,430	40,304,688	(9,847,298)	(1,096,195)
c. Remaining net obligation or asset at initial date of application	0	0	0	0
Fourth quarter contribution	2,200,000	10,100,000	0	0
d. Prepaid assets or accrued liabilities	18,239,699	20,930,855	(27,943,348)	(25,717,770)
e. Intangible asset	0	0	0	0
(4) Accumulated Benefit Obligation – fully and partially vested employees	100,191,173	86,207,969	0	0
(5) a. Projected Benefit Obligation for non-vested employees	\$ 1,168,981	\$ 587,537	29,350,528	24,931,222
b. Accumulated Benefit Obligation for non-vested employees	530,039	295,704		
(6) Components of net periodic benefit cost				
a. Service cost	3,356,106	3,430,401	\$ 2,249,162	\$ 1,297,351
b. Interest cost	5,199,892	5,077,968	1,152,482	1,488,578
c. Expected return on plan assets	6,171,779	6,305,082	0	0
d. Amortization of unrecognized transition obligation or transition asset	0	0	0	0
e. Amount of recognized gains and (losses)	(2,477,425)	(1,901,530)	0	(94,781)
f. Amount of prior service cost recognized	29,512	29,512	(71,766)	(48,194)
g. Amount of gain or loss recognized due to settlement or curtailment	0	0	0	0
h. Total net periodic benefit cost	4,891,156	4,134,329	3,329,878	2,832,516

(7) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The company made a \$2,200,000 cash contribution to the pension plan in December, 2012. As a result, the plan's assets exceeded its accumulated benefit obligation at 12/31/2012. Thus, no additional minimum pension liability adjustment was required.

## Notes to Financial Statements

(8) Weighted-average assumptions as of December 31,

	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
(a) Discount rate	5.00%	4.25%	4.50%	4.25%
(b) Rate of compensation increase	5.50%	5.50%	N/A	N/A
(c) Expected long-term rate of return on plan assets	8.50%	8.50%	N/A	N/A

(9) The measurement date used to determine other postretirement benefit measurements for postretirement benefit plans that make up at least the majority of the plan assets and benefit obligations was September 30, 2012.

(10) For measurement purposes, an 8.5 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2012. The rate was assumed to decrease gradually to 6 percent for 2015 and remain at that level thereafter.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
(a) Effect on total of service and interest rate components	\$ 1,010,797	\$ (791,816)
(b) Effect on postretirement benefit obligation	\$ 7,476,829	\$ (6,066,337)

(12) The Investment policy of the Plan indicates that the asset structure needs to reflect a proper balance of the Plan's needs for liquidity, stability of value, and diversification along with risk tolerance of Central Mutual Ins Co. The asset mix that identifies the company's long-term investment objectives for the Plan lies in five major investment categories each with a permissible range. Those categories are Large Cap Equities (25-50%), Small/Mid Cap Equities (5-15%), International Equities (0-15%), Intermediate-Term Fixed Income (15-40%), and Long-Term Fixed Income (10-30%). The 12/31/2012 actual asset value mix was 39.21% in Large Cap Equities, 10.42% in Small/Mid Cap Equities, 7.77% in International Equities, 25.55% in Intermediate-Term Fixed Income, and 17.05% in Long-Term Fixed Income.

The company analyzes 20 years of return data for 20 asset categories on an annual basis in order to set its basis for expected long-term rate-of-return on its assets.

The company also runs a monthly asset allocation model taking into consideration the desired asset mix, risk of asset categories, and the maturity needs of the plan's liabilities. This model is used to determine what asset allocation changes need to be made in order to meet the asset mix requirements in the investment policy.

(13) The benefits expected to be paid in each of the next five fiscal years is as follows:

10/1/2012 – 9/30/2013	\$3,839,292
10/1/2013 – 9/30/2014	\$4,120,108
10/1/2014 – 9/30/2015	\$4,347,212
10/1/2015 – 9/30/2016	\$4,650,494
10/1/2016 – 9/30/2017	\$4,991,108

The aggregate for five fiscal years thereafter are estimated to be: \$31,016,624.

(14) The company's best estimate of contributions expected to be paid during the next fiscal year would be \$0.

(15) There are no securities of the employer or related parties included in plan assets. There are no future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties. There were no significant transactions between the employer or related parties and the plan during the period.

(16) There were no alternative methods used to amortize prior service amounts or unrecognized net gains and losses.

(17) There were no substantive commitments used as the basis for accounting for the benefit obligation.

(18) There were no costs of providing special or contractual termination benefits during the period.

(19) There were no significant changes in the benefit obligation or plan assets that are not otherwise apparent in the previous disclosures. The company has estimated the impact of both SSAP 92 and SSAP 102 on the statutory accounting of its Pension and Post Retirement Health Care plans in 2013. Based upon current information, the actuarially estimated funding status for statutory accounting purposes of the Post Retirement Health Care plan as outlined under SSAP 92 would result in an additional liability of approximately \$2.5 M. The company intends to amortize the impact of this change in accounting principle over the 10-year period afforded in SSAP 92. The actuarially estimated funding status for statutory accounting purposes of the Pension plan as outlined under SSAP 102 would result in an additional liability of approximately \$28 M. The company intends to amortize the impact of this change in accounting principle over the 10-year period afforded by SSAP 102.

Non-Qualified Pension Plan - Central Mutual Insurance Company also has a non-qualified pension plan to pay benefits to certain employees whose pension benefits under the qualified plan are limited by Sections 415 and 401(a)(17) of the Internal Revenue Code. The non-qualified plan is unfunded and will pay the difference of (1) the benefit determined by the qualified plan formula with no IRC limits applied less (2) the benefit determined by the qualified plan formula after the IRC limits are applied. Central Mutual's share of this liability as of December 31, 2012 is \$4,452,517.

### B. Defined Contribution Plan

## Notes to Financial Statements

- (1) Qualified Defined-Contribution Plan - Central Mutual Insurance Company has a qualified Savings and Profit Sharing Plan (SPP) for which substantially all employees are eligible. Up to 5% of each employee's savings is matched at 20% by contributions by the company each year. Additionally, 5% of the combined insurance companies' net income before federal income taxes is contributed to the plan each year. Central Mutual Insurance Company's contribution for the plan was \$1.417 million for 2012 and \$0.286 million for 2011, respectively. At December 31, 2012, the fair value of plan assets was \$ 91.9 million.
- (2) Non-Qualified Defined-Contribution Plan - Central Mutual Insurance Company also has a non-qualified Savings and Profit Participation Equalization Plan (Plan), which coordinates with the benefits available under the Central Employees' Savings and Profit Participation Plan (SPP), to provide a supplemental savings program for key executive employees who are limited by Sections 401(a)(17), 415, and 402(g) of the Internal Revenue Code. The non-qualified Plan is unfunded and a participant is eligible to defer compensation under the non-qualified Plan only if he has made the maximum elective contributions which are permitted under the qualified SPP Plan. Central Mutual's share of this liability as of December 31, 2012 is \$2,002,857.

C. Multiemployer Plans - NONE

D. Consolidated / Holding Company Plans - NONE

E. Post-employment Benefits and Compensated Absences – The company established a reserve of \$27.9 M for its post-employment health care benefit obligations at 12/31/2012.

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

Central Mutual Insurance Company recognized the impact of Medicare Part D in 2006. It is expected that all retirees will elect to continue coverage with Central Mutual. In 2012, the expected subsidy to Central Mutual for Medicare Part D reduced the statutory reserve by \$9,455,517. Additionally, the company would like to disclose the following:

	Including Subsidy	Excluding Subsidy	Total Change	Change due to Retirees
Service Cost	2,681,967	3,247,372	565,405	-
Interest Cost	1,922,691	2,324,550	401,859	171,906
Expected Return on Assets	(1,056,601)	(1,056,601)	-	-
<i>Amortization of:</i>				
Transition	-	-	-	-
Prior Service Cost	(2,399,407)	(2,399,407)	-	-
Prior Service Cost-Not fully eligible	4,531,848	4,531,848	-	-
Gain/(Loss)	(751,111)	-	751,111	321,308
<b>Net Cost</b>	<b>4,929,387</b>	<b>6,647,762</b>	<b>1,718,375</b>	<b>493,214</b>
Expected Cash Cost	1,310,811	1,501,898	191,087	
APBO	45,895,193	55,350,710	9,455,517	

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

- (1) Central Mutual Insurance Company is a mutual company with no capital stock outstanding.
- (2) Central Mutual Insurance Company has no preferred stock outstanding.
- (3) Central Mutual Insurance Company has no restrictions on dividends paid to policyholders.
- (4) No ordinary or extraordinary dividends were paid.
- (5) None of the Company's profits will be paid as ordinary dividends. There are no stockholders.
- (6) There are no restrictions placed on Central Mutual Insurance Company's surplus.
- (7) There are no advances on surplus.
- (8) There is no stock of affiliated companies held for special purposes.
- (9) There are no balances held in special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

(a) Unrealized gains and losses:	\$	140,084,939
(b) Nonadmitted asset values	\$	66,613,885
(c) Provision for reinsurance	\$	0

(11) No surplus debentures or similar obligations exist.

(12) & (13) No quasi-reorganization has taken place.

## Notes to Financial Statements

### 14. Contingencies

- A. Contingent Commitments/Guarantees - Central Mutual Insurance Company has guaranteed five (5) loans made by Citizens National Bank of Bluffton to independent insurance agents representing the company until 12/2017, in the aggregate amount not to exceed (undiscounted) total of \$3,515,818 in the event of a loan default by the independent agents. These loans arose out of merger/acquisition and/or perpetuation activities by the agents. Central Mutual is supporting the agents by guaranteeing the loans. Central Mutual will execute a commercial guaranty in favor of Citizens National Bank of Bluffton for repayment of any unpaid portion of the agent's note if the agent should fail to make repayment. In consideration of Central Mutual's guarantee, the agent grants a lien to Central Mutual against all assets, all present and future accounts receivable, and all policy expiration records of the agent evidenced by a security agreement with the Company. Should Central Mutual make payment to the bank pursuant to the commercial guaranty, the agent will immediately indemnify and hold harmless Central Mutual for any payments and expenses incurred. The ultimate financial statement impact if action under the guarantee is required would be \$3,515,818 and would be recorded as underwriting expense. The agents are current in all payments of principal and interest to the bank. Central Mutual has not recorded liability related to this commercial guarantee since inception and for the year ended December 31, 2012. The loans outstanding total \$3,515,818 as of December 31, 2012.
- B. Assessments - It is expected that various insolvencies will result in guaranty fund assessments against the company of (\$110,289) and have been charged to operations in 2012. A net reduction in premium tax credit of \$321,308 was incurred in 2012 to offset premium taxes in multiple states over the next ten years. Various other smaller insolvency assessments are accrued for by the company.
- C. Gain Contingencies - NONE
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$0.00

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

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

Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [ X ]      (g) Per Claimant [   ]

- E. Product Warranties – THE COMPANY DOES NOT OFFER ANY PRODUCT WARRANTIES
- F. All Other Contingencies - NONE

### 15. Leases

#### A. Lessee Operating Lease

- (1) a. Central Mutual Insurance Company leases office space under various noncancelable operating lease agreements that expire through December, 2013. Rental expense for 2012, and 2011 was approximately \$ 820,277, and \$ 793,531, respectively.
- b. Central Mutual Insurance Company leases computer hardware and software under various noncancelable operating lease agreements that expire through December, 2016. Rental expense for 2012, and 2011 was approximately \$714,840 and \$581,280, respectively.
- c. Central Mutual Insurance Company leases automobiles under various noncancelable operating lease agreements that expire through December, 2012. Rental expense for 2012 and 2011 was approximately \$265,914 and \$388,301, respectively.
- (2) a. At January 1, 2013, the minimum aggregate rental commitments are as follows:

(Dollars in thousands)	
Year ending December 31	Operating Leases
1. 2013	\$ 671,160
2. 2014	\$ 675,360
3. 2015	\$ 677,880
4. 2016	\$ 680,400
Total	\$ 2,704,800

- b. None of the property included above is subleased.
- (3) Central Mutual Insurance Company is not involved in any material sales - leaseback transactions.

- B. (1) Lessor Leases - NONE
- (2) Leveraged Leases - NONE

## Notes to Financial Statements

### 16. Information About Financial Instruments with Concentration of Credit Risk

NONE

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

- A. Transfers of Receivables Reported as Sales - NONE
- B. Transfer of Servicing of Financial Assets - NONE
- C. Wash Sales - NONE

### 18. Gain or Loss from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans

The gain from operations from uninsured accident and health plans and the uninsured portion of partially insured plans was as follows during 2012:

#### UNINSURED PORTION OF PARTIALLY INSURED PLAN

Net reimbursement for administrative expenses over (under) actual expenses	\$ 0
Other income	\$(4,162,934)
Net gain (loss) from operations:	\$(4,162,934)

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

Central Mutual Insurance Company does not write business through managing general agents or third party administrators.

### 20. Fair Value Measurements

#### A. Assets and Liabilities Measured at Fair Value

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>a. Assets at Fair Market Value</b>				
<i>Preferred Stock</i>				
Industrial & Miscellaneous	21,521,475	11,546,868	-	33,068,343
Parent, Subsidiaries	-	-	-	-
Total Preferred Stock	21,521,475	11,546,868	-	33,068,343
<i>Bonds</i>				
US Government	22,238,787	-	-	22,238,787
US States	19,691,427	-	-	19,691,427
US Political Subdivisions	209,599,147	-	-	209,599,147
US Special Revenue	364,912,278	-	-	364,912,278
Industrial & Miscellaneous	75,719,145	-	-	75,719,145
Parent, Subsidiaries	-	-	-	-
Total Bonds	692,160,784	-	-	692,160,784
<i>Common Stocks</i>				
Industrial & Miscellaneous	137,149,418	-	212,056	137,361,474
Parent, Subsidiaries	-	-	116,121,815	116,121,815
Total Common Stocks	137,149,418	-	116,333,871	253,483,289
<i>Derivative Assets</i>				
Warrants	384	-	-	384
Total Derivative Assets	384	-	-	384
Total at Fair Market Value	850,832,061	11,546,868	116,333,871	978,712,800
<b>b. Liabilities at Fair Market Value</b>				
<i>Derivative Liabilities</i>				
	148,262	-	-	148,262
Total at Fair Market Value	148,262	-	-	148,262

- B. NONE
- C. NONE
- D. NONE

### 21. Other Items

- A. Extraordinary Items - NONE
- B. Troubled Debt Restructuring: NONE
- C. Other Disclosures
  - 1. Assets in the amount of \$5,751,771 and \$5,474,616 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law. No assets were maintained as compensating balances or pledged as collateral for bank loans or other financing agreements.
- D. At December 31, 2012 and 2011, the company had admitted assets of \$120,722,213 and \$123,140,812, respectively, in accounts receivable amounts due from agents and insureds. Central Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on Central Mutual's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to Central Mutual's financial condition.
- E. Business Interruption Insurance Recoveries – NONE
- F. State Transferable Tax Credits – NONE

## Notes to Financial Statements

### G. Subprime Mortgage Related Risk Exposure

1. Exposures to subprime mortgage related risk in practice
  - a. Direct investments in subprime mortgage loans: NONE
  - b. Direct investments in securities with underlying subprime exposure, such as residential mortgage backed securities, commercial mortgage backed securities, collateralized debt obligations, structured securities (including principal protected notes), hedge funds, credit default swaps, and special investment vehicles: NONE
  - c. Equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure: NONE
  - d. Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage: NONE

### 22. Events Subsequent

No subsequent events took place that are of a nature to require disclosure.

### 23. Reinsurance

#### A. Unsecured Reinsurance Recoverables

Central Mutual Insurance Company has the following unsecured reinsurance recoverables in excess of 3% of Policyholders' Surplus.

	NAIC #	FED ID #	Amount
All America Insurance Co.	20222	34-0935740	\$ 95,147,000

#### B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on losses from any company in dispute do not exceed 5% of Central Mutual's Policyholders' Surplus.

#### C. Reinsurance Assumed and Ceded

- (1) Maximum amount of return commission which would have been due reinsurers if they or Central Mutual had cancelled all of the company's reinsurance or if Central Mutual or a receiver had cancelled all of the company's insurance assumed as of the end of the period covered by this Annual Statement with the return of the unearned premium reserve.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
a. Affiliates	\$ 14,005,037	2,251,891	\$ 39,681,708	\$ 7,260,913	\$ (25,676,671)	\$ (5,009,022)
b. All Other	965,130	120,776	5,665,884	1,739,845	(4,700,754)	(1,619,069)
c. Total	\$ 14,970,167	\$ 2,372,666	\$ 45,347,592	\$ 9,000,758	\$ (30,377,425)	\$ (6,628,092)
d. Direct Unearned Premium Reserve:			\$238,706,434			

- (2) Additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this Annual Statement as a result of existing contractual arrangements are accrued as follows:

	<u>REINSURANCE</u>				<u>Net</u>
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>		
a. Contingent Commissions	\$ 4,183,812	\$ 264,722	\$ (4,089,734)	\$	8,538,268
b. Sliding Scale Adjustments	0	0	0		0
c. Other Profit Commission Arrangements	0	0	0		0
d. TOTAL	\$ 4,183,812	\$ 264,722	\$ (4,089,734)	\$	8,538,268

#### D. Uncollectible Reinsurance - NONE

E. Commutation of Ceded Reinsurance - Central Mutual Insurance Company has not commuted any ceded reinsurance during the year.

F. Retroactive Reinsurance - No retroactive reinsurance contracts exist.

G. Reinsurance Accounted for as a Deposit - NONE

H. Transfer of Property and Casualty Run-off Agreements - NONE

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Central Mutual Insurance Company does not issue policies that are retrospectively rated or subject to redetermination.

## Notes to Financial Statements

### 25. Change to Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$40.3 million from \$451.9 million in 2011 to \$411.6 million (\$294.8 million in total net losses and expenses unpaid and \$116.8 in total net losses and expenses paid) in 2012. To provide further detail, losses & defense and medical cost containment expenses decreased by \$22.4 million from \$411.2 million in 2011 to \$388.9 million (\$282.2 million in total net losses and defense & medical cost containment expenses unpaid and \$106.7 million in total net losses & defense and medical cost containment expenses paid) in 2012. Adjusting and other expenses decreased by \$17.8 million from \$40.6 million in 2011 to \$22.8 million (\$12.7 million in total net adjusting and other expenses unpaid and \$10.1 million in total net adjusting and other expenses paid) in 2012. Included in this change, Central Mutual Insurance Company experienced \$0.0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. Thus, there was no impact to surplus as a result.

### 26. Intercompany Pooling Arrangements

An intercompany pooling agreement exists between the following companies to share in premiums, losses, expenses and accounts receivable balances according to the percentages shown:

Lead Company:	Central Mutual Insurance Company	20230	84%
Affiliate:	All America Insurance Company	20222	16%

All lines of business are pooled. Each company can make facultative cessions to non-affiliated reinsurers prior to pooling. All treaty cessions are processed through the lead company after cessions are made from the affiliate. Both companies though, have contract rights under all non-affiliated treaty reinsurance contracts.

### 27. Structured Settlements

Central Mutual Insurance Company has purchased several annuities on which claimants are payees in settlement of claims under the company's policies. The company has obtained releases from the respective claimants acknowledging that receipt of the structured settlement under each annuity is full payment of the claim. Central Mutual has no contingent liability for these annuities since ownership has been transferred to another insurance company.

### 28. Health Care Receivables - NONE

### 29. Participating Policies - NONE

### 30. Premium Deficiency Reserves –

1. Liability carried for premium deficiency reserves	\$0.00
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

### 31. High Deductibles

Central Mutual Insurance Company does not issue policies subject to high deductibles on claims.

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

Central Mutual Insurance Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

### 33. Asbestos / Environmental Reserves

A. & D. Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to asbestos losses?

Yes(X) No( )

Does Central Mutual Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to environmental losses?

Yes(X) No( )

Central Mutual's exposure arises primarily from the sale of general liability insurance, including the general liability portion of commercial package policies. However, exposure also exists for these lines of insurance: workers' compensation, homeowners, and commercial property.

Central Mutual tries to estimate the full impact of the environmental and asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported loss reserves and allocated loss adjustment reserves based on previous experience.

The previous experience is combined with the other Company experience and analyzed in a combined manner as part of the regular loss reserve analysis.

Central Mutual's systems do not separate environmental and asbestos-related claims. Therefore, only combined environmental and asbestos-related loss data is available for presentation. Environmental claims represent the majority of the exposure included in the following numbers.

Central Mutual's environmental and asbestos-related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

#### (1) Gross of Reinsurance Basis:

	2008	2009	2010	2011	2012
a. Beginning reserves:	\$ 18,410,312	\$ 19,455,755	\$ 14,687,231	\$ 12,474,520	\$ 14,059,352
b. Incurred losses and loss adjustment expense:	2,554,342	-3,390,931	-658,237	1,932,901	4,618,883
c. Calendar year payments for losses and loss adjustment expenses:	1,508,899	1,377,611	1,554,456	348,069	713,695
d. Ending reserves:	\$ 19,455,755	\$ 14,687,213	\$ 12,474,520	\$ 14,059,352	\$ 17,964,540

## Notes to Financial Statements

(2) Net of Reinsurance Basis:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 17,376,896	\$ 18,874,912	\$ 14,055,543	\$ 11,721,723	\$ 13,088,263
b. Incurred losses and loss adjustment expense:	2,910,084	-3,443,908	-905,717	1,741,277	4,042,899
c. Calendar year payments for losses and loss adjustment expenses:	1,412,068	1,375,551	1,428,013	374,737	720,128
d. Ending reserves:	\$ 18,874,912	\$ 14,055,453	\$ 11,721,723	\$ 13,088,263	\$ 16,411,034

B. & E. The amount of ending reserves for Bulk + IBNR included in A & D (Loss & LAE) is:

1. Gross of Reinsurance Basis:	\$ 8,175,332
2. Net of Reinsurance Basis	\$ 7,178,529

C. & F. The amount of ending reserves for loss adjustment expenses included in A & D ( Case, Bulk + IBNR):

1. Gross of Reinsurance Basis:	\$ 4,789,697
2. Net of Reinsurance Basis	\$ 4,233,309

34. Subscriber Savings Accounts - NONE

35. Multiple Peril Crop Insurance – NONE

36. Financial Guaranty Insurance – Central Mutual does not write Financial Guaranty insurance.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating? OHIO
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 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). 12/18/2009
- 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[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

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

1 Nationality	2 Type of Entity
.....	.....

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	... Yes[ ] No[X] ...	... Yes[ ] No[X] ...	... Yes[ ] No[X] ...	... Yes[ ] No[X] ...

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PLANTE & MORAN, PLLC 2601 CAMBRIDGE COURT, SUITE 500 AUBURN HILLS, MI 48326-2572
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
JEFFREY L. HANSON, FCAS, MAAA, CHIEF FINANCIAL OFFICER Central Mutual Insurance Company Van Wert, OH 45891
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[X] No[ ]

## GENERAL INTERROGATORIES (Continued)

- 12.11 Name of real estate holding company  
WASHINGTON REIT, VENTAS REALTY, NUVEEN REAL ESTATE A
- 12.12 Number of parcels involved 3
- 12.13 Total book/adjusted carrying value \$ 6,661,092
- 12.2 If yes, provide explanation  
REITS ARE HELD AS INCOME PRODUCING BOND INVESTMENTS OR IN MUTUAL FUNDS FOR APPRECIATION & DIVERSIFICATION
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

### BOARD OF DIRECTORS

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

### FINANCIAL

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

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes[X] No[ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes[ ] No[ ] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes[ ] No[ ] N/A[X]

## GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[ ] No[ ] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[ ] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ ..... 0
- 25.22 Subject to reverse repurchase agreements \$ ..... 0
- 25.23 Subject to dollar repurchase agreements \$ ..... 0
- 25.24 Subject to reverse dollar repurchase agreements \$ ..... 0
- 25.25 Pledged as collateral \$ ..... 0
- 25.26 Placed under option agreements \$ ..... 0
- 25.27 Letter stock or securities restricted as to sale \$ ..... 0
- 25.28 On deposit with state or other regulatory body \$ ..... 0
- 25.29 Other \$ ..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[X] No[ ]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[X] 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[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0

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

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE BANK .....	100 E BROAD ST, COLUMBUS, OH 43271 .....

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

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

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

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

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

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

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

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
..... 00888W403 .....	INVESCO CONVERTIBLE A .....	..... 2,328,048
..... 119804102 .....	BUFFALO SMALL CAP .....	..... 3,669,705
..... 256206103 .....	DODGE & COX INTL STOCK .....	..... 3,741,740
..... 256219106 .....	DODGE & COX STOCK .....	..... 3,182,199
..... 360802102 .....	FUNDAMENTAL INVESTORS - A .....	..... 5,917,402

## GENERAL INTERROGATORIES (Continued)

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
411511306	HARBOR INTERNATIONAL INSTL	4,595,287
670678705	NUVEEN REAL ESTATE SEC A	4,641,005
683974109	OPPENHEIMER DEVELOPING MKTS A	1,575,853
693390445	PIMCO TOTAL RETURN A	3,938,582
74160Q103	PRIMECAP ODYSSEY GROWTH	1,229,787
779562107	T ROWE PRICE NEW HORIZONS	991,444
921936209	VANGUARD PRIMECAP ADM	10,016,251
921937843	VANGUARD INTERM TERM BOND INDEX SIG	4,069,902
922040100	VANGAURD INSTITUTIONAL INDEX	35,759,012
922908835	VANGUARD MID-CAP INDEX INSTL	10,111,991
29.2999 Total		95,768,208

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
INVESCO CONVERTIBLE A	GILEAD SCIENCES	43,302	12/31/2012
BUFFALO SMALL CAP	ALIGN TECHNOLOGY	167,706	12/31/2012
DODGE & COX INTL STOCK	NASPERS LTD	149,670	12/31/2012
DODGE & COX STOCK	CAPITAL ONE FINANCE	136,835	12/31/2012
FUNDAMENTAL INVESTORS - A	HOME DEPOT	201,192	12/31/2012
HARBOR INTERNATIONAL INSTL	NOVO NORDISK AS	147,049	12/31/2012
NUVEEN REAL ESTATE SEC A	SIMON PROPERTY GROUP	547,639	12/31/2012
OPPENHEIMER DEVELOPING MKTS A	BAIDU.COM	53,579	12/31/2012
PIMCO TOTAL RETURN A	FNMA 3.50% 11/2012	190,234	12/31/2012
PRIMECAP ODYSSEY GROWTH	AMGEN INC	66,286	12/31/2012
T ROWE PRICE NEW HORIZONS	REGENERON PHARMACEUTICALS	21,613	12/31/2012
VANGUARD PRIMECAP ADM	AMGEN INC	600,975	12/31/2012
VANGUARD INTERM TERM BOND INDEX SIG	US TREASURY NOTE 3.50% 05/2020	69,188	12/31/2012
VANGUARD INSTITUTIONAL INDEX	APPLE INC	1,394,601	12/31/2012
VANGUARD MID-CAP INDEX INSTL	CF INDUSTRIES HOLDINGS	50,560	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	641,227,508	690,594,783	49,367,275
30.2 Preferred stocks	30,841,099	33,068,343	2,227,244
30.3 Totals	672,068,607	723,663,126	51,594,519

30.4 Describe the sources or methods utilized in determining the fair values  
ALL BONDS ARE PRICED INDEPENDENTLY THROUGH INTERACTIVE DATA CORP

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ] N/A [X]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
EITHER NAIC OR INTERACTIVE DATA CORP PRICES WERE USED
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
- 32.2 If no, list exceptions:

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 1,534,024
- 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	1,303,004

- 34.1 Amount of payments for legal expenses, if any? \$ ..... 101,804
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

## GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 64,997

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

1 Name	2 Amount Paid
PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA .....	52,427

## GENERAL INTERROGATORIES (Continued)

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	..... 368,949,242	..... 393,370,372
2.2 Premium Denominator .....		
2.3 Premium Ratio (2.1 / 2.2) .....		
2.4 Reserve Numerator .....		
2.5 Reserve Denominator .....	..... 621,280,842	..... 659,273,443
2.6 Reserve Ratio (2.4 / 2.5) .....		

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes  No
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies \$ ..... 0
- 3.22 Non-participating policies \$ ..... 0
4. For Mutual reporting entities and Reciprocal Exchanges only:
- 4.1 Does the reporting entity issue assessable policies? Yes  No  N/A
- 4.2 Does the reporting entity issue non-assessable policies? Yes  No  N/A
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes  No  N/A
- 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? Yes  No  N/A
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes  No  N/A
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
THE COMPANY HAS A CASUALTY EXCESS REINSURANCE PROGRAM
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
THE CATALYST CATASTROPHE RISK ANALYSIS AND IRAS HURRICANE MODELS ARE RUN ANNUALLY
- 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 PURCHASED CATASTROPHE REINSURANCE COVERAGE
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes  No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes  No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ..... 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes  No  N/A
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes  No
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

## GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No[X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A[X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [ ] No[X]
- 11.2 If yes, give full information:
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No[X] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 1,500,000
- 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. ..... 10
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [ ] No[X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.
- 17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 \$ ..... 0
- 17.12 Unfunded portion of Interrogatory 17.11 \$ ..... 0

## GENERAL INTERROGATORIES (Continued)

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

## FIVE - YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....	165,742,143	169,558,702	196,944,548	227,049,900	238,259,338
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....	106,159,138	105,440,867	111,980,352	118,198,452	115,270,631
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	228,347,146	223,924,467	246,536,746	250,463,696	239,578,288
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	36,412	35,328	22,775	24,307	27,632
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33) .....					
6. TOTAL (Line 35) .....	500,284,839	498,959,364	555,484,420	595,736,355	593,135,889
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	129,301,608	132,839,355	153,453,393	178,359,950	189,183,308
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	83,858,632	84,484,214	89,032,905	95,634,971	93,556,747
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	156,671,869	158,573,473	170,540,120	182,607,067	177,463,292
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	27,911	27,042	17,774	19,347	22,481
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33) .....					
12. TOTAL (Line 35) .....	369,860,019	375,924,084	413,044,193	456,621,335	460,225,828
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8) .....	(13,130,211)	(38,528,476)	(73,387,987)	(35,153,704)	(53,269,631)
14. Net investment gain or (loss) (Line 11) .....	32,905,092	35,875,586	38,979,379	27,979,764	14,797,953
15. TOTAL other income (Line 15) .....	2,501,110	2,409,727	2,851,435	(8,800,534)	2,210,792
16. Dividends to policyholders (Line 17) .....	224,863	1,748,281	2,031,743	3,608,067	3,810,330
17. Federal and foreign income taxes incurred (Line 19) .....	(931,542)	925,276	388,096	(14,318,645)	(18,872,462)
18. Net income (Line 20) .....	22,982,670	(2,916,720)	(33,977,012)	(5,263,896)	(21,198,754)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3) .....	1,184,196,877	1,163,050,335	1,240,416,746	1,275,163,039	1,244,621,285
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1) .....	23,709,400	28,566,347	29,604,890	31,212,691	27,255,859
20.2 Deferred and not yet due (Line 15.2) .....	97,012,813	94,574,465	103,241,556	119,632,656	125,165,923
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	673,740,060	705,226,894	772,737,824	774,555,993	761,534,328
22. Losses (Page 3, Line 1) .....	294,071,113	329,428,543	366,152,586	342,728,735	340,322,216
23. Loss adjustment expenses (Page 3, Line 3) .....	118,880,734	122,426,684	136,231,289	133,464,412	125,286,786
24. Unearned premiums (Page 3, Line 9) .....	208,328,995	207,418,217	225,620,506	246,460,074	243,799,164
25. Capital paid up (Page 3, Lines 30 & 31) .....					
26. Surplus as regards policyholders (Page 3, Line 37) .....	510,456,804	457,823,424	467,678,931	500,607,047	483,086,957
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	(484,592)	(53,810,497)	(9,599,522)	21,858,042	42,233,832
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital .....	510,456,804	457,823,424	467,678,931	500,607,047	483,086,957
29. Authorized control level risk-based capital .....	58,325,260	59,541,864	55,684,607	61,397,045	56,077,154
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3)</b>					
<b>(Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1) .....	64.3	68.4	68.5	70.6	71.1
31. Stocks (Lines 2.1 & 2.2) .....	28.2	25.9	24.9	22.9	20.5
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....					
33. Real estate (Lines 4.1, 4.2 & 4.3) .....	4.9	5.2	5.0	5.1	5.5
34. Cash, cash equivalents and short-term investments (Line 5) .....	2.4	0.5	1.6	1.5	2.9
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....	0.0			X X X	X X X
37. Other invested assets (Line 8) .....	0.2	0.1			
38. Receivables for securities (Line 9) .....					
39. Securities lending reinvested collateral assets (Line 10) .....				X X X	X X X
40. Aggregate write-ins for invested assets (Line 11) .....					
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1) .....					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1) .....					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1) .....	116,121,815	109,982,405	100,467,312	105,980,769	103,875,417
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10) .....					
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....					
48. TOTAL of above Lines 42 to 47 .....	116,121,815	109,982,405	100,467,312	105,980,769	103,875,417
49. TOTAL investment in parent included in Lines 42 to 47 above .....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0) .....	22.7	24.0	21.5	21.2	21.5

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	10,729,717	(3,156,319)	(210,250)	19,445,410	(30,032,912)
52. Dividends to stockholders (Line 35) .....					
53. Change in surplus as regards policyholders for the year (Line 38) .....	52,633,380	(9,855,689)	(32,928,132)	17,520,037	(50,506,239)
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	104,245,314	113,530,694	138,803,605	128,911,573	119,623,658
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	61,471,562	69,693,134	67,673,638	74,864,224	75,542,226
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	167,168,628	231,680,309	206,362,334	177,932,369	178,444,419
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....			(127)		7,500
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
59. TOTAL (Line 35) .....	332,885,504	414,904,137	412,839,450	381,708,166	373,617,803
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	86,013,196	93,596,360	106,244,907	104,929,972	95,827,961
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	50,522,323	56,179,346	54,887,659	53,979,393	51,958,973
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	127,301,005	175,248,255	150,615,067	128,595,537	107,652,314
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....			(107)		6,300
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
65. TOTAL (Line 35) .....	263,836,524	325,023,961	311,747,526	287,504,902	255,445,548
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	61.9	73.3	77.4	64.0	65.2
68. Loss expenses incurred (Line 3) .....	8.7	6.0	9.2	10.7	14.2
69. Other underwriting expenses incurred (Line 4) .....	32.9	30.6	30.6	32.8	32.2
70. Net underwriting gain (loss) (Line 8) .....	(3.6)	(9.8)	(16.9)	(7.8)	(11.7)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	32.1	31.3	31.2	34.6	31.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	70.7	79.3	86.5	74.8	79.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	72.5	82.1	88.3	91.2	95.3
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(22,380)	(46,981)	5,743	(12,138)	12,727
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(4.9)	(10.0)	1.1	(2.5)	2.4
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(64,166)	(33,549)	(16,255)	2,074	(7,289)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(13.7)	(6.7)	(3.4)	0.4	(1.6)

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

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 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	X X X	X X X	X X X	1,796	387	430	0	485	244	2,324	X X X	
2. 2003	373,196	29,388	343,808	196,740	5,303	13,815	232	17,431	9,022	222,451	X X X	
3. 2004	427,593	21,357	406,236	178,573	1,711	12,799		19,944	8,974	209,605	X X X	
4. 2005	457,381	22,571	434,810	227,351	29,249	13,703	13	22,287	11,592	234,079	X X X	
5. 2006	480,739	25,976	454,763	218,227	6,174	14,724	181	24,553	9,497	251,149	X X X	
6. 2007	492,164	28,563	463,601	240,802	23,955	13,620	127	24,714	10,799	255,054	X X X	
7. 2008	492,794	35,906	456,888	354,082	90,131	12,189	166	25,483	11,242	301,457	X X X	
8. 2009	493,692	40,999	452,693	278,646	7,666	8,269	3	23,285	12,663	302,532	X X X	
9. 2010	483,486	50,238	433,248	299,048	23,464	5,857	2	21,485	11,443	302,922	X X X	
10. 2011	439,211	45,839	393,372	296,160	28,368	1,998	0	18,637	9,468	288,427	X X X	
11. 2012	420,929	51,980	368,949	173,163	2,731	530		11,898	5,322	182,859	X X X	
12. Totals	X X X	X X X	X X X	2,464,589	219,141	97,933	725	210,204	100,267	2,552,860	X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	17,466	7,811	15,945	2,057			6,719	518	193		29,938	X X X	
2. 2003	7,269	3,251	4,012	494			1,295	123	40		8,748	X X X	
3. 2004	5,064	1,512	3,494	488			1,427	121	44		7,907	X X X	
4. 2005	13,858	8,025	7,752	1,125			3,825	390	133		16,027	X X X	
5. 2006	8,761	1,516	7,987	1,306			3,874	354	194		17,639	X X X	
6. 2007	11,651	4,589	10,145	1,779			5,969	463	166		21,101	X X X	
7. 2008	11,737		14,406	3,018			8,807	1,086	457		31,304	X X X	
8. 2009	14,270	126	24,168	5,053			10,887	1,610	1,165		43,702	X X X	
9. 2010	25,749	3,579	13,147	1,996			15,372	607	3,206	990	51,292	X X X	
10. 2011	41,340	3,634	10,539	2,258			14,828	686	7,053	1,979	67,181	X X X	
11. 2012	63,092	1,151	22,621	5,633			14,474	1,419	26,129	16,781	118,113	X X X	
12. Totals	220,256	35,194	134,217	25,207			87,478	7,377	38,780	19,749	412,952	X X X	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	23,544	6,395
2. 2003	240,603	9,403	231,200	64.5	32.0	67.2			84.0	7,536	1,212
3. 2004	221,344	3,832	217,512	51.8	17.9	53.5			84.0	6,558	1,349
4. 2005	288,909	38,803	250,106	63.2	171.9	57.5			84.0	12,459	3,568
5. 2006	278,319	9,531	268,788	57.9	36.7	59.1			84.0	13,926	3,713
6. 2007	307,068	30,913	276,155	62.4	108.2	59.6			84.0	15,428	5,673
7. 2008	427,162	94,401	332,761	86.7	262.9	72.8			84.0	23,125	8,178
8. 2009	360,692	14,458	346,234	73.1	35.3	76.5			84.0	33,259	10,443
9. 2010	383,864	29,649	354,215	79.4	59.0	81.8			84.0	33,321	17,971
10. 2011	390,555	34,947	355,608	88.9	76.2	90.4			84.0	45,986	21,194
11. 2012	311,906	10,934	300,972	74.1	21.0	81.6			84.0	78,928	39,184
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	294,071	118,881

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	131,703	155,109	160,893	152,716	146,705	153,437	147,739	145,961	144,745	147,472	2,726	1,511
2. 2003	204,527	215,140	214,770	219,202	212,584	214,707	212,258	214,040	213,195	213,728	533	(312)
3. 2004	X X X	219,543	217,533	208,552	212,672	202,981	199,372	198,157	197,121	197,524	403	(634)
4. 2005	X X X	X X X	244,328	233,697	229,488	240,860	230,028	226,872	222,639	227,686	5,047	815
5. 2006	X X X	X X X	X X X	248,976	243,558	243,870	261,666	252,897	245,339	244,041	(1,298)	(8,856)
6. 2007	X X X	X X X	X X X	X X X	265,120	266,997	261,135	273,023	256,608	251,274	(5,333)	(21,748)
7. 2008	X X X	X X X	X X X	X X X	X X X	319,065	317,580	314,716	321,335	306,821	(14,515)	(7,896)
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	324,103	333,962	319,349	321,783	2,434	(12,179)
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	344,392	336,703	329,524	(7,178)	(14,868)
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	335,116	329,918	(5,199)	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	262,945	X X X	X X X
12. TOTALS											(22,380)	(64,166)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	44,339	71,218	89,023	96,795	105,397	109,871	114,515	115,887	117,726	X X X	X X X
2. 2003	117,927	152,740	169,130	182,047	190,947	196,872	201,348	203,058	204,059	205,020	X X X	X X X
3. 2004	X X X	106,029	144,727	161,228	173,652	182,272	185,353	188,186	188,854	189,661	X X X	X X X
4. 2005	X X X	X X X	118,963	159,896	179,149	192,878	203,251	207,381	210,065	211,792	X X X	X X X
5. 2006	X X X	X X X	X X X	127,902	170,956	193,543	210,616	219,184	223,153	226,595	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	131,002	177,536	200,958	216,916	225,435	230,340	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	165,966	224,060	251,824	269,450	275,974	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	182,099	244,334	267,050	279,246	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	197,330	258,566	281,438	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	218,397	269,790	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	170,961	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	51,834	40,632	40,724	28,265	22,110	23,150	17,052	18,792	16,515	20,090
2. 2003	39,240	22,709	10,697	15,368	8,419	7,240	4,177	5,186	4,743	4,689
3. 2004	X X X	49,464	29,662	16,394	19,296	11,477	7,345	5,023	4,935	4,314
4. 2005	X X X	X X X	60,229	34,226	23,631	27,202	15,931	10,620	6,069	10,062
5. 2006	X X X	X X X	X X X	58,496	36,394	22,050	32,683	19,997	11,456	10,201
6. 2007	X X X	X X X	X X X	X X X	71,373	47,186	26,211	31,975	16,307	13,877
7. 2008	X X X	X X X	X X X	X X X	X X X	85,736	50,538	30,142	27,979	19,115
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	77,107	50,692	25,836	28,398
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	78,109	36,469	25,934
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	51,704	22,621
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	31,641

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

	States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
			2 Direct Premiums Written	3 Direct Premiums Earned						
			1.	Alabama (AL)						
2.	Alaska (AK)	N								
3.	Arizona (AZ)	L	17,227,647	17,703,032		11,793,555	14,825,394	15,048,247	133,237	
4.	Arkansas (AR)	N								
5.	California (CA)	L				206,571	(1,620,146)	3,760,799		
6.	Colorado (CO)	L	6,193,305	5,975,663		6,163,015	6,791,519	3,119,293	26,402	
7.	Connecticut (CT)	L	21,287,137	21,601,197	97,405	12,000,495	11,037,209	17,075,862	160,646	
8.	Delaware (DE)	L								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N				(9,588)	(9,011)	427,698		
11.	Georgia (GA)	L	50,418,356	50,035,056		25,596,591	24,053,317	19,449,955	267,550	
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	L	12,811,640	12,126,504		11,101,459	5,786,693	43,979,874	78,751	
15.	Indiana (IN)	L	21,088,145	21,625,441		13,888,628	29,202,718	31,434,368	154,797	
16.	Iowa (IA)	L								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	L	11,907	13,240			(105,222)		200	
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	L	7,575,799	8,065,394	34,239	5,084,848	4,768,351	18,089,303	38,703	
23.	Michigan (MI)	L	10,011,889	7,973,715		3,675,325	3,925,880	3,419,249	60,403	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	L	65,168	68,417			(14,351)		88	
30.	New Hampshire (NH)	L	7,269,487	7,122,455	19,660	2,837,429	944,201	4,445,499	35,492	
31.	New Jersey (NJ)	L	(23,488)	(14,753)		2,610,345	1,493,344	21,176,079		
32.	New Mexico (NM)	L	9,931,812	10,227,382		6,493,966	3,936,896	12,600,182	56,140	
33.	New York (NY)	L	16,144,957	15,948,661		8,402,933	7,649,848	19,804,578	128,084	
34.	North Carolina (NC)	L	60,713,568	60,400,635		43,174,710	34,180,370	27,115,675	338,556	
35.	North Dakota (ND)	N								
36.	Ohio (OH)	L	67,962,816	67,607,044		46,485,243	35,835,617	36,040,142	478,865	
37.	Oklahoma (OK)	L	12,866,500	13,244,280		11,795,125	9,726,614	7,561,156	50,878	
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	L	31,264	32,066		20,356	20,356		160	
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	L	11,617,656	11,170,543		7,368,422	6,089,139	11,023,560	46,692	
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	L	18,817,554	18,148,903		18,518,602	17,081,693	8,519,817	117,844	
44.	Texas (TX)	L	97,894,187	96,876,847		59,090,269	53,395,087	28,506,135	555,843	
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	L	19,363,929	19,369,509	490	11,438,387	10,139,411	9,183,481	139,173	
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	L								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	TOTALS	(a) 26	469,281,235	465,321,231	151,794	307,736,686	279,134,927	341,780,952	2,868,504	

**DETAILS OF WRITE-INS**

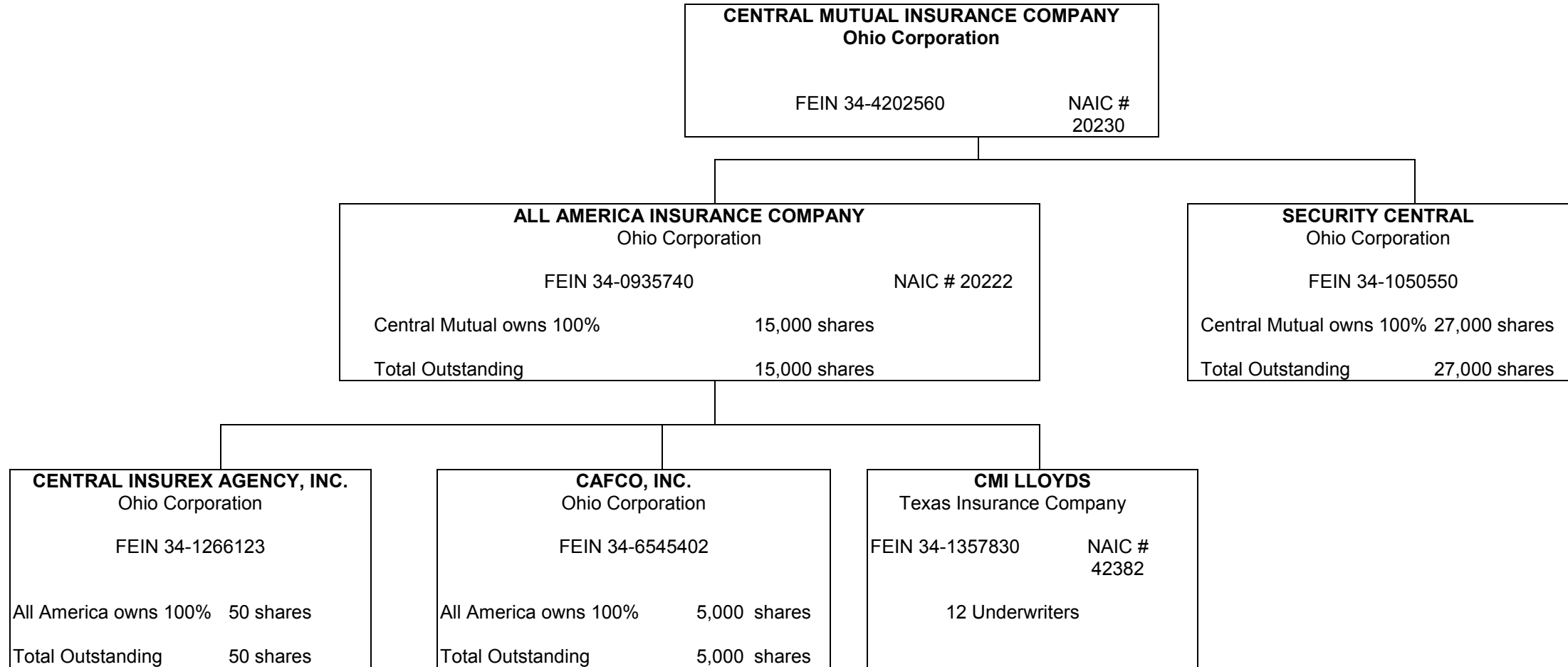
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

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

Explanation of basis of allocation of premiums by states, etc.: PREMIUMS ARE ALLOCATED ACCORDING TO THE FOLLOWING: WORKERS' COMPENSATION-THE LOCATIONS OF THE INSURED'S OPERATIONS; AUTOMOBILE LIABILITY AND AUTOMOBILE PHYSICAL DAMAGE-THE LOCATION OF THE PRINCIPAL GARAGE; GROUP ACCIDENT AND HEALTH AND OTHER ACCIDENT AND HEALTH-THE ADDRESS OF THE INSURED'S RESIDENCE; FIDELITY-THE LOCATION OF THE EMPLOYER OR INSURED; SURETY-THE PRINCIPAL, THE COURT, THE OBLIGEE, OR WORK. ALL OTHER PREMIUMS-THE LOCATIONS OF THE RISK.

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



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