



ANNUAL STATEMENT

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

Century Surety Company

NAIC Group Code.....0748, 0748 (Current Period) (Prior Period)	NAIC Company Code..... 36951	Employer's ID Number..... 31-0936702
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... June 22, 1978	Commenced Business..... August 11, 1978	
Statutory Home Office	465 Cleveland Avenue..... Westerville OH US 43082 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	465 Cleveland Avenue..... Westerville OH US..... 43082 (Street and Number) (City or Town, State, Country and Zip Code)	614-895-2000 (Area Code) (Telephone Number)
Mail Address	465 Cleveland Avenue..... Westerville OH US 43082 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	26255 American Drive..... Southfield MI US 48034 (Street and Number) (City or Town, State, Country and Zip Code)	248-358-1100 (Area Code) (Telephone Number)
Internet Web Site Address	www.meadowbrook.com	
Statutory Statement Contact	Kimberlee A. Arnold (Name) karnold@meadowbrook.com (E-Mail Address)	248-358-1100-8102 (Area Code) (Telephone Number) (Extension) 248-358-1614 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Christopher John Timm	President	2. Michael Gerard Costello	Secretary
3. Steven Christopher Divine	Treasurer	4.	

OTHER

Michael Gerard Costello	Sr. VP & General Counsel	Robert Samuel Cubbin	Chairman
Steven Christopher Divine	Vice President	Karen Marwell Spaun	Vice President
Nathan Karl Voorhis	Vice President	Angelo Lovell Williams	Vice President

DIRECTORS OR TRUSTEES

Robert Samuel Cubbin-Chairman	James Michael Mahoney	Archie Stephen McIntyre	Karen Marwell Spaun
Christopher John Timm	Nathan Karl Voorhis	Angelo Lovell Williams	

State of..... Michigan
County of..... Oakland

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

(Signature) Christopher John Timm	(Signature) Michael Gerard Costello	(Signature) Steven Christopher Divine
1. (Printed Name) President	2. (Printed Name) Secretary	3. (Printed Name) Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	326,931,297		326,931,297	376,482,837
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	10,347,410		10,347,410	13,838,129
2.2 Common stocks.....	51,220,707		51,220,707	50,477,509
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....2,753,470, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....113,392,117, Schedule DA)....	116,145,587		116,145,587	16,661,523
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	3,063,726		3,063,726	
9. Receivables for securities.....			0	275,000
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	507,708,728	0	507,708,728	457,734,998
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,901,053		2,901,053	4,051,741
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	49,996,098	501,204	49,494,894	61,231,429
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	78,862		78,862	709,695
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	37,215,823		37,215,823	35,900,501
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	3,555,580		3,555,580	3,959,021
18.2 Net deferred tax asset.....	19,869,015	5,911,912	13,957,103	13,272,949
19. Guaranty funds receivable or on deposit.....	345		345	505
20. Electronic data processing equipment and software.....	146,320	146,313	7	7
21. Furniture and equipment, including health care delivery assets (\$.....0).....	10,569	10,569	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	49,219		49,219	5,587
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	2,443,785	30,000	2,413,785	2,292,768
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	623,975,397	6,599,998	617,375,399	579,159,202
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	623,975,397	6,599,998	617,375,399	579,159,202
DETAILS OF WRITE-INS				
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Miscellaneous Receivable.....	2,041,482		2,041,482	1,839,861
2502. Goodwill.....	122,302		122,302	172,906
2503. Security Deposits.....	280,000	30,000	250,000	280,000
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,443,785	30,000	2,413,785	2,292,768

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	241,789,564	196,222,321
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	39,083,300	32,798,154
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	68,449,753	56,910,319
4. Commissions payable, contingent commissions and other similar charges.....	829,626	902,080
5. Other expenses (excluding taxes, licenses and fees).....	133,721	74,295
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	906,020	783,048
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 \$....109,239,413 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).....	86,116,475	102,615,735
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	12,993,344	27,415,359
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	1,469,414	2,594,469
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	1,938,286	1,919,971
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	504,313	691,345
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	454,213,815	422,927,095
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	454,213,815	422,927,095
29. Aggregate write-ins for special surplus funds.....	0	3,235,047
30. Common capital stock.....	3,000,000	3,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	104,914,779	104,914,779
35. Unassigned funds (surplus).....	55,246,806	45,082,281
36. Less treasury stock, at cost:		
36.1 0.000 shares common (value included in Line 30 \$.....0).....		
36.2 0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	163,161,584	156,232,107
38. TOTALS (Page 2, Line 28, Col. 3).....	617,375,399	579,159,202

DETAILS OF WRITE-INS

2501. Miscellaneous Payables.....	439,573	601,263
2502. Escheat Claims.....	64,740	90,082
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	504,313	691,345
2901. Additional admitted deferred tax assets – SSAP 10R.....		3,235,047
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	3,235,047
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

UNDERWRITING INCOME		1	2
		Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....	248,333,179	214,803,237
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7).....	153,199,629	110,092,676
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	43,794,329	31,371,164
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	70,101,615	73,546,610
5.	Aggregate write-ins for underwriting deductions.....	0	0
6.	Total underwriting deductions (Lines 2 through 5).....	267,095,573	215,010,450
7.	Net income of protected cells.....		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(18,762,394)	(207,213)
INVESTMENT INCOME			
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....	15,893,090	16,676,299
10.	Net realized capital gains (losses) less capital gains tax of \$.....4,190,901 (Exhibit of Capital Gains (Losses)).....	16,861,571	1,969,324
11.	Net investment gain (loss) (Lines 9 + 10).....	32,754,661	18,645,623
OTHER INCOME			
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....877,467).....	(877,467)	(815,518)
13.	Finance and service charges not included in premiums.....		
14.	Aggregate write-ins for miscellaneous income.....	55,686	62,240
15.	Total other income (Lines 12 through 14).....	(821,781)	(753,278)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	13,170,485	17,685,132
17.	Dividends to policyholders.....		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	13,170,485	17,685,132
19.	Federal and foreign income taxes incurred.....	(2,157,460)	5,322,219
20.	Net income (Line 18 minus Line 19) (to Line 22).....	15,327,945	12,362,913
CAPITAL AND SURPLUS ACCOUNT			
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	156,232,107	144,140,581
22.	Net income (from Line 20).....	15,327,945	12,362,913
23.	Net transfers (to) from Protected Cell accounts.....		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$....514,078.....	2,522,104	2,433,770
25.	Change in net unrealized foreign exchange capital gain (loss).....		
26.	Change in net deferred income tax.....	1,495,300	1,069,570
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	107,340	(500,790)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29.	Change in surplus notes.....		
30.	Surplus (contributed to) withdrawn from protected cells.....		
31.	Cumulative effect of changes in accounting principles.....		
32.	Capital changes:		
32.1	Paid in.....		
32.2	Transferred from surplus (Stock Dividend).....		
32.3	Transferred to surplus.....		
33.	Surplus adjustments:		
33.1	Paid in.....		
33.2	Transferred to capital (Stock Dividend).....		
33.3.	Transferred from capital.....		
34.	Net remittances from or (to) Home Office.....		
35.	Dividends to stockholders.....	(12,523,211)	(3,100,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37.	Aggregate write-ins for gains and losses in surplus.....	0	(173,938)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....	6,929,477	12,091,525
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	163,161,584	156,232,107
DETAILS OF WRITE-INS			
0501.	.....		
0502.	.....		
0503.	.....		
0598.	Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401.	Miscellaneous Income.....	55,686	62,240
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	55,686	62,240
3701.	Additional admitted deferred tax assets – SSAP 10R.....		(173,938)
3702.	.....		
3703.	.....		
3798.	Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	(173,938)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	230,007,885	220,743,351
2. Net investment income.....	19,418,429	18,382,050
3. Miscellaneous income.....	(821,781)	(753,278)
4. Total (Lines 1 through 3).....	248,604,533	238,372,123
5. Benefit and loss related payments.....	102,662,562	89,550,992
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	102,246,410	100,341,886
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....4,190,901 tax on capital gains (losses).....	1,630,000	6,000,000
10. Total (Lines 5 through 9).....	206,538,972	195,892,878
11. Net cash from operations (Line 4 minus Line 10).....	42,065,561	42,479,246
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	244,330,813	47,823,153
12.2 Stocks.....	6,345,998	700,000
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.....	275,000	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	250,951,811	48,523,153
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	176,142,551	76,168,313
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	3,525,118	
13.6 Miscellaneous applications.....		275,000
13.7 Total investments acquired (Lines 13.1 to 13.6).....	179,667,669	76,443,313
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	71,284,142	(27,920,160)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	12,523,211	3,100,000
16.6 Other cash provided (applied).....	(1,342,428)	140,106
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(13,865,639)	(2,959,894)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	99,484,064	11,599,191
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	16,661,523	5,062,332
19.2 End of year (Line 18 plus Line 19.1).....	116,145,587	16,661,523
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 .....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	3,838,455	2,381,578	1,094,414	5,125,619
2.	Allied lines.....	839,017	561,776	302,434	1,098,360
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....				0
5.	Commercial multiple peril.....	30,711,719	19,336,253	15,883,077	34,164,895
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	1,641,388	518,878	744,259	1,416,006
9.	Inland marine.....	3,416,348	1,398,940	867,238	3,948,049
10.	Financial guaranty.....				0
11.1	Medical professional liability - occurrence.....	172,285	179,554	78,337	273,502
11.2	Medical professional liability - claims-made.....	2,438,584	1,891,421	1,027,409	3,302,595
12.	Earthquake.....				0
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....				0
16.	Workers' compensation.....	100,289,172	33,918,818	30,066,712	104,141,279
17.1	Other liability - occurrence.....	33,647,260	15,015,064	15,619,118	33,043,207
17.2	Other liability - claims-made.....	5,166,997	2,502,345	1,693,720	5,975,622
17.3	Excess workers' compensation.....	15,238,834	6,712,098	7,267,795	14,683,137
18.1	Products liability - occurrence.....	1,104,835	475,987	545,139	1,035,683
18.2	Products liability - claims-made.....	85,718	19,690	9,207	96,201
19.1, 19.2	Private passenger auto liability.....	279,800	256,238	132,362	403,676
19.3, 19.4	Commercial auto liability.....	22,926,817	12,153,917	6,672,608	28,408,126
21.	Auto physical damage.....	5,520,132	3,095,178	1,614,962	7,000,348
22.	Aircraft (all perils).....	3,243,517	1,742,320	1,955,943	3,029,894
23.	Fidelity.....	5,080	3,592	3,257	5,415
24.	Surety.....	1,171,539	418,591	508,652	1,081,478
26.	Burglary and theft.....				0
27.	Boiler and machinery.....	96,423	33,496	29,833	100,086
28.	Credit.....				0
29.	International.....				0
30.	Warranty.....				0
31.	Reinsurance - nonproportional assumed property.....				0
32.	Reinsurance - nonproportional assumed liability.....				0
33.	Reinsurance - nonproportional assumed financial lines.....				0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	231,833,919	102,615,735	86,116,475	248,333,178

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	1,094,414				1,094,414
2.	Allied lines.....	302,434				302,434
3.	Farmowners multiple peril.....					.0
4.	Homeowners multiple peril.....					.0
5.	Commercial multiple peril.....	15,883,077				15,883,077
6.	Mortgage guaranty.....					.0
8.	Ocean marine.....	744,259				744,259
9.	Inland marine.....	867,238				867,238
10.	Financial guaranty.....					.0
11.1	Medical professional liability - occurrence.....	78,337				78,337
11.2	Medical professional liability - claims-made.....	854,465	172,944			1,027,409
12.	Earthquake.....					.0
13.	Group accident and health.....					.0
14.	Credit accident and health (group and individual).....					.0
15.	Other accident and health.....					.0
16.	Workers' compensation.....	30,066,712				30,066,712
17.1	Other liability - occurrence.....	15,619,118				15,619,118
17.2	Other liability - claims-made.....	1,693,720				1,693,720
17.3	Excess workers' compensation.....	7,267,795				7,267,795
18.1	Products liability - occurrence.....	545,139				545,139
18.2	Products liability - claims-made.....	9,207				9,207
19.1, 19.2	Private passenger auto liability.....	132,362				132,362
19.3, 19.4	Commercial auto liability.....	6,672,608				6,672,608
21.	Auto physical damage.....	1,614,962				1,614,962
22.	Aircraft (all perils).....	1,955,943				1,955,943
23.	Fidelity.....	3,257				3,257
24.	Surety.....	508,652				508,652
26.	Burglary and theft.....					.0
27.	Boiler and machinery.....	29,833				29,833
28.	Credit.....					.0
29.	International.....					.0
30.	Warranty.....					.0
31.	Reinsurance - nonproportional assumed property.....					.0
32.	Reinsurance - nonproportional assumed liability.....					.0
33.	Reinsurance - nonproportional assumed financial lines.....					.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
35.	TOTALS.....	85,943,531	172,944	.0	.0	86,116,475
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					.0
38.	Balance (sum of Lines 35 through 37).....					86,116,475

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1	Reinsurance Assumed		Reinsurance Ceded		6
		Direct Business (a)	2	3	4	5	Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
			From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	
1.	Fire.....	18,291,251	3,838,455		18,291,251		3,838,455
2.	Allied lines.....	4,081,877	839,017		4,081,877		839,017
3.	Farmowners multiple peril.....						.0
4.	Homeowners multiple peril.....						.0
5.	Commercial multiple peril.....	58,634,590	30,711,719		58,634,590		30,711,719
6.	Mortgage guaranty.....						.0
8.	Ocean marine.....	2,034,451	1,641,388		2,034,451		1,641,388
9.	Inland marine.....	2,098,788	3,416,348		2,098,788		3,416,348
10.	Financial guaranty.....						.0
11.1	Medical professional liability - occurrence.....		172,285				172,285
11.2	Medical professional liability - claims-made.....		2,438,584				2,438,584
12.	Earthquake.....						.0
13.	Group accident and health.....						.0
14.	Credit accident and health (group and individual).....						.0
15.	Other accident and health.....						.0
16.	Workers' compensation.....		100,289,172				100,289,172
17.1	Other liability - occurrence.....	93,465,893	33,647,260		93,465,893		33,647,260
17.2	Other liability - claims-made.....	15,701,873	5,166,997		15,701,873		5,166,997
17.3	Excess workers' compensation.....		15,238,834				15,238,834
18.1	Products liability - occurrence.....	1,328,628	1,104,835		1,328,628		1,104,835
18.2	Products liability - claims-made.....	19,534	85,718		19,534		85,718
19.1, 19.2	Private passenger auto liability.....		279,800				279,800
19.3, 19.4	Commercial auto liability.....	14,922,138	22,926,817		14,922,138		22,926,817
21.	Auto physical damage.....	5,393,151	5,520,132		5,393,151		5,520,132
22.	Aircraft (all perils).....		3,243,517				3,243,517
23.	Fidelity.....	2,399	5,080		2,399		5,080
24.	Surety.....	126,819	1,171,539		126,819		1,171,539
26.	Burglary and theft.....						.0
27.	Boiler and machinery.....	385,855	96,423		385,855		96,423
28.	Credit.....						.0
29.	International.....						.0
30.	Warranty.....						.0
31.	Reinsurance - nonproportional assumed property.....	.XXX					.0
32.	Reinsurance - nonproportional assumed liability.....	.XXX					.0
33.	Reinsurance - nonproportional assumed financial lines.....	.XXX					.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35.	TOTALS.....	216,487,248	231,833,919	.0	216,487,248	.0	231,833,919

DETAILS OF WRITE-INS

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

(a) 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

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....	5,096,973	1,413,297	5,096,973	1,413,297	686,792	517,714	1,582,375	30.9
2.	Allied lines.....	7,282,890	2,263,178	7,282,890	2,263,178	466,786	740,920	1,989,044	181.1
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....				0	4	2,085	(2,082)	
5.	Commercial multiple peril.....	35,825,165	22,309,350	35,825,165	22,309,350	33,184,603	29,259,120	26,234,833	76.8
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....	234,407	762,668	234,407	762,668	1,144,600	753,271	1,153,996	81.5
9.	Inland marine.....	535,161	1,909,610	535,161	1,909,610	499,101	462,193	1,946,518	49.3
10.	Financial guaranty.....				0			0	
11.1	Medical professional liability - occurrence.....		223,839		223,839	443,496	640,827	26,508	9.7
11.2	Medical professional liability - claims-made.....		767,884		767,884	1,559,944	1,566,418	761,410	23.1
12.	Earthquake.....				0			0	
13.	Group accident and health.....				0			0	
14.	Credit accident and health (group and individual).....				0			0	
15.	Other accident and health.....				0			0	
16.	Workers' compensation.....		43,382,318		43,382,318	110,177,594	88,164,020	65,395,892	62.8
17.1	Other liability - occurrence.....	31,099,408	9,761,828	31,099,408	9,761,828	38,492,691	32,708,127	15,546,392	47.1
17.2	Other liability - claims-made.....	3,664,474	1,237,152	3,664,474	1,237,152	3,437,136	2,615,003	2,059,285	34.5
17.3	Excess workers' compensation.....		193,193		193,193	16,529,152	10,384,257	6,338,088	43.2
18.1	Products liability - occurrence.....	134,113	163,803	134,113	163,803	473,863	358,701	278,965	26.9
18.2	Products liability - claims-made.....				0	59,983	48,882	11,102	11.5
19.1, 19.2	Private passenger auto liability.....		397,762		397,762	320,730	392,066	326,427	80.9
19.3, 19.4	Commercial auto liability.....	12,613,750	16,945,203	12,613,750	16,945,203	31,215,516	25,818,598	22,342,121	78.7
21.	Auto physical damage.....	2,024,655	5,298,670	2,024,655	5,298,670	1,158,179	1,267,539	5,189,310	74.1
22.	Aircraft (all perils).....		869,261		869,261	1,456,058	666,205	1,659,115	54.8
23.	Fidelity.....				0	848	531	316	5.8
24.	Surety.....	1,651,642	(266,631)	1,651,642	(266,631)	482,724	(144,157)	360,250	33.3
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....	81,980		81,980	0	(238)		(238)	(0.2)
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35.	TOTALS.....	100,244,618	107,632,387	100,244,618	107,632,387	241,789,564	196,222,320	153,199,630	61.7
DETAILS OF WRITE-INS									
3401.	.....				0			0	
3402.	.....				0			0	
3403.	.....				0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded		
1.	Fire.....	2,901,878	404,239	2,901,878	404,239	1,488,408	282,553	1,488,408	686,792	74,748
2.	Allied lines.....	1,377,630	395,488	1,377,630	395,488	672,235	71,298	672,235	466,786	203,661
3.	Farmowners multiple peril.....				0				0	
4.	Homeowners multiple peril.....				0		4		4	3
5.	Commercial multiple peril.....	18,147,419	18,674,294	18,147,419	18,674,294	19,870,712	14,510,309	19,870,712	33,184,603	10,320,794
6.	Mortgage guaranty.....				0				0	
8.	Ocean marine.....	139,034	771,958	139,034	771,958	568,994	372,642	568,994	1,144,600	346,864
9.	Inland marine.....	601,616	279,503	601,616	279,503	118,796	219,598	118,796	499,101	73,355
10.	Financial guaranty.....				0				0	
11.1	Medical professional liability - occurrence.....		81,692		81,692		361,805		443,496	346,986
11.2	Medical professional liability - claims-made.....		901,045		901,045		658,899		1,559,944	779,802
12.	Earthquake.....				0				0	
13.	Group accident and health.....				0				(a)	0
14.	Credit accident and health (group and individual).....				0					0
15.	Other accident and health.....				0				(a)	0
16.	Workers' compensation.....	5,002	57,194,222	5,002	57,194,222		52,983,371		110,177,594	23,599,006
17.1	Other liability - occurrence.....	30,543,306	11,991,727	30,543,306	11,991,727	85,442,035	26,522,810	85,463,881	38,492,691	18,088,646
17.2	Other liability - claims-made.....	2,004,887	1,310,035	2,004,887	1,310,035	5,647,141	2,127,101	5,647,141	3,437,136	1,735,417
17.3	Excess workers' compensation.....		6,138,152		6,138,152		10,391,000		16,529,152	5,114,670
18.1	Products liability - occurrence.....	1,200	73,139	1,200	73,139	384,722	400,725	384,722	473,863	240,014
18.2	Products liability - claims-made.....				0	3,778	59,983	3,778	59,983	38,019
19.1, 19.2	Private passenger auto liability.....		180,710		180,710		140,020		320,730	39,298
19.3, 19.4	Commercial auto liability.....	10,856,588	13,859,702	10,856,588	13,859,702	13,418,667	17,359,633	13,422,487	31,215,516	6,614,658
21.	Auto physical damage.....	414,966	671,328	414,966	671,328	279,667	486,851	279,667	1,158,179	245,749
22.	Aircraft (all perils).....		759,776		759,776		696,282		1,456,058	421,959
23.	Fidelity.....				0	1,540	848	1,540	848	164
24.	Surety.....	1,430,108	206,697	1,430,108	206,697	215,562	293,170	232,704	482,724	165,776
26.	Burglary and theft.....				0				0	
27.	Boiler and machinery.....	5,501	(238)	5,501	(238)	19,362	(0)	19,362	(238)	162
28.	Credit.....				0				0	
29.	International.....				0				0	
30.	Warranty.....				0				0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35.	TOTALS.....	68,429,134	113,893,469	68,429,134	113,893,469	128,131,619	127,938,903	128,174,427	241,789,564	68,449,752
DETAILS OF WRITE-INS										
3401.	.....				0				0	
3402.	.....				0				0	
3403.	.....				0				0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	43,366,517			43,366,517
1.2 Reinsurance assumed.....	37,447,528			37,447,528
1.3 Reinsurance ceded.....	43,357,116			43,357,116
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	37,456,930	0	0	37,456,930
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		53,377,262		53,377,262
2.2 Reinsurance assumed, excluding contingent.....		2,910,585		2,910,585
2.3 Reinsurance ceded, excluding contingent.....		16,168,880		16,168,880
2.4 Contingent - direct.....		264,152		264,152
2.5 Contingent - reinsurance assumed.....		43,593		43,593
2.6 Contingent - reinsurance ceded.....		205,801		205,801
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	40,220,912	0	40,220,912
3. Allowances to manager and agents.....				0
4. Advertising.....	576	71,746		72,322
5. Boards, bureaus and associations.....	7,363	1,822,021		1,829,384
6. Surveys and underwriting reports.....	476	144,762		145,238
7. Audit of assureds' records.....		692,646		692,646
8. Salary and related items:				
8.1 Salaries.....	4,139,501	10,949,563		15,089,064
8.2 Payroll taxes.....	298,470	900,523		1,198,993
9. Employee relations and welfare.....	498,252	1,348,407		1,846,659
10. Insurance.....	65,512	162,422		227,934
11. Directors' fees.....				0
12. Travel and travel items.....	131,668	725,406		857,074
13. Rent and rent items.....	438,743	878,137		1,316,880
14. Equipment.....	230,373	1,223,875		1,454,248
15. Cost or depreciation of EDP equipment and software.....	110,555	1,051,600		1,162,155
16. Printing and stationery.....	41,617	289,487		331,104
17. Postage, telephone and telegraph, exchange and express.....	140,467	326,109		466,576
18. Legal and auditing.....	12,623	572,710		585,332
19. Totals (Lines 3 to 18).....	6,116,196	21,159,414	0	27,275,610
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		5,066,076		5,066,076
20.2 Insurance department licenses and fees.....		265,761		265,761
20.3 Gross guaranty association assessments.....		86,901		86,901
20.4 All other (excluding federal and foreign income and real estate).....		3,263		3,263
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	5,422,001	0	5,422,001
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	221,203	3,299,289	545,215	4,065,707
25. Total expenses incurred.....	43,794,330	70,101,615	545,215	(a) 114,441,160
26. Less unpaid expenses - current year.....	68,449,753	1,869,367		70,319,120
27. Add unpaid expenses - prior year.....	56,910,319	1,759,423		58,669,742
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	32,254,895	69,991,672	545,215	102,791,782

DETAILS OF WRITE-INS

2401. Policy processing expense.....		2,050,451		2,050,451
2402. Consulting expense.....	156,043	539,654		695,698
2403. Miscellaneous expense.....	65,160	709,184	545,215	1,319,559
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	221,203	3,299,289	545,215	4,065,707

(a) Includes management fees of \$.....18,784,022 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).....719,107	650,614
1.1 Bonds exempt from U.S. tax.....	(a).....6,680,436	6,425,193
1.2 Other bonds (unaffiliated).....	(a).....8,473,180	7,622,403
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....897,513	860,144
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	899,375	959,616
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,903	2,856
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	17,671,514	16,520,826
11. Investment expenses.....		(g).....545,215
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....82,521
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		0
16. Total deductions (Lines 11 through 15).....		627,736
17. Net investment income (Line 10 minus Line 16).....		15,893,090

DETAILS OF WRITE-INS

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

- (a) Includes \$.....170,723 accrual of discount less \$.....2,545,375 amortization of premium and less \$.....362,570 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	738,917		738,917	.....	
1.1 Bonds exempt from U.S. tax.....	3,833,628		3,833,628		
1.2 Other bonds (unaffiliated).....	15,997,951		15,997,951	440,877	
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....	341,887		341,887	809,388	
2.11 Preferred stocks of affiliates.....			0		
2.2 Common stocks (unaffiliated).....	140,088		140,088	679,918	
2.21 Common stocks of affiliates.....			0	1,617,994	
3. Mortgage loans.....			0		
4. Real estate.....			0		
5. Contract loans.....			0		
6. Cash, cash equivalents and short-term investments.....			0		
7. Derivative instruments.....			0		
8. Other invested assets.....			0	(461,392)	
9. Aggregate write-ins for capital gains (losses).....	0	0	0	(50,604)	0
10. Total capital gains (losses).....	21,052,472	0	21,052,472	3,036,182	0

DETAILS OF WRITE-INS

0901. Goodwill - PIC.....			0	(50,604)	
0902.			0		
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page..	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	(50,604)	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....		9,200	9,200
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	9,200	9,200
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	501,204	729,816	228,612
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	5,911,912	5,614,843	(297,069)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	146,313	336,926	190,613
21. Furniture and equipment, including health care delivery assets.....	10,569	16,553	5,984
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other than invested assets.....	30,000	0	(30,000)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	6,599,998	6,707,338	107,340
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	6,599,998	6,707,338	107,340

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Security Deposits	30,000		(30,000)
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	30,000	0	(30,000)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The accompanying financial statements of Century Surety Company (“Company”) have been completed in accordance with the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual except to the extent that Ohio state laws and regulations differ. Effective January 1, 2001, the state of Ohio required that insurance companies domiciled in the state of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures manual – Effective January 1, 2001* (NAIC SAP), subject to any deviations prescribed or permitted by the state of Ohio Insurance Commissioner. The Company has no such deviations as of December 31, 2012.

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the scientific method. Bonds with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.
3. Common stocks are stated at fair market value, except for investments in stocks of unconsolidated subsidiaries and affiliates in which the Company has an interest of 10% or more which are reported in accordance with Note 1-C7 below.
4. Redeemable preferred stocks are stated at amortized cost. Perpetual preferred stocks are stated at fair value. Redeemable and perpetual preferred stocks with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.
5. The Company has no mortgage loans.
6. Loan-backed securities are stated at amortized cost. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.

The carrying value and final NAIC designation for non-agency residential mortgage backed securities and commercial mortgage backed securities are determined using a special two-step NAIC process. In the first step, those assigned a NAIC designation of 1 or 2 are stated at amortized cost and those assigned a 3 through 6 designation are stated at the lower of amortized cost or fair value. The NAIC designation assigned under the second step of the process is reported for those securities in Schedule D and is used in the risk-based capital calculation.

7. The Company owns 100% of the common stock of ProCentury Insurance Company, ("ProCentury"). All aforementioned stock is valued at the statutory net worth of the underlying insurance company. Affiliated investments are reported in accordance with SSAP 97-Investment in Subsidiary Controlled and Affiliated Entities.
8. The Company does not have any ownership interests in joint ventures, partnerships, or limited liability companies.
9. The Company does not hold or issue derivative financial instruments.
10. The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
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 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. Capitalization Policy - Not Applicable.
13. Pharmaceutical Rebate Receivables – Not Applicable.
14. The reserve for extended period claims coverage is recorded during the term of the original claims-made policy, in amounts believed to be adequate to pay for estimated future claims reported subsequent to a current policyholders' death, disability or retirement. The net amount of this reserve is \$172,944 at December 31, 2012, and is included in unearned premium on the balance sheet.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

- A. The Company adopted the provisions of SSAP 101 *Income Taxes, a Replacement of SSAP 10R and SSAP 10*, effective January 1, 2012. SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets. The difference between the recalculated amounts as of January 1, 2012, and the amount actually reported in the prior year financial statements is treated as a change in accounting principle in accordance with SSAP 3 Accounting Changes and Corrections of Errors. Due to the fact that the Company had previously adopted SSAP 10R, the adoption of SSAP 101 did not result in a change in accounting principle or a change in unassigned funds as of January 1, 2012.

3. BUSINESS COMBINATIONS AND GOODWILL

- A. Statutory Purchase Method
1. The Company purchased 100% interest of ProCentury Insurance Company formerly known as Fireman's Fund Insurance Company of Texas, on June 1, 2005.
 2. The transaction was accounted for as a statutory purchase.
 3. The cost was \$5,906,049 resulting in goodwill in the amount of \$506,049.
 4. Goodwill is amortized over 10 years. Goodwill amortization relating to the purchase of ProCentury was \$383,747 for the year ended December 31, 2012.
- B. Statutory Mergers - Not applicable.
- C. Impairment Loss - Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

- A. The Company has no mortgage loans, including mezzanine real estate loans.
- B. The Company has not entered into any debt restructuring agreements.
- C. The Company has no reverse mortgages.

NOTES TO FINANCIAL STATEMENTS

D. Loan-backed securities

1.

Our asset manager uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities; inputs come from major third party data providers. The effect of interest rates, volatility, and prepayment speeds are derived using Monte Carlo simulation. Credit loss analysis, resulting effective analytics (spreads, duration, convexity) and cash-flows are reported to clients on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
2.

Securities with a recognized other-than-temporary impairment ("OTTI") where the Company has either the intent to sell or lacks the ability to retain the securities - Not applicable.
3.

Loan-backed securities with a recognized OTTI, currently held by the reporting entity where the present value of the discounted cash flows was/is less than the amortized cost basis of the securities.

CUSIP (6,2,1)			Book/Adj Carry Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized OTTI	Amortized cost after OTTI	Fair Value at time of OTTI	Date of Financial Statement Where Reported
00441R	AJ	6	\$ 422,063	\$ 355,309	\$ 66,754	\$ 355,309	\$ 151,156	12/31/2009
126342	OD	1	\$ 989,799	\$ 1,208,847	\$ (219,048)	\$ 1,208,847	\$ 940,572	9/30/2009
			XXX	XXX	\$ (152,294)	XXX	XXX	XXX

4.

All impaired securities for which an OTTI has not been recognized in earnings as a realized loss including securities with a recognized OTTI for non-interest related declines when a non-recognized interest related impairment remains:

a.

Aggregate amount of unrealized loss

1.

Less than twelve months

\$ (26)

2.

Twelve months or longer

(1,351,539)

3.

Total

\$ (1,351,565)

b.

Aggregate fair value of securities with unrealized loss

1.

Less than twelve months

\$ 384,275

2.

Twelve months or longer

1,398,603

3.

Total

\$ 1,782,878
5.

There are a number of factors that are considered in determining if there is not an OTTI on an investment, including but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.

- E. The Company has no repurchase agreements, reverse repurchase agreements and/or security lending transactions.
- F. The Company does not recognize any impairment loss on real estate, nor does the Company engage in retail land sales operations.
- G. The Company has no investments in low-income housing tax credits.

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

Not applicable.

7. **INVESTMENT INCOME**

A. **Accrued Investment Income**

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. **Amounts Nonadmitted**

Not applicable.

8. **DERIVATIVE INSTRUMENTS**

The Company does not hold or issue derivative instruments.

9. **INCOME TAXES**

A. **Deferred Tax Assets/(Liabilities)**

1. Components of Net Deferred Tax Asset/(Liability) at December 31 are as follows:

	2012			2011			Change		
	1	2	3(Col 1+2)	4	5	6(Col 4+5)	7(Col 1-4)	8 (Col 2-5)	9 (Col 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross deferred tax assets ("DTAs")	19,476,328	1,295,686	20,772,014	18,609,590	6,623,163	25,232,753	866,738	(5,327,477)	(4,460,739)
b. Statutory valuation allowance adjustment	0	591,079	591,079	0	5,394,173	5,394,173	0	(4,803,094)	(4,803,094)
c. Adjusted gross DTAs (1a-1b)	19,476,328	704,607	20,180,935	18,609,590	1,228,990	19,838,580	866,738	(524,383)	342,355
d. DTAs non-admitted	5,207,305	704,607	5,911,912	4,662,254	952,589	5,614,843	545,051	(247,982)	297,069
e. Subtotal net admitted adjusted gross DTAs (1c-1d)	14,269,023	0	14,269,023	13,947,336	276,401	14,223,737	321,687	(276,401)	45,286
f. Deferred tax liabilities ("DTLs")	311,920	0	311,920	950,788	0	950,788	(638,868)	0	(638,868)
g. Net admitted DTA/(net DTL) (1e-1f)	13,957,103	0	13,957,103	12,996,548	276,401	13,272,949	960,555	(276,401)	684,154

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

	2012			2011			Change		
	1	2	3(Col 1+2)	4	5	6(Col 4+5)	7(Col 1-4)	8 (Col 2-5)	9 (Col 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	5,992,302	0	5,992,302	12,996,548	0	12,996,548	(7,004,246)	0	(7,004,246)
b. Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below):	7,964,801	0	7,964,801	0	276,401	276,401	7,964,801	(276,401)	7,688,400
1. Adjusted gross DTAs expected to be realized following the balance sheet date	7,964,801	0	7,964,801	0	276,401	276,401	7,964,801	(276,401)	7,688,400
2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	22,362,326	XXX	XXX	20,688,540	XXX	XXX	1,673,786
c. Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	311,920	0	311,920	950,788	0	950,788	(638,868)	0	(638,868)
d. DTAs admitted as the result of application of SSAP 101. Total 2(a)+2(b)+2(c)	14,269,023	0	14,269,023	13,947,336	276,401	14,223,737	321,687	(276,401)	45,286

3. Other Admissibility Criteria

Description	2012	2011
a. Ratio percentage used to determine recovery period and threshold limitation amount	366%	409%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	149,082,172	137,923,599

4. Impact of Tax Planning Strategies

	2012			2011			Change		
	1	2	3	4	5	6	7(Col 1-4)	8 (Col 2-5)	9(Col 3-6)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Adjusted Gross DTA’s (% of total adjusted gross DTA’s)	0.0%	0.0%	0.0%	0.0%	50.0%	3.0%	0.0%	-50.0%	-3.0%
b. Net admitted adjusted gross DTA’s (% of total net admitted adjusted gross DTA’s)	0.0%	0.0%	0.0%	0.0%	100.0%	2.0%	0.0%	-100.0%	-2.0%

c. Do the company's tax-planning strategies include the use of reinsurance? Yes[] No[X]

- B. Deferred Tax Liabilities Not Recognized - Not applicable
- C. Current and deferred income taxes incurred consist of the following major components:
1. Current Income Tax

	1	2	3
	2012	2011	(Col 1-2) Change
a. Federal	(1,605,076)	6,108,345	(7,713,421)
b. Foreign	0	0	0
c. Subtotal	(1,605,076)	6,108,345	(7,713,421)
d. Federal income tax on net capital gains	4,190,901	0	4,190,901
e. Utilization of capital loss carry-forwards	(1,589,862)	0	(1,589,862)
f. Other (prior year over/under accruals)	1,037,478	(786,126)	1,823,604
g. Federal and Foreign income taxes incurred	2,033,441	5,322,219	(3,288,778)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1	2	3
	2012	2011	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	12,379,337	10,653,396	1,725,941
2. Unearned premium reserves	6,028,152	7,183,101	(1,154,949)
3. Policyholder reserves	0	0	0
4. Investments	0	241,040	(241,040)
5. Deferred acquisition costs	0	0	0
6. Policyholders dividend accrual	0	0	0
7. Fixed assets	0	102,570	(102,570)
8. Compensation and benefits accrual	0	0	0
9. Pension accrual	0	0	0
10. Non-admitted assets	240,830	382,373	(141,543)
11. Net operating loss carry-forward	0	0	0
12. Tax credit carry-forward	0	0	0
13. Other (including items <5% of total ordinary tax assets)	828,009	47,110	780,899
99. Subtotal	19,476,328	18,609,590	866,738
b. Statutory valuation allowance adjustment	0	0	0
c. Non-admitted	5,207,305	4,662,254	545,051
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	14,269,023	13,947,336	321,687
e. Capital:			
1. Investments	1,267,363	6,006,611	(4,739,248)
2. Net capital loss carry-forward	0	616,552	(616,552)
3. Real estate	0	0	0
4. Other (including items <5% of total capital tax assets)	28,323	0	28,323
99. Subtotal	1,295,686	6,623,163	(5,327,477)
f. Statutory valuation allowance adjustment	591,079	5,394,173	(4,803,094)
g. Non-admitted	704,607	952,589	(247,982)
h. Admitted capital deferred tax assets (2e99-2f-2g)	0	276,401	(276,401)
i. Admitted deferred tax assets (2d+2h)	14,269,023	14,223,737	45,286

3. Deferred Tax Liabilities

	1	2	3
	2012	2011	(Col 1-2) Change
a. Ordinary:			
1. Investments	40,032	0	40,032
2. Fixed assets	47,772	0	47,772
3. Deferred and uncollected premium	0	0	0
4. Policyholder reserves	0	0	0
5. Other (including items <5% of total ordinary tax liabilities)	0	785,504	(785,504)
6. Discount of accrued salvage and subrogation	224,116	165,284	58,832
99. Subtotal	311,920	950,788	(638,868)
b. Capital:			
1. Investments	0	0	0
2. Real estate	0	0	0
3. Other (including items <5% of total capital tax liabilities)	0	0	0
99. Subtotal	0	0	0
c. Deferred tax liabilities (3a99+3b99)	311,920	950,788	(638,868)

4. Deferred Tax Assets (2i-3c) \$ 13,957,103 \$ 13,272,949 \$ 684,154

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

Among the more significant book to tax adjustments were the following:

	2012		
	Gross Amount	Tax Effect @ 35%	Effective Tax Rate (%)
Provision computed at statutory rate	17,361,386	6,076,485	35.00%
Change in non-admitted assets	404,409	141,543	0.82%
Tax exempt income deduction	(6,424,989)	(2,248,746)	-12.95%
Dividends received deduction	(406,444)	(142,255)	-0.82%
Proration of tax exempt investment income & dividends	1,024,715	358,650	2.07%
Accrual adjustment – prior year	3,255,717	1,139,501	6.56%
Change in statutory valuation allowance adjustment	(13,723,126)	(4,803,094)	-27.67%
Other – non-deductible expenses	45,869	16,057	0.09%
Total	1,537,537	538,141	3.10%
Federal and foreign income taxes incurred		(2,157,460)	-12.43%
Realized capital gains (losses) tax		4,190,901	24.14%
Change in net deferred income taxes		(1,495,300)	-8.61%
Total statutory income taxes		\$ 538,141	3.10%

NOTES TO FINANCIAL STATEMENTS

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

- 1. At December 31, 2012, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
- 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	\$ 995,963
2011	\$ 4,996,339

- 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: Meadowbrook Insurance Group, Inc. (Parent), Meadowbrook, Inc., Preferred Insurance Agency, Inc., Preferred Comp Insurance Agency of New Hampshire, TPA Insurance Agency, Inc., TPA Insurance Agency of New Hampshire, Inc., Florida Preferred Administrators, Inc., Meadowbrook Intermediaries, Inc., Meadowbrook Risk Management, Ltd., Meadowbrook of Nevada, Inc., Meadowbrook Insurance Agency, Inc., Meadowbrook of Florida, Inc., Meadowbrook Insurance, Inc., Medical Professional Liability Risk Purchasing Group, Inc., MarketPlus Insurance Agency, Inc., Crest Financial Corporation, Commercial Carriers Insurance Agency, Inc., Interline Insurance Services, Inc., Liberty Premium Finance, Inc., American Highway Carriers Association, Star Insurance Company, Ameritrust Insurance Corporation, Savers Property and Casualty Insurance Company, ProCentury Corporation, ProCentury Risk Partners Insurance Company, EnStar Underwriters, Inc., ProCentury Insurance Company, Williamsburg National Insurance Company, and CSC Insurance Agency, Inc.
- 2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return.

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any 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. The Company is a wholly owned subsidiary of ProCentury Corporation, which is wholly owned by Meadowbrook Insurance Group, Inc. ("MIGI"), a company domiciled in the State of Michigan.
- B. The following is a list of transactions between the Company and its affiliates on a pre-pooled basis, excluding reinsurance transactions and any non-insurance transactions which involve less than ½ of 1% of total assets of the reporting entity:

Affiliate	Date of Transaction	Explanation	2012 Amount Paid (From)/To Company	2011 Amount Paid (From)/To Company
Meadowbrook, Inc.	Various	Internal Admin. Costs	\$ (26,151,301)	\$ (25,873,776)

- C. The Management Services Agreement ("Agreement") currently is effective July 1, 2011 through June 30, 2014. If the Agreement is not terminated by the parties, it automatically extends for additional three (3) year periods thereafter. The terms of the Intercompany Loan Agreement were changed effective December 1, 2011 to include Meadowbrook Insurance Group, Inc. ("MIGI") and all of its insurance affiliates.
- D. At December 31, 2012, the Company reported \$49,219 and \$5,587 due from parent, subsidiaries and affiliates, in the current and prior years, respectively and \$1,938,286 and \$1,919,971 due to parent, subsidiaries and affiliates, in the current and prior years, respectively pursuant to the Intercompany Loan Agreement. Intercompany balances between parent, subsidiaries and affiliates are settled on a monthly basis.
- E. Guarantees or Undertakings for Related Parties - Not applicable (see Note 14A).
- F. The Company does not directly hire employees. Rather, the Company entered into the Agreement with Meadowbrook, Inc. and affiliates, which provides the accounting, financial reporting, underwriting, compliance, reinsurance, sales, claims, loss prevention, and general management services for the Company. Fees paid to Meadowbrook, Inc. and affiliates are determined on a monthly basis, based on the actual costs associated with overall administration of all programs. On a pre-pooled basis, the Company directly incurred \$26,151,301 and \$25,873,776, in the current and prior years, respectively, of such expenses as of December 31, 2012.

Effective October 1, 2009 the Company entered into a new Agency Agreement with Meadowbrook, Inc. and its affiliates or subsidiaries (the "Agent") whereby the Company pays the Agent a commission for the production of premium. As of December 31, 2012, the Company has paid the Agent \$191,625 and \$323,672, in the current and prior years, respectively, in commissions.

In addition, the Company's federal income tax return is consolidated with the entities referenced in Note 9(F) above. Pursuant to the Tax Allocation Agreement, the Company incurred \$2,033,441and \$5,322,219, in the current and prior years, respectively, of tax expense during the year, to be remitted to the ultimate parent, MIGI.

- G. All outstanding shares of the Company are owned by MIGI, a Michigan corporation.
- H. The Company does not own any shares of stock of its ultimate parent, MIGI. Therefore, there are no amounts to deduct for investment in an upstream company.
- I. The Company owns 100% of the common stock of ProCentury Insurance Company. The Company's investment in each of the aforementioned companies does not individually exceed 10% of admitted assets as of December 31, 2012.
- J. Investments in Impaired SCA Entities - Not applicable.
- K. Investments in Foreign SCA Entities - Not applicable.
- L. Valuation of Downstream Holding Companies - Not applicable.

11. DEBT

- A. The Company has no capital note obligations, debentures, commercial paper, bank loans or lines of credit outstanding at December 31, 2012.
- B. Funding Agreements issued to Federal Home Loan Bank (FHLB) - Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS
Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. The Company has 500 common stock shares authorized (with par value of \$10,000.00), 300 shares which are issued and outstanding. The Company has no preferred shares authorized, issued, or outstanding.

B. The dividend rate, liquidation value and redemption schedule (including prices and dates) of any preferred issues - Not applicable.

C. Dividends on common stock are paid as declared by the Board of Directors of the Company. Without prior approval of its domiciliary commissioner, Ohio law limits dividends to shareholders to the greater of 10% of the prior year policyholders' surplus less dividends paid in the prior twelve months or the prior year net income (excluding realized capital gains) less dividends paid in the prior twelve months. These dividends are further limited by a clause in the Ohio law, which prohibits an insurer from declaring dividends unless the value of assets remaining is at least equal to the aggregate amount of debts and liabilities, including capital.

D. The Company paid ordinary dividends, not requiring regulatory approval, of \$12,523,211 to ProCentury Corporation on March 30, 2012.

E. Within the limitations of (C) above, the maximum ordinary dividend payment allowed to shareholders as of December 31, 2012, without prior regulatory approval, is \$3,100,000 after considering the ordinary dividend payment per (D) above.

F. Unassigned surplus funds are held for the benefit of the Company's shareholders.

G. The Company has no advances to surplus not repaid.

H. There is no stock held by the Company, including stock of affiliated companies, for special purposes.

I. With the exception of the required reporting related to SSAP 101, the Company does not have any special surplus funds.

J. The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$9,032,035.

K. The Company has no surplus debentures outstanding.

L and M. The Company has not been involved in any quasi-reorganizations.
14. **CONTINGENCIES**

A. The Company has no material contingent commitments to a SCA entity, joint venture, partnership, or limited liability company, nor any contingent commitments attributable to low income housing tax credit properties as of December 31, 2012.

B. Guaranty Fund and Other Assessments

1. Liability and related Assets

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of the insolvencies. These assessments do not have a material impact on the financial statements. Other assessments should be accrued either at the time the assessments are levied or in the case of premium-based assessments, at the time the premiums are written, or in the case of loss-based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$10,945 and a related premium tax benefit asset of \$345. The liability is included in the taxes, licenses and fees liability and is typically paid within 1 to 3 years. The asset is included in the guaranty funds receivable asset, and is typically recovered within 10 years.

The amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

2. Rollforward of related asset

1. Description	2. Amount
a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year end	\$ 505
b. Decreases current year: Premium tax offsets charged off	356
c. Increases current year: Premium tax offsets accrued	196
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year end	\$ 345

C. The Company is unaware of any gain contingencies that could have a material financial effect.

D. The Company is unaware of any extra contractual obligation and bad faith losses that could have a material financial effect.

E. Product warranties - Not applicable.

F. The Company has not encountered any contingent liabilities arising from litigation, income taxes or other matters, nor has any impairment of an asset, that would be considered material in relation to the financial position of the Company.

15. **LEASES**

A. **Lessee Leasing Arrangements**

1. The Company leases one office facility under a noncancelable operating lease that will expire October 2013. Rent expense for 2012 and 2011 was approximately \$615,960, and \$674,762 respectively.

2. At December 31, 2012, future minimum rental payments are as follows:

Year	Amount
2013	\$ 513,300
Total	\$ 513,300

3. The Company has not entered into any sale-leaseback arrangements.

B. **Lessor Leasing Arrangements**
Not applicable.

16. **INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND WITH CONCENTRATIONS OF CREDIT RISK**
Not applicable.

17. **SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

A. Transfers of Receivables Reported as Sales - Not applicable.

B. Transfers and Servicing of Financial Assets - Not applicable.

C. There are no wash sales as of December 31, 2012.

18. **GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**
Not applicable.

19. **DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**
Not applicable.

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NOTES TO FINANCIAL STATEMENTS

20. FAIR VALUE MEASUREMENT

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

1. Fair Value Measurements at Reporting Date

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the following table.

Level 1 - Valuations that are based on unadjusted quoted market prices in active markets for identical securities. The fair value of exchange-traded equities and mutual funds included in the Level 1 category were based on quoted prices that are readily and regularly available in an active market and are thus classified as Level 1.

Level 2 - Valuations that are based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The fair value of securities included in the Level 2 category were based on market values obtained from a third-party pricing service. They were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other observable market information. The third-party service monitors market indicators as well as industry and economic events. The Level 2 category includes corporate bonds, government and agency bonds, asset-backed, residential mortgage-backed and commercial mortgage-backed securities and municipal bonds.

Level 3 - Valuations that are derived from techniques in which one or more of the significant inputs are unobservable and/or involve management judgment and/or are based on non-binding broker quotes.

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Perpetual Preferred Stock - Industrial & Misc.	\$ 6,502,177	\$ 547,471	\$ 0	\$ 7,049,648
Redeemable Preferred Stock - Industrial & Misc.	440,060	0	0	440,060
Bonds - Industrial & Misc.	0	0	273,348	273,348
Bonds - MBS/CMO - Industrial & Misc.	0	98,343	326	98,669
Common Stock - Industrial & Misc.	13,917,141	0	0	13,917,141
	\$ 20,859,378	\$ 645,814	\$ 273,674	\$ 21,778,866

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels. During the current year, there were no transfers into or out of Level 1, no transfers into Level 2, and six transfers out of Level 2. Management no longer believes these assets can be priced using observable market inputs; hence they are being classified as Level 3 assets.

2. Rollforward of Fair Value Measurements in Level 3

Assets	Beginning Balance as of 1/1/2012	Transfers into Level 3	Transfers out of Level 3	Total gains (losses) included in Net Income	Total gains (losses) included in Surplus	Purchase	Issuance	Sales	Settlements	Ending Balance as of 12/31/2012
Bonds - Industrial & Misc.	\$ 253,718	\$ 0	\$ 0	\$ 0	\$ 19,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 273,348
Bonds - MBS / CMO - Industrial & Misc.	1,192,832	0	(1,466,704)	(167,074)	445,147	0	0	(3,876)	0	325
Ending Balance	\$1,446,550	\$ 0	\$(1,466,704)	\$(167,074)	\$ 464,777	\$ 0	\$ 0	\$(3,876)	\$ 0	\$ 273,673

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, there were no transfers out of Level 3 and six transfers into Level 3. Management believes these assets can no longer be priced using observable marketable inputs; hence they were transferred from Level 2 to Level 3.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The estimated fair values of the Company's investments are based on prices provided by a third party pricing service and a third party investment manager. The prices provided by these services are based on quoted market prices, when available; non-binding broker quotes, or matrix pricing. The Company has not historically adjusted security prices.

For corporate, government and municipal bonds, the third party pricing service utilizes a pricing model with standard inputs that include benchmark yields, reported trades, issuer spreads, two-sided markets, benchmark securities, market bids / offers, and other reference data observable in the marketplace. The model uses the option adjusted spread methodology and is a multi-dimensional relational model. All bonds valued under these techniques are classified as Level 2.

For asset-backed, residential mortgage-backed and commercial mortgage-backed securities, the third party pricing service valuation methodology includes consideration of interest rate movements, new issue data, monthly remittance reports and other pertinent data that is observable in the marketplace. This information is used to determine the cash flows for each tranche and identifies the inputs to be used such as benchmark yields, prepayment assumptions and collateral performance. All asset-backed, residential mortgage-backed and commercial mortgage-backed securities valued under these methods are classified as Level 2.

For all assets where readily observable pricing methods are not available the third party investment manager will price the asset using a combination of non-binding broker / dealer quotes, benchmarking techniques, and sector specific knowledge. All assets priced by using this methodology are classified as Level 3.

5. Derivative Fair Values - Not applicable.

B. Other Fair Value Disclosures - Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 342,963,103	\$ 326,931,298	\$ 0	\$ 339,566,864	\$ 3,396,239	\$ 0
Preferred Stocks	10,489,106	10,347,410	9,915,117	573,989	0	0
Common Stocks	13,917,141	13,917,140	13,917,141	0	0	0
Cash Equivalents & ST Investments	113,392,117	113,392,117	113,392,117	0	0	0
	\$ 480,761,467	\$ 464,587,965	\$137,224,375	\$ 340,140,853	\$ 3,396,239	\$ 0

D. Financial Instruments for which Not Practical to Estimate Fair Values - Not applicable.

21. OTHER ITEMS

- A. The Company has no extraordinary events or transactions that were unusual or occur infrequently during the year ending December 31, 2012.
- B. The Company has no debt with restructured terms as of December 31, 2012.
- C. The Company elected to use rounding in reporting amounts in the Annual Statement.
- D. At December 31, 2012, the Company had admitted assets of \$26,382,609 for amounts due from agents and \$2,623 for amounts due from insureds. The Company routinely assesses the collectibility of these receivables and, where necessary, establishes an allowance for estimated uncollectible accounts. The potential loss associated with uncollectible accounts in excess of amounts non-admitted or otherwise provided for through an allowance for estimated uncollectible accounts is not believed to be material to the Company’s financial position.
- E. The Company had no business interruption insurance recoveries in 2012.
- F. State Transferable and Non-Transferable Tax Credits - Not applicable.
- G. The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contains structured securities collateralized by mortgages that have the characteristics of subprime lending such as adjustable rate mortgages and alternative documentation mortgages. The total carrying value of these investments is approximately \$1.6 million comprising approximately 0.49% of the Company's total fixed maturity portfolio.

The following table presents the Company’s exposure to fixed maturity investments collateralized by subprime residential mortgages as of December 31, 2012.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses "OTTI"
Residential mortgage backed securities	\$ 1,444,751	\$ 1,444,751	\$ 1,486,645	\$ 0
Structured securities	550,415	157,548	141,172	(48,790)
Total	\$ 1,995,166	\$ 1,602,299	\$ 1,627,817	\$ (48,790)

22. EVENTS SUBSEQUENT

- A. Type I - Recognized Subsequent Events:
There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.
- B. Type II - Nonrecognized Subsequent Events:
There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

23. REINSURANCE

- A. Unsecured Reinsurance Recoverables
The Company's unsecured reinsurance balances in excess of 3% of policyholder surplus with any one reinsurer are estimated at December 31, 2012 as follows:

Reinsurer Name	NAIC Code	Federal ID#	Amount
Star Insurance Company	18023	38-2626205	414,592,627

This amount due from Star is related to the Intercompany Reinsurance Agreement noted in Note 26.

- B. Reinsurance Recoverables in Dispute
The Company does not have any reinsurance recoverables for paid losses and loss adjustment expenses that exceed 5% of policyholders’ surplus from an individual reinsurer or 10% of policyholders’ surplus in aggregate.
- C. Reinsurance Assumed and Ceded
1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2012.

	Assumed		Ceded		Assumed less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$ 86,116,000	\$ 0	\$ 109,239,000	\$ 0	\$ (23,123,000)	\$ 0
b. All other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
c. Totals	\$ 86,116,000	\$ 0	\$ 109,239,000	\$ 0	\$ (23,123,000)	\$ 0
d. Direct Unearned Premium Reserve:	\$ 109,239,000					

2. The 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 is accrued as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ 534,915	\$ 0	\$ 0	\$ 534,915
b. Sliding Scale Commission	0	0	0	0
c. Other Profit Commission Arrangements	238,297	0	0	238,297
d. Total	\$ 773,212	\$ 0	\$ 0	\$ 773,212

3. The Company does not use protected cells as an alternative to traditional reinsurance.

- D. Uncollectible Reinsurance
The Company did not have any uncollectible reinsurance written off during 2012.

NOTES TO FINANCIAL STATEMENTS

- E. **Commutation of Ceded Reinsurance**
The Company did not have any commutations of ceded reinsurance as of December 31, 2012.
- F. **Retroactive Reinsurance**
The Company does not have any retroactive reinsurance as of December 31, 2012.
- G. **Reinsurance Accounted for as a Deposit**
The Company has no reinsurance agreements that have been accounted for as deposits as of December 31, 2012.
- H. **Transfer of Property and Casualty Run-off Agreements** - Not applicable.
- I. **Certified Reinsurer Downgraded or Status Subject to Revocation** - Not applicable.
24. **RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

A. Accrued retrospective premiums reported as an asset on the balance sheet have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts.

B. The Company records accrued retrospective premiums through written premium.

C. Net written premiums for the current year on retrospective Other Liability - claims made policies were \$123,320 or 0.79% of total Other Liability - claims made net premiums written.

D. Medical loss ratio rebates - Not applicable.

E. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been non-admitted.

a. Total accrued retro premium	\$ (272,041)
b. Unsecured amount	0
c. Less: Non-admitted amount (10%)	N/A
d. Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted.	N/A
e. Admitted amount (a)-(c)-(d)	\$ (272,041)
25. **CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**
Net incurred losses and loss adjustment expenses attributable to insured events of prior accident years increased \$24.9 million during calendar year 2012 as a result of re-estimation of unpaid loss and loss adjustment expenses. This increase recognizes additional paid loss and loss adjustment expenses of \$95.9 million, offset by a decrease in reserves on prior accident years of \$71.1 million. Original estimates of ultimate losses are increased or decreased as additional information becomes known regarding individual claims.
26. **INTERCOMPANY POOLING ARRANGEMENTS**

A. Effective January 1, 2009, the Company and its United States affiliates (Star Insurance Company ("Star"), Savers Property and Casualty Insurance Company, Williamsburg National Insurance Company, Ameritrust Insurance Corporation and ProCentury Insurance Company) are participants in an Intercompany Reinsurance Agreement, whereby each participating affiliate cedes 100% of its business to Star. Thereafter, Star cedes to each participating affiliate, which have agreed to reinsure Star for their respective participation. The participants and their respective participations effective January 1, 2009 through current are as follows:

Name of Insurer	NAIC Code	Percentage Participation
Star Insurance Co. (Lead insurer)	18023	35.83%
Century Surety Co.	36951	29.07%
Savers Property and Casualty Ins. Co.	16551	13.04%
ProCentury Insurance Co.	21903	9.44%
Williamsburg National Ins. Co.	25780	6.72%
Ameritrust Insurance Corp.	10665	5.90%

B. All business written by each participant is subject to the Intercompany Reinsurance Agreement.

C. After pooling and before redistribution, Star has the following reinsurance ceded with nonaffiliated reinsurers:

1. For Liability Lines (\$6,000,000 xs of \$1,000,000 retention)

2. For Workers Compensation Lines (\$99,000,000 xs \$1,000,000 retention)

3. For Terrorism Lines (\$139,000,000 xs \$1,000,000 retention)

4. For Public Entity Liability Lines (\$9,000,000 xs \$1,000,000 retention)

5. For Property Per Risk Coverage (\$9,000,000 xs \$1,000,000 retention)

6. For Property Catastrophe Coverage (\$59,000,000 xs \$5,000,000 retention)

7. For Medical Professional Liability Lines (\$700,000 xs \$300,000 retention)

8. For Commercial Truck Liability Lines (\$1,500,000 xs \$500,000 retention)

9. For Other Liability Lines (\$750,000 xs \$250,000 retention)

10. For Agriculture Lines –Property (\$9,500,000 xs \$500,000 retention)

11. For Agriculture Lines- Liability (\$500,000 xs \$500,000 retention)

12. For Awards Lines (\$10,000,000 xs \$5,000,000 retention)

13. For Clash Lines (\$3,000,000 xs \$0 retention)

14. For Ocean Marine Lines (Variable quota share maximum retained line \$1,000,000 part of \$5,000,000)

15. Various quota share treaties all lines

16. Various Facultative Agreements all lines

17. Various Umbrella agreements.

18. Multiple Line Quota Share - Multiple Line Quota Share - 50% quota share agreement for a select portion of business subject to certain limitations, effective December 31, 2012 on an in force, new and renewal basis.

D. Under the Intercompany Reinsurance Agreement, only Star has contractual rights of direct recovery from the excess of loss, catastrophe, quota share, facultative and umbrella agreements noted above.

E. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants.

F. Under the Intercompany Reinsurance Agreement, only Star establishes a provision for reinsurance and write-off of uncollectible reinsurance relating to the above noted reinsurance agreements.
- 14.8

NOTES TO FINANCIAL STATEMENTS

G. Amounts due to/from lead entity and pool participants as of December 31, 2012:

<u>Name of Insurer</u>	<u>Amounts Receivable</u>	<u>Amounts Payable</u>	<u>Net Receivable/(Payable)</u>
Star Insurance Co. (Lead insurer)	\$ 110,070,869	\$ 108,464,337	\$ 1,606,532
Century Surety Co.	\$ 60,403,505	\$ 52,076,645	\$ 8,326,860
Savers Property and Casualty Ins. Co.	\$ 15,632,215	\$ 15,214,538	\$ 417,677
Williamsburg National Ins. Co.	\$ 13,419,843	\$ 13,596,232	\$ (176,389)
ProCentury Insurance Co.	\$ 13,316,566	\$ 23,734,236	\$ (10,417,670)
Ameritrust Insurance Corp.	\$ 5,692,208	\$ 5,449,218	\$ 242,990

27. **STRUCTURED SETTLEMENTS**

The Company does not own any structured settlements as of December 31, 2012.

28. **HEALTH CARE RECEIVABLES**

Not applicable.

29. **PARTICIPATING ACCIDENT AND HEALTH POLICIES**

Not applicable.

30. **PREMIUM DEFICIENCY RESERVES**

As of December 31, 2012, the Company has no liability for premium deficiency reserves. The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

31. **HIGH DEDUCTIBLES**

The Company has no high deductibles as of December 31, 2012.

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

Not applicable.

33. **ASBESTOS AND ENVIRONMENTAL RESERVES**

The Company currently writes and/or assumes coverage in lines of business such as general liability and workers compensation which are often associated with the property and casualty industry’s exposure to asbestos and environmental claims. However, with the exception of the business underwritten through our Environmental division, the Company’s policies exclude coverage for asbestos and limit environmental exposure. The Company wrote Environmental business from 1990 to 1999 then began writing it again through an Environmental division started in 2008. The Company's environmental division underwrites liability coverage, including pollution liability, for a wide range of environmental and non-environmental contractors and environmental engineers and consultants.

These risks are tightly underwritten by specialized underwriters who have a long history of success in writing environmental liability coverage. Therefore such liabilities assumed by the company are anticipated, underwritten, engineered and priced for. In addition, policies are issued with policy provisions intended to limit the coverage trigger and exposure to such liabilities. The Company is aware of a minimal amount of past insureds for which exposure exists due to these types of claims. The Company has disclosed the loss or loss adjustment expense reserves for these asbestos and environmental liabilities. The Company estimates the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

A. **Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?**

Yes X No

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving both reported and IBNR losses, and complete the following information.

The Company's exposure to asbestos losses arises from the sale of general liability insurance, particularly within an Environmental program. The Company estimates the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

	<u>2008</u>	<u>2009</u>	<u>December 31,</u> <u>2010</u>	<u>2011</u>	<u>2012</u>
(1) Asbestos, Direct Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,122</u>	\$ <u>0</u>
b. Incurred losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>7,122</u>	<u>(7,122)</u>	<u>0</u>
c. Calendar year payments for losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,122</u>	\$ <u>0</u>	\$ <u>0</u>
(2) Asbestos, Assumed Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
b. Incurred losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
c. Calendar year payments for losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
(3) Asbestos, Net of Ceded Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,122</u>	\$ <u>0</u>
b. Incurred losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>7,122</u>	<u>(7,122)</u>	<u>0</u>
c. Calendar year payments for losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,122</u>	\$ <u>0</u>	\$ <u>0</u>

B. **State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):**

(1) Direct Basis:	\$ <u>0</u>
(2) Assumed Reinsurance Basis:	<u>0</u>
(3) Net of Ceded Reinsurance Basis:	\$ <u>0</u>

C. **State the amount of ending reserves for loss adjustment expenses included in A (Loss & LAE):**

(1) Direct Basis:	\$ <u>0</u>
(2) Assumed Reinsurance Basis:	<u>0</u>
(3) Net of Ceded Reinsurance Basis:	\$ <u>0</u>

NOTES TO FINANCIAL STATEMENTS

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

Yes X No

The Company's exposure to environmental losses arises from the sale of general liability insurance, particularly within an Environmental program. The Company estimates the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

For environmental losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

	<u>2008</u>	<u>2009</u>	<u>December 31,</u> <u>2010</u>	<u>2011</u>	<u>2012</u>
(1) Environmental, Direct Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u>32,796</u>	\$ <u> 0 </u>
b. Incurred losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 76,416 </u>	<u> (25,415) </u>	<u> 0 </u>
c. Calendar year payments for losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 43,621 </u>	<u> 7,380 </u>	<u> 0 </u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u>32,796</u>	\$ <u> 0 </u>	\$ <u> 0 </u>
(2) Environmental, Assumed Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>
b. Incurred losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>
c. Calendar year payments for losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>	<u> 0 </u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>
(3) Environmental, Net of Ceded Reinsurance Basis:					
a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u>32,796</u>	\$ <u> 0 </u>
b. Incurred losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 76,416 </u>	<u> (25,415) </u>	<u> 0 </u>
c. Calendar year payments for losses and loss adjustment expenses:	<u> 0 </u>	<u> 0 </u>	<u> 43,621 </u>	<u> 7,380 </u>	<u> 0 </u>
d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE):	\$ <u> 0 </u>	\$ <u> 0 </u>	\$ <u>32,796</u>	\$ <u> 0 </u>	\$ <u> 0 </u>

E. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis:	\$ <u> 0 </u>
(2) Assumed Reinsurance Basis:	<u> 0 </u>
(3) Net of Ceded Reinsurance Basis:	\$ <u> 0 </u>

F. State the amount of ending reserves for loss adjustment expenses included in A (Loss & LAE):

(1) Direct Basis:	\$ <u> 0 </u>
(2) Assumed Reinsurance Basis:	<u> 0 </u>
(3) Net of Ceded Reinsurance Basis:	\$ <u> 0 </u>

34. SUBSCRIBER SAVINGS ACCOUNTS
Not applicable.

35. MULTIPLE PERIL CROP INSURANCE
Not applicable.

36. FINANCIAL GUARANTY INSURANCE

- A1. Unrecorded installment premiums and expected earnings - Not applicable.
- A2. Recorded non-installment premiums and expected earnings - Not applicable.
- A3. Changes in claim liability and discount rate used - Not applicable.
- A4. Risk management activities - Not applicable.
- B. The Company has no insured financial obligations.

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:

N/A

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2010

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.

12/31/2010

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/31/2012

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	2	3
Name of Entity	NAIC Co. Code	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,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young LLP, 777 Woodward Ave., Suite 1000, Detroit, MI 48226

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes []

No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes []

No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X]

No []

N/A []

10.6

If the answer to 10.5 is no or n/a, please explain.

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Milliman USA, 1550 Liberty Ridge Dr., Suite 200, Wayne, PA 19087-5572

Affiliation: Christopher Tail, Actuary/consultant associated with an actuarial consulting firm.

GENERAL INTERROGATORIES

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes []

No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

12.2

If yes, provide explanation.

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes []

No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes []

No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes []

No []

N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X]

No []

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes []

No [X]

14.21

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

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes []

No [X]

14.31

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

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [X]

No []

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X]

No []

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X]

No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes []

No [X]

20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$.....0

20.12

To stockholders not officers

\$.....0

20.13

Trustees, supreme or grand (Fraternal only)

\$.....0

20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$.....0

20.22

To stockholders not officers

\$.....0

20.23

Trustees, supreme or grand (Fraternal only)

\$.....0

21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes []

No [X]

21.2

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

21.21

Rented from others

21.22

Borrowed from others

21.23

Leased from others

21.24

Other

22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes []

No [X]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

22.22

Amount paid as expenses

22.23

Other amounts paid

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X]

No []

23.2

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

\$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes [X]

No []

24.02

If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25.25 Pledged as collateral \$.....0

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

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

25.28 On deposit with state or other regulatory body \$.....7,658,199

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

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

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

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

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

1	2
Name of Custodian(s)	Custodian's Address
JPMorgan Chase Bank, N.A.	P.O. Box 710634, Columbus, OH 43271-0634

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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

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

1	2	3
Central Registration Depository Number(s)	Name	Address
107423	Conning Inc.	One Financial Plaza, Hartford, CT 06103-2627
106810	Munder Capital Management	480 Pierce Street, Birmingham, MI 48009

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	2	3
CUSIP #	Name of Mutual Fund	Book/Adj. Carrying Value
045419 10 8	AMF ULTRA SHORT MORTGAGE FD	63,107
045419 50 4	AMF US GOVT MORTGAGE FUND	4,376,477
04543R 10 6	AMF ULTRA SHORT FUND	47,553
4812C0 80 3	JPMORGAN HIGH YIELD BOND-SEL	9,430,004
29.2999. TOTAL		13,917,141

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae AL2199	4,852	11/30/2012
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae 995137	3,644	11/30/2012
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae MA1181	3,312	11/30/2012
AMF ULTRA SHORT MORTGAGE FD	Fannie Mae 995142	3,203	11/30/2012
AMF ULTRA SHORT MORTGAGE FD	Ginne Mae Remic 2010-58 LP	3,080	11/30/2012
AMF US GOVT MORTGAGE FUND	Fannie Mae Gold Q10361	1,402,092	11/30/2012
AMF US GOVT MORTGAGE FUND	Freddie Mac Remic 2778 CR	609,818	11/30/2012
AMF US GOVT MORTGAGE FUND	Fannie Mae 995121	527,672	11/30/2012
AMF US GOVT MORTGAGE FUND	Fannie Mae 995137	409,288	11/30/2012
AMF US GOVT MORTGAGE FUND	Fannie Mae A18934	252,129	11/30/2012
AMF ULTRA SHORT FUND	Fannie Mae AL2199	10,448	11/30/2012
AMF ULTRA SHORT FUND	Fannie Mae AB6466	7,031	11/30/2012
AMF ULTRA SHORT FUND	Fannie Mae 995137	6,631	11/30/2012
AMF ULTRA SHORT FUND	Freddie Mac 847157	5,605	11/30/2012
AMF ULTRA SHORT FUND	Fannie Mae 735150	3,711	11/30/2012
JPMORGAN HIGH YIELD BOND-SEL	JPMorgan Liquid Assets Money Market	277,714	11/30/2012
JPMORGAN HIGH YIELD BOND-SEL	Energy Future Holdings (TXU 10 12/01/20)	99,581	11/30/2012
JPMORGAN HIGH YIELD BOND-SEL	Liberty Mutual (LIBMUT 10.75 06/15/58)	89,962	11/30/2012
JPMORGAN HIGH YIELD BOND-SEL	Intel Corporation 11.5 02/04/17	88,453	11/30/2012
JPMORGAN HIGH YIELD BOND-SEL	Ally Financial 8 11/01/31	83,550	11/30/2012

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	440,323,415	456,355,220	16,031,805
30.2 Preferred stocks.....	10,347,410	10,489,106	141,696
30.3 Totals.....	450,670,825	466,844,326	16,173,501

30.4 Describe the sources or methods utilized in determining the fair values:
The fair value is primarily determined by widely accepted third party vendors, followed by a hierarchy using broker / dealer quotes, index pricing, analytical models and Bloomberg pricing.

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

- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [☒ X]No [☐]
- 32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....349,889
- 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	2
Name	Amount Paid
Insurance Services Office, Inc.	306,284

- 34.1 Amount of payments for legal expenses, if any?

\$.....15,502
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Pacific Coast Solutions Inc.	14,222

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$.....20,326
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
Property Casualty Insurers Association of America	20,326

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐]

No [☒ X]

1.2

If yes, indicate premium earned on U.S. business only.

1.3

What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

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.

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

2.

Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....0	\$.....0
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....0	\$.....0
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [☐]

No [☒ X]

3.2

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

3.21

Participating policies

3.22

Non-participating policies

4.

FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1

Does the reporting entity issue assessable policies?

Yes [☐]

No [☐]

4.2

Does the reporting entity issue non-assessable policies?

Yes [☐]

No [☐]

4.3

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

.....%

4.4

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

5.

FOR RECIPROCAL EXCHANGES ONLY:

5.1

Does the exchange appoint local agents?

Yes [☐]

No [☐]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes [☐]

No [☐]

N/A [☐]

5.22

As a direct expense of the exchange

Yes [☐]

No [☐]

N/A [☐]

5.3

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

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [☐]

No [☐]

5.5

If yes, give full information:

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

The Company is part of an Intercompany Reinsurance Agreement.
See Note 26 for details on the coverage under this agreement.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

The Company is part of an Intercompany Reinsurance Agreement.
See Note 26 for details on the coverage under this agreement.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

The Company is part of an Intercompany Reinsurance Agreement.
See Note 26 for details on the coverage under this agreement.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes [☐]

No [☒ X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:

The Company is part of an Intercompany Reinsurance Agreement.
See Note 26 for details on the coverage under this agreement.

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [☐]

No [☒ X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [☐]

No [☐]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes []

No [X]

8.2

If yes, give full information:

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes []

No [X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes []

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
(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
(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]

Yes []

No [X]

Yes [X]

No []

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [X]

No []

N/A []

11.1

Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?

Yes []

No [X]

11.2

If yes, give full information:

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.1 Unpaid losses
12.1 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....0

\$.....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:
12.4 From
12.4 To

.....%

.....%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes []

No [X]

12.6

If yes, state the amount thereof at December 31 of current year:
12.6 Letters of credit
12.6 Collateral and other funds

.....

.....

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$.....290,700

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes []

No [X]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

.....1

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 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

17.12 Unfunded portion of Interrogatory 17.11

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

17.14 Case reserves portion of Interrogatory 17.11

17.15 Incurred but not reported portion of Interrogatory 17.11

17.16 Unearned premium portion of Interrogatory 17.11

17.17 Contingent commission portion of Interrogatory 17.11

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

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.19 Unfunded portion of Interrogatory 17.18

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

17.21 Case reserves portion of Interrogatory 17.18

17.22 Incurred but not reported portion of Interrogatory 17.18

17.23 Unearned premium portion of Interrogatory 17.18

17.24 Contingent commission portion of Interrogatory 17.18

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	306,788,370	277,826,547	255,864,251	237,282,835	129,595,667
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	43,479,018	48,455,812	53,476,703	47,475,320	38,017,488
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	96,747,942	89,703,859	78,986,305	73,073,477	52,603,225
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,305,836	1,084,323	1,139,471	1,659,935	4,062,780
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	448,321,166	417,070,542	389,466,730	359,491,567	224,279,160
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	181,350,303	168,951,935	152,640,415	125,968,518	103,011,229
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	13,613,951	17,133,324	17,823,410	16,257,761	28,078,983
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	35,693,046	36,111,454	30,353,182	25,668,789	40,285,169
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,176,618	926,041	812,298	716,197	2,348,741
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	231,833,919	223,122,754	201,629,305	168,611,264	173,724,122
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(18,762,394)	(207,213)	7,476,616	7,670,536	(2,360,862)
14. Net investment gain (loss) (Line 11).....	32,754,661	18,645,623	16,682,156	17,946,510	871,858
15. Total other income (Line 15).....	(821,781)	(753,278)	(753,021)	(255,303)	(190,437)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(2,157,460)	5,322,219	7,694,613	(1,260,531)	3,401,565
18. Net income (Line 20).....	15,327,945	12,362,913	15,711,139	26,622,274	(5,081,006)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	617,375,399	579,159,202	526,860,259	479,771,344	489,790,357
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	49,494,894	61,231,429	59,775,615	52,199,900	22,656,770
20.2 Deferred and not yet due (Line 15.2).....	78,862	709,695	1,006,615	742,660	1,255,253
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	454,213,815	422,927,095	382,719,678	334,959,454	366,848,990
22. Losses (Page 3, Line 1).....	241,789,564	196,222,321	176,153,096	151,134,210	157,222,000
23. Loss adjustment expenses (Page 3, Line 3).....	68,449,753	56,910,319	51,814,429	47,232,525	71,048,922
24. Unearned premiums (Page 3, Line 9).....	86,116,475	102,615,735	94,296,218	84,482,267	90,386,780
25. Capital paid up (Page 3, Lines 30 & 31).....	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	163,161,584	156,232,107	144,140,581	144,811,890	122,941,367
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	42,065,561	42,479,246	54,006,043	(18,246,954)	19,161,730
Risk-Based Capital Analysis					
28. Total adjusted capital.....	163,161,584	156,232,107	144,140,581	144,811,890	122,941,367
29. Authorized control level risk-based capital.....	40,748,887	33,756,129	28,801,364	24,271,062	33,917,943
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	64.4	82.2	83.6	80.9	82.0
31. Stocks (Lines 2.1 & 2.2).....	12.1	14.1	15.1	15.6	12.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	22.9	3.6	1.2	3.5	5.4
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....	0.6				
38. Receivable for securities (Line 9).....		0.1			
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	37,303,566	35,685,573	32,924,240	29,095,656	31,552,989
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.....	37,303,566	35,685,573	32,924,240	29,095,656	31,552,989
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	22.9	22.8	22.8	20.1	25.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	2,522,104	2,433,770	5,767,788	2,972,413	(391,129)
52. Dividends to stockholders (Line 35).....	(12,523,211)	(3,100,000)	(26,622,273)	(12,294,137)	(27,363,226)
53. Change in surplus as regards policyholders for the year (Line 38).....	6,929,477	12,091,525	(671,309)	21,870,523	(30,513,771)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	120,584,729	93,121,377	74,655,007	71,175,675	30,570,198
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	25,824,434	24,973,890	24,103,610	26,935,775	24,309,246
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	60,082,831	49,164,420	41,427,198	44,498,490	37,581,475
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,385,011	2,750,989	9,459	(7,119)	3,338
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	207,877,004	170,010,674	140,195,274	142,602,821	92,464,257
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	73,072,983	58,831,855	41,120,092	33,502,197	26,360,306
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	10,884,756	10,408,699	9,431,013	8,274,474	17,623,874
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	23,941,279	19,611,585	16,066,820	16,676,943	30,564,029
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(266,631)	1,171,313	9,909	(5,107)	3,544
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	107,632,387	90,023,451	66,627,834	58,448,508	74,551,753
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	61.7	51.3	47.8	45.8	39.6
68. Loss expenses incurred (Line 3).....	17.6	14.6	12.8	14.9	25.1
69. Other underwriting expenses incurred (Line 4).....	28.2	34.2	35.6	34.3	36.7
70. Net underwriting gain (loss) (Line 8).....	(7.6)	(0.1)	3.9	4.9	(1.4)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	30.6	33.3	34.2	32.1	36.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	79.3	65.9	60.5	60.8	64.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	142.1	142.8	139.9	116.4	141.3
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	22,845	1,390	(9,773)	(6,868)	(7,938)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	14.6	1.0	(6.7)	(5.6)	(5.2)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	15,484	(9,454)	(16,386)	(10,580)	(5,149)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	10.7	(6.5)	(13.3)	(6.9)	(3.7)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of

SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	2,227	1,264	448	156	244	.....	.....130	1,500	XXX.....
2. 2003.....	99,324	24,235	75,089	43,863	10,295	9,534	1,053	4,344	212	1,220	46,181	XXX.....
3. 2004.....	134,017	28,442	105,575	54,672	14,641	12,215	1,926	5,044	199	1,499	55,165	XXX.....
4. 2005.....	153,545	29,245	124,300	64,996	14,182	13,657	1,138	5,720	374	1,688	68,679	XXX.....
5. 2006.....	166,602	30,190	136,412	66,393	14,389	11,471	1,202	6,344	97	3,150	68,519	XXX.....
6. 2007.....	171,048	29,838	141,210	61,955	9,398	12,372	1,118	6,747	59	1,731	70,499	XXX.....
7. 2008.....	171,058	30,702	140,357	69,448	12,293	12,018	1,119	7,334	98	1,617	75,289	XXX.....
8. 2009.....	187,460	30,598	156,862	74,024	10,796	13,157	937	8,109	123	1,991	83,434	XXX.....
9. 2010.....	225,360	33,544	191,815	81,470	9,679	12,853	874	7,732	145	949	91,357	XXX.....
10. 2011.....	252,869	38,065	214,803	68,594	5,316	8,555	573	7,827	113	725	78,974	XXX.....
11. 2012.....	294,760	46,427	248,333	39,328	3,047	2,540	108	5,336	77	251	43,972	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	626,971	105,301	108,819	10,203	64,781	1,498	14,952	683,569	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded						Direct and Assumed	Ceded
1. Prior.....	10,677	8,797	2,527	1,722	632	437	574	367	435	2	177	3,521	XXX.....
2. 2003.....	1,260	538	744	297	117	45	216	97	90		39	1,450	XXX.....
3. 2004.....	5,199	2,476	2,010	943	221	206	646	309	77		121	4,219	XXX.....
4. 2005.....	2,461	247	2,662	1,228	218	24	815	398	157		94	4,415	XXX.....
5. 2006.....	5,025	1,021	3,391	1,252	315	37	1,100	406	193		171	7,307	XXX.....
6. 2007.....	6,729	1,198	4,520	1,901	574	72	1,503	687	340		253	9,807	XXX.....
7. 2008.....	9,038	3,089	7,409	2,861	1,126	78	2,581	1,063	439		586	13,502	XXX.....
8. 2009.....	15,321	2,877	13,214	5,254	2,895	381	4,498	1,925	838		954	26,328	XXX.....
9. 2010.....	22,170	2,631	21,810	9,102	4,541	235	6,699	2,976	1,278		1,160	41,553	XXX.....
10. 2011.....	30,553	4,435	42,371	15,130	6,162	537	12,989	4,554	2,548		1,887	69,967	XXX.....
11. 2012.....	37,614	4,841	86,580	19,651	5,253	300	24,574	6,386	5,327		3,007	128,171	XXX.....
12. Totals...	146,045	32,152	187,238	59,341	22,053	2,351	56,195	19,167	11,722	2	8,449	310,240	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			XXX.....	2,686	835
2. 2003.	60,168	12,537	47,631	60.6	51.7	63.4			29.07	1,169	281
3. 2004.	80,084	20,700	59,384	59.8	72.8	56.2			29.07	3,790	429
4. 2005.	90,685	17,591	73,094	59.1	60.2	58.8			29.07	3,647	767
5. 2006.	94,232	18,405	75,826	56.6	61.0	55.6			29.07	6,142	1,165
6. 2007.	94,740	14,434	80,306	55.4	48.4	56.9			29.07	8,149	1,658
7. 2008.	109,391	20,600	88,791	63.9	67.1	63.3			29.07	10,497	3,005
8. 2009.	132,055	22,293	109,762	70.4	72.9	70.0			29.07	20,403	5,925
9. 2010.	158,553	25,643	132,911	70.4	76.4	69.3			29.07	32,246	9,307
10. 2011.	179,599	30,658	148,941	71.0	80.5	69.3			29.07	53,359	16,608
11. 2012.	206,553	34,410	172,143	70.1	74.1	69.3			29.07	99,702	28,469
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	241,790	68,450

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.....	46,093	51,516	54,839	59,003	60,219	62,293	62,210	61,423	61,332	60,918	(414)	(505)
2. 2003.....	41,283	40,434	41,619	42,341	42,202	42,226	42,609	42,854	43,325	43,408	83	554
3. 2004.....	XXX	57,656	55,762	53,514	53,453	53,409	54,040	53,645	54,303	54,462	159	817
4. 2005.....	XXX	XXX	71,821	69,726	68,230	67,666	66,544	66,901	67,759	67,591	(168)	691
5. 2006.....	XXX	XXX	XXX	79,011	76,289	72,220	71,096	68,901	68,934	69,387	453	486
6. 2007.....	XXX	XXX	XXX	XXX	81,324	78,759	74,638	72,550	71,517	73,279	1,762	729
7. 2008.....	XXX	XXX	XXX	XXX	XXX	86,959	85,526	80,871	80,098	81,116	1,018	245
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	95,876	95,621	95,817	100,939	5,122	5,317
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	116,895	117,967	124,045	6,078	7,150
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	129,928	138,678	8,751	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	161,557	XXX	XXX
12. Totals.....											22,845	15,484

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	19,143	33,226	42,421	46,980	50,788	53,605	54,860	56,575	57,830	XXX	XXX
2. 2003.....	11,099	21,111	27,939	33,107	36,066	38,127	39,567	40,319	41,400	42,049	XXX	XXX
3. 2004.....	XXX	13,856	26,631	34,908	41,176	45,065	47,560	48,706	49,451	50,320	XXX	XXX
4. 2005.....	XXX	XXX	15,388	31,962	43,286	52,336	57,078	59,869	62,297	63,333	XXX	XXX
5. 2006.....	XXX	XXX	XXX	20,339	34,965	45,959	53,698	57,560	60,641	62,273	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	19,656	35,711	46,512	54,768	60,088	63,812	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	22,807	41,522	52,114	62,197	68,053	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	23,478	45,442	62,375	75,448	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,752	59,880	83,770	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,044	71,260	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38,714	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	17,574	12,744	8,440	7,465	6,461	5,665	4,429	2,982	2,077	1,013
2. 2003.....	19,828	10,688	6,196	4,404	2,935	2,146	1,696	1,318	945	567
3. 2004.....	XXX	30,837	17,168	10,124	6,265	3,813	3,082	2,521	1,902	1,404
4. 2005.....	XXX	XXX	38,968	22,284	13,483	7,826	4,764	3,691	2,603	1,851
5. 2006.....	XXX	XXX	XXX	41,813	28,016	15,870	9,643	5,389	3,580	2,833
6. 2007.....	XXX	XXX	XXX	XXX	45,295	28,890	16,535	9,080	4,918	3,435
7. 2008.....	XXX	XXX	XXX	XXX	XXX	47,171	28,811	16,461	8,708	6,067
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	53,434	29,253	15,585	10,533
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	57,647	28,517	16,431
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	64,785	35,676
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	85,117

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama.....	AL	...E....2,641,200	2,670,030		1,053,411	1,556,889	2,607,193		
2. Alaska.....	AK	...E....1,365,740	1,197,231		294,974	627,826	914,020		
3. Arizona.....	AZ	...L....1,795,674	1,688,537		1,026,701	924,785	1,565,110		
4. Arkansas.....	AR	...E....1,504,527	1,324,988		210,270	351,482	766,103		
5. California.....	CA	...E....38,014,354	35,879,800		19,364,093	15,709,312	38,697,243		
6. Colorado.....	CO	...E....1,941,685	1,766,465		588,932	668,588	2,389,891		
7. Connecticut.....	CT	...E....1,327,007	1,244,116		256,439	462,240	916,045		
8. Delaware.....	DE	...E....177,835	296,585		13,000	17,847	217,759		
9. District of Columbia.....	DC	...E....306,333	298,820		45,754	(27,726)	243,739		
10. Florida.....	FL	...E....45,142,047	45,370,066		19,548,430	23,568,754	37,907,299		
11. Georgia.....	GA	...E....5,813,048	4,912,831		916,254	1,503,674	2,973,740		
12. Hawaii.....	HI	...E....643,754	610,495		50,082	109,743	338,796		
13. Idaho.....	ID	...E....469,600	428,970		220,582	307,234	305,527		
14. Illinois.....	IL	...E....3,864,206	3,691,406		1,265,101	1,523,563	3,063,461		205,692
15. Indiana.....	IN	...L....396,583	359,812		7,355	(217,009)	369,956		
16. Iowa.....	IA	...E....395,797	291,311		(775)	66,952	159,777		
17. Kansas.....	KS	...E....953,397	883,964		181,094	184,355	699,157		124,629
18. Kentucky.....	KY	...E....1,250,033	1,265,139		686,321	631,865	1,116,702		
19. Louisiana.....	LA	...E....13,911,154	12,683,385		7,172,295	6,766,315	9,991,400		
20. Maine.....	ME	...E....300,820	323,872		13,762	37,282	82,744		17,300
21. Maryland.....	MD	...E....1,213,189	1,149,732		87,070	305,634	727,862		
22. Massachusetts.....	MA	...E....1,742,989	1,783,368		495,662	650,774	1,608,405		452,202
23. Michigan.....	MI	...E....2,524,561	2,430,351		1,090,174	756,688	2,593,348		
24. Minnesota.....	MN	...E....904,683	788,056		56,873	254,891	792,022		
25. Mississippi.....	MS	...E....2,250,380	2,102,666		1,585,713	1,801,048	1,439,498		
26. Missouri.....	MO	...E....3,671,680	3,644,851		2,650,894	1,734,934	3,282,405		218,798
27. Montana.....	MT	...E....798,400	699,766		450,600	624,440	462,310		
28. Nebraska.....	NE	...E....721,973	662,110		55,185	288,796	611,240		
29. Nevada.....	NV	...E....1,674,118	1,636,615		1,762,959	4,236,839	3,341,905		
30. New Hampshire.....	NH	...E....293,262	318,569		209	14,720	187,080		
31. New Jersey.....	NJ	...E....5,739,272	4,785,006		1,378,193	2,843,539	5,109,811		
32. New Mexico.....	NM	...E....786,004	1,080,446		267,944	(149,063)	1,723,344		
33. New York.....	NY	...E....14,163,961	11,873,791		3,785,434	7,025,360	18,542,426		
34. North Carolina.....	NC	...E....3,323,105	3,317,745		700,031	1,326,557	2,027,670		
35. North Dakota.....	ND	...E....507,982	386,282		51,062	159,501	278,249		
36. Ohio.....	OH	...L....2,062,307	2,139,466		2,953,887	3,288,191	2,162,209		
37. Oklahoma.....	OK	...E....4,227,677	3,551,519		3,723,413	4,517,868	2,657,090		
38. Oregon.....	OR	...E....2,773,245	2,641,795		735,148	1,249,114	3,222,157		
39. Pennsylvania.....	PA	...E....4,871,732	4,668,780		2,343,289	2,354,464	4,066,843		
40. Rhode Island.....	RI	...E....150,151	168,763		150,151	22,661	57,511		
41. South Carolina.....	SC	...E....1,852,950	1,897,181		815,321	1,366,164	1,982,323		
42. South Dakota.....	SD	...E....153,837	117,772		14,188	34,917	120,994		
43. Tennessee.....	TN	...E....1,735,002	1,532,174		455,244	725,985	1,550,415		
44. Texas.....	TX	...E....27,230,378	29,301,940		16,990,205	18,511,068	21,068,212		
45. Utah.....	UT	...E....1,053,891	808,484		425,675	836,127	1,157,276		
46. Vermont.....	VT	...E....381,109	332,984		50,953	56,165	227,045		
47. Virginia.....	VA	...E....1,767,403	1,369,565		677,860	(165,739)	945,655		
48. Washington.....	WA	...E....4,888,991	4,998,879		3,524,228	3,867,001	7,764,851		
49. West Virginia.....	WV	...L....468	624		(3,675)	(19,280)	11,997		
50. Wisconsin.....	WI	...L....309,813	275,706		3,998	(28,322)	237,205		
51. Wyoming.....	WY	...E....497,940	478,659		202,807	197,227	1,275,729		
52. American Samoa.....	AS	...N.....							
53. Guam.....	GU	...N.....							
54. Puerto Rico.....	PR	...N.....							
55. US Virgin Islands.....	VI	...N.....							
56. Northern Mariana Islands.....	MP	...N.....							
57. Canada.....	CAN	...N.....							
58. Aggregate Other Alien.....	OT	...XXX...0	0	0	0	0	0	0	0
59. Totals.....	(a)....5	216,487,248	208,131,468	0	...100,244,618	...113,462,241	...196,560,753	0	1,018,621

DETAILS OF WRITE-INS

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

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

Location of property: Fire, Allied lines, Commercial multiple peril, Inland marine, Boiler and machinery

Location of risk: Other liability

Location of primary garage: Auto liability, Auto physical damage

Location of contractor: Surety - contract bonds

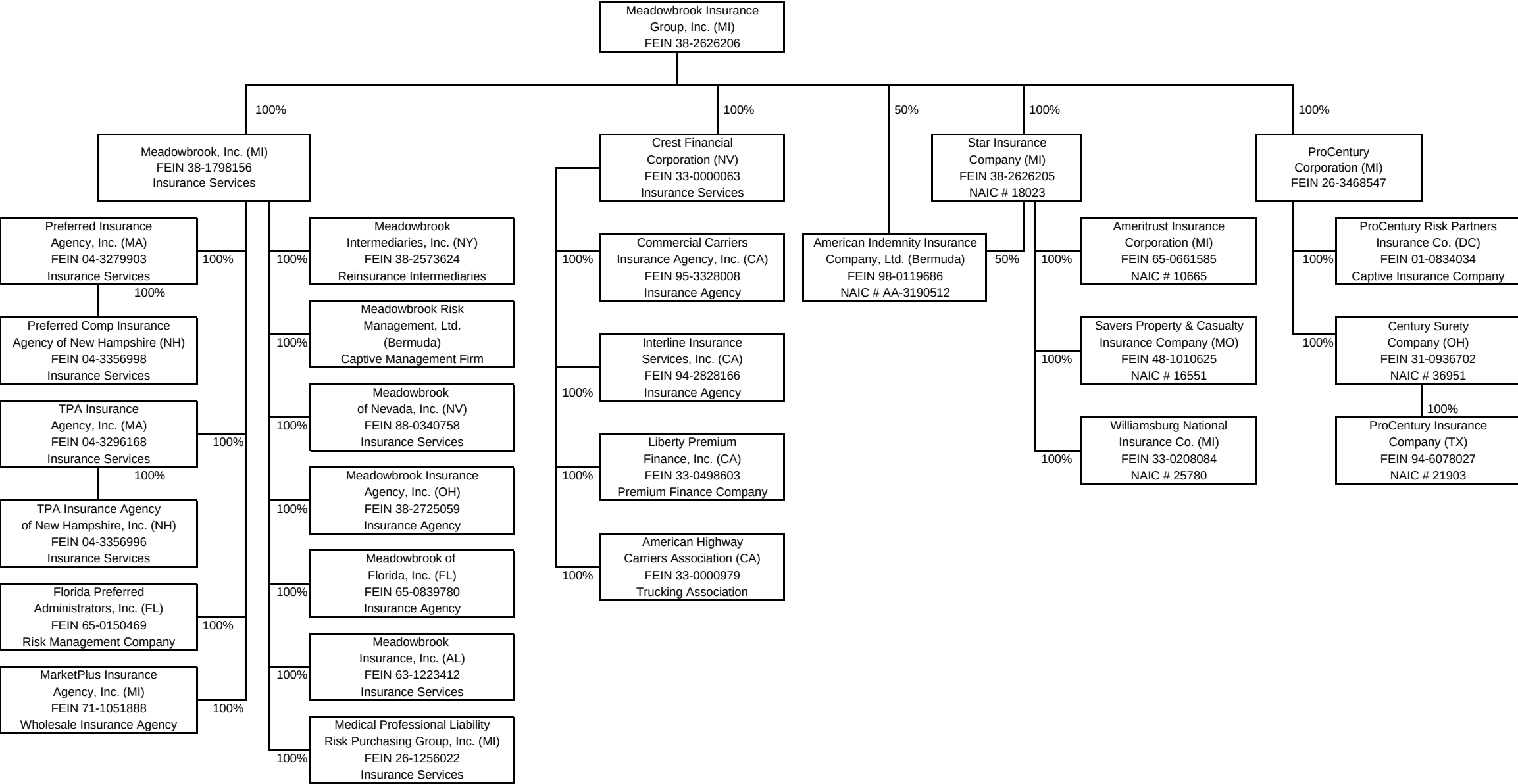
Location of court: Surety - judicial bonds, license and permit bonds

Location of insured: Ocean marine, Fidelity

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

PART 1 – ORGANIZATIONAL CHART

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