



ANNUAL STATEMENT
For the Year Ended December 31, 2012

OF THE CONDITION AND AFFAIRS OF

THE TRAVELERS
INDEMNITY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 25658 Employer's ID Number 06-0566050
(Current Period) (Prior Period)

Organized under the Laws of Connecticut, State of Domicile or Port of Entry Connecticut,
Country of Domicile US

INCORPORATED/ORGANIZED, MARCH 25, 1903 COMMENCED BUSINESS, MAY 12, 1906

Statutory Home Office: One Tower Square, Hartford, CT, US 06183
Main Administrative Office: One Tower Square, Hartford, CT, US 06183 (860) 277-0111
Mail Address: One Tower Square, Hartford, CT, US 06183
Primary Location of Books and Records: One Tower Square, Hartford, CT, US 06183 (860) 277-0111
Internet Website Address: www.travelers.com
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(E-Mail Address) (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Lists 10 officers including Brian William MacLean, Jay Steven Benet, Charles Joseph Clarke, William Herbert Heyman, Alan David Schnitzer, Doreen Spadorcia, Andy Francis Besette, Robert Carl Brody, John Patrick Clifford, Jr., William Eugene Cunningham, Jr., William Patrick Hannon, Madelyn Joseph Lankton, Maria Olivo, Kenneth Franklin Spence, III, Gregory Cheshire Toczydowski, Douglas Keith Bell, Douglas Kenneth Russell, Scott William Rynda, Wendy Constance Skjerven, and Smitesh Davé.

DIRECTORS

JAY STEVEN BENET BRIAN WILLIAM MacLEAN KENNETH FRANKLIN SPENCE, III
WILLIAM HERBERT HEYMAN DOREEN SPADORCIA GREGORY CHESHIRE TOCZYDLOWSKI

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } ss:

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 of Brian W. MacLean

Brian W. MacLean

President

Signature of Wendy C. Skjerven

Wendy C. Skjerven

Secretary

Signature of Douglas K. Russell

Douglas K. Russell

Controller

Subscribed and sworn to before me this

22nd day of January, 2013

Signature of Sandra M. Bachman, Notary Public
My Commission Expires September 30, 2017



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 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	12,741,194,903	0	12,741,194,903	12,867,340,653
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	59,197,974	0	59,197,974	59,115,935
2.2 Common stocks.....	3,526,242,567	34,720,032	3,491,522,535	3,332,764,668
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	31,960,707
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	192,079,339	0	192,079,339	197,891,542
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....(560,423,814), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....471,625,468, Schedule DA).....	(88,798,347)	0	(88,798,347)	(512,369,453)
6. Contract loans (including \$.....0 premium notes).....	979,710	979,710	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	755,784,374	177,350,934	578,433,439	609,921,369
9. Receivables for securities.....	0	0	0	1,119,650
10. Securities lending reinvested collateral assets (Schedule DL).....	168,831,641	0	168,831,641	47,186,079
11. Aggregate write-ins for invested assets.....	(6,708,996)	0	(6,708,996)	(7,828,675)
12. Subtotals, cash and invested assets (Lines 1 to 11).....	17,348,803,164	213,050,676	17,135,752,489	16,627,102,474
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	151,477,595	0	151,477,595	160,151,382
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	284,459,371	36,672,478	247,786,892	334,818,671
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....26,263,618 earned but unbilled premiums).....	939,454,577	8,613,254	930,841,322	887,206,397
15.3 Accrued retrospective premiums.....	27,009,820	406,964	26,602,856	43,360,947
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,588,885,818	0	1,588,885,818	1,705,194,806
16.2 Funds held by or deposited with reinsured companies.....	3,265,455	0	3,265,455	3,853,771
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	0
18.2 Net deferred tax asset.....	846,020,575	330,721,053	515,299,522	495,739,615
19. Guaranty funds receivable or on deposit.....	2,761,517	0	2,761,517	4,163,092
20. Electronic data processing equipment and software.....	52,944,950	0	52,944,950	39,430,207
21. Furniture and equipment, including health care delivery assets (\$.....0).....	234,084,658	234,084,658	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	273,232,283	0	273,232,283	277,429,189
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	1,188,841,333	822,543,809	366,297,524	370,202,823
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	22,941,241,116	1,646,092,893	21,295,148,223	20,948,653,374
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	22,941,241,116	1,646,092,893	21,295,148,223	20,948,653,374

DETAILS OF WRITE-INS

1101. Deferred gain/loss.....	(6,708,996)	0	(6,708,996)	(7,828,675)
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	(6,708,996)	0	(6,708,996)	(7,828,675)
2501. COLI supplemental benefits trust.....	138,110,841	0	138,110,841	130,470,614
2502. Suspense, undistributed payments.....	66,774,008	0	66,774,008	69,793,170
2503. Equities and deposits in pools and associations.....	51,182,263	0	51,182,263	68,833,124
2598. Summary of remaining write-ins for Line 25 from overflow page.....	932,774,222	822,543,809	110,230,413	101,105,915
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,188,841,333	822,543,809	366,297,524	370,202,823

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	6,982,442,344	6,941,647,410
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,314,734,314	1,185,923,481
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	1,518,428,857	1,558,083,496
4. Commissions payable, contingent commissions and other similar charges.....	132,581,223	126,458,140
5. Other expenses (excluding taxes, licenses and fees).....	125,962,643	106,677,202
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	78,112,641	83,311,074
7.1 Current federal and foreign income taxes (including \$.....8,883,438 on realized capital gains (losses)).....	31,874,526	39,303,364
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....7,409,709,535 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).....	2,026,293,189	1,985,991,936
10. Advance premium.....	70,141,709	68,317,105
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	12,101,591	10,768,744
12. Ceded reinsurance premiums payable (net of ceding commissions).....	108,347,236	87,967,346
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	125,361,105	183,234,061
14. Amounts withheld or retained by company for account of others.....	1,038,222,950	1,063,989,902
15. Remittances and items not allocated.....	225,641,964	224,037,217
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	148,364,844	201,381,765
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Derivatives.....	0	0
21. Payable for securities.....	15,369,562	7,402,643
22. Payable for securities lending.....	168,831,641	47,186,079
23. Liability for amounts held under uninsured plans.....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	53,049,806	51,706,210
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	14,175,862,147	13,973,387,175
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	14,175,862,147	13,973,387,175
29. Aggregate write-ins for special surplus funds.....	26,123,798	150,091,175
30. Common capital stock.....	10,790,700	10,790,700
31. Preferred capital stock.....	0	0
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....	0	0
34. Gross paid in and contributed surplus.....	4,234,154,921	4,234,154,921
35. Unassigned funds (surplus).....	2,848,216,656	2,580,229,403
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	7,119,286,075	6,975,266,199
38. TOTALS (Page 2, Line 28, Col. 3).....	21,295,148,223	20,948,653,374

DETAILS OF WRITE-INS

2501. Escheat liability.....	79,793,800	75,075,659
2502. Retroactive reinsurance reserve assumed.....	527,277	529,763
2503. Other statutory provisions.....	258,300	285,711
2598. Summary of remaining write-ins for Line 25 from overflow page.....	(27,529,571)	(24,184,922)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	53,049,806	51,706,210
2901. Special surplus from retroactive reinsurance.....	26,123,798	24,458,124
2902. Special surplus for deferred taxes.....	0	125,633,051
2903.	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	26,123,798	150,091,175
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

THE TRAVELERS INDEMNITY COMPANY

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4).....	4,519,422,121	4,421,998,658
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	2,583,172,171	2,867,550,021
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	505,308,943	529,939,046
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,425,907,094	1,403,048,009
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,514,388,208	4,800,537,076
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	5,033,913	(378,538,419)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	769,265,221	797,610,599
10. Net realized capital gains (losses) less capital gains tax of \$.....10,835,083 (Exhibit of Capital Gains (Losses)).....	6,507,944	2,075,974
11. Net investment gain (loss) (Lines 9 + 10).....	775,773,164	799,686,574
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....33,684,786 amount charged off \$.....44,835,554).....	(11,150,767)	(13,644,590)
13. Finance and service charges not included in premiums.....	20,515,539	21,231,153
14. Aggregate write-ins for miscellaneous income.....	29,263,380	24,959,798
15. Total other income (Lines 12 through 14).....	38,628,152	32,546,361
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	819,435,229	453,694,516
17. Dividends to policyholders.....	9,372,460	8,116,326
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).....	810,062,769	445,578,190
19. Federal and foreign income taxes incurred.....	132,558,863	41,416,922
20. Net income (Line 18 minus Line 19) (to Line 22).....	677,503,907	404,161,268
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	6,975,266,199	7,069,447,782
22. Net income (from Line 20).....	677,503,907	404,161,268
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(2,175,677).....	161,503,991	24,444,755
25. Change in net unrealized foreign exchange capital gain (loss).....	(312,645)	2,990,799
26. Change in net deferred income tax.....	1,704,319	65,062,196
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(58,223,451)	(80,640,507)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	53,016,921	(13,311,369)
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	(7,173,166)	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	(684,000,000)	(505,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	8,111,275
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	144,019,876	(94,181,582)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	7,119,286,075	6,975,266,199
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Profit and loss, miscellaneous.....	18,020,324	21,643,052
1402. Change in COLI cash values.....	8,153,216	4,798,799
1403. Retroactive reinsurance gain/loss.....	3,745,768	(1,151,014)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(655,928)	(331,040)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	29,263,380	24,959,798
3701. Change in special surplus from deferred taxes.....	0	13,301,057
3702. Prior period adjustment.....	0	(5,189,782)
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	8,111,275

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	4,642,269,222	4,780,829,990
2. Net investment income.....	839,569,989	848,432,621
3. Miscellaneous income.....	38,628,152	32,546,361
4. Total (Lines 1 through 3).....	5,520,467,363	5,661,808,972
5. Benefit and loss related payments.....	2,296,669,098	2,620,880,058
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,949,791,956	1,934,060,445
8. Dividends paid to policyholders.....	8,039,613	6,053,339
9. Federal and foreign income taxes paid (recovered) net of \$.....10,792,718 tax on capital gains (losses).....	150,822,784	19,012,788
10. Total (Lines 5 through 9).....	4,405,323,451	4,580,006,630
11. Net cash from operations (Line 4 minus Line 10).....	1,115,143,912	1,081,802,342
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,651,546,618	1,870,489,418
12.2 Stocks.....	9,946,430	38,589,973
12.3 Mortgage loans.....	31,960,706	1,706,743
12.4 Real estate.....	0	0
12.5 Other invested assets.....	119,610,981	54,337,502
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	46,280	99,623
12.7 Miscellaneous proceeds.....	9,086,569	21,852,921
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,822,197,584	1,987,076,181
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,551,440,480	2,293,965,421
13.2 Stocks.....	9,954,335	37,536,799
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	944,946	17,089,976
13.5 Other invested assets.....	155,901,365	103,029,539
13.6 Miscellaneous applications.....	121,645,562	39,261,353
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,839,886,687	2,490,883,087
14. Net increase (decrease) in contract loans and premium notes.....	(328,164)	(544,961)
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(17,360,940)	(503,261,946)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	684,000,000	505,000,000
16.6 Other cash provided (applied).....	9,788,134	(720,814,790)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(674,211,866)	(1,225,814,790)
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).....	423,571,106	(647,274,394)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(512,369,453)	134,904,941
19.2 End of year (Line 18 plus Line 19.1).....	(88,798,347)	(512,369,453)
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Stock distributions from limited partnerships.....	9,954,335	4,400,026
20.0002 Exchange of bonds.....	5,283,995	0
20.0003 Interest payment received in securities.....	3,184,160	0
20.0004 Adjustment to prior year dissolution.....	0	3,136,772
20.0005 Stock company converted to limited liability company.....	0	646,320

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.....	110,588,368	48,190,826	50,816,560	107,962,633
2. Allied lines.....	117,149,156	53,054,499	53,589,136	116,614,519
3. Farmowners multiple peril.....	38,540,918	18,225,465	18,396,350	38,370,033
4. Homeowners multiple peril.....	751,055,159	397,014,176	397,740,995	750,328,340
5. Commercial multiple peril.....	695,644,605	315,970,017	314,284,259	697,330,363
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	60,915,007	25,734,439	25,169,683	61,479,762
9. Inland marine.....	139,562,015	67,156,680	67,863,338	138,855,357
10. Financial guaranty.....	0	0	(414)	414
11.1 Medical professional liability - occurrence.....	(38)	(1,046)	(644)	(440)
11.2 Medical professional liability - claims-made.....	(2,498)	217	0	(2,281)
12. Earthquake.....	25,298,047	11,140,998	11,245,800	25,193,245
13. Group accident and health.....	1,630	35,287	29,605	7,313
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	1,198,307	500,971	490,655	1,208,622
16. Workers' compensation.....	800,249,054	262,971,570	304,852,610	758,368,015
17.1 Other liability - occurrence.....	379,407,479	161,400,509	162,224,312	378,583,677
17.2 Other liability - claims-made.....	128,947,563	74,537,859	73,575,189	129,910,234
17.3 Excess workers' compensation.....	4,633,235	1,593,409	1,279,460	4,947,184
18.1 Products liability - occurrence.....	31,358,757	11,498,325	12,098,550	30,758,532
18.2 Products liability - claims-made.....	4,613,292	2,481,880	2,327,832	4,767,340
19.1, 19.2 Private passenger auto liability.....	467,569,013	165,064,327	162,579,818	470,053,522
19.3, 19.4 Commercial auto liability.....	348,636,726	160,159,853	155,795,636	353,000,943
21. Auto physical damage.....	378,075,407	140,733,412	141,268,405	377,540,414
22. Aircraft (all perils).....	22,831	0	0	22,831
23. Fidelity.....	13,559,746	9,311,406	8,811,708	14,059,443
24. Surety.....	3,506,465	(1,080,660)	(1,191,316)	3,617,120
26. Burglary and theft.....	1,803,557	962,518	915,086	1,850,990
27. Boiler and machinery.....	41,072,924	18,032,148	18,552,130	40,552,942
28. Credit.....	7,209	3,443	3,168	7,485
29. International.....	1,093,146	45,789	260,986	877,949
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	6,768,521	3,140,406	3,477,566	6,431,361
32. Reinsurance - nonproportional assumed liability.....	5,082,639	2,557,105	2,217,047	5,422,696
33. Reinsurance - nonproportional assumed financial lines.....	459,454	362,303	291,039	530,718
34. Aggregate write-ins for other lines of business.....	728,054	534,674	491,884	770,845
35. TOTALS.....	4,557,545,747	1,951,332,806	1,989,456,432	4,519,422,121

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	728,054	534,674	491,884	770,845
3402.	0	0	0	0
3403.	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	728,054	534,674	491,884	770,845

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	50,624,666	627,444	(435,550)	0	50,816,560
2.	Allied lines.....	52,591,881	1,001,144	(3,890)	0	53,589,136
3.	Farmowners multiple peril.....	18,849,406	(453,056)	0	0	18,396,350
4.	Homeowners multiple peril.....	397,856,731	(115,736)	0	0	397,740,995
5.	Commercial multiple peril.....	317,757,645	(505,540)	(2,967,846)	0	314,284,259
6.	Mortgage guaranty.....	0	0	0	0	0
8.	Ocean marine.....	25,875,777	343,286	(1,049,380)	0	25,169,683
9.	Inland marine.....	56,377,999	12,294,733	(809,394)	0	67,863,338
10.	Financial guaranty.....	0	(414)	0	0	(414)
11.1	Medical professional liability - occurrence.....	(644)	0	0	0	(644)
11.2	Medical professional liability - claims-made.....	0	0	0	0	0
12.	Earthquake.....	10,967,559	278,321	(79)	0	11,245,800
13.	Group accident and health.....	29,605	0	0	0	29,605
14.	Credit accident and health (group and individual).....	0	0	0	0	0
15.	Other accident and health.....	503,717	938	(14,000)	0	490,655
16.	Workers' compensation.....	330,275,800	204,036	(15,803,341)	(9,823,885)	304,852,610
17.1	Other liability - occurrence.....	164,809,365	24,968	(2,928,065)	318,045	162,224,312
17.2	Other liability - claims-made.....	62,931,825	10,591,707	51,657	0	73,575,189
17.3	Excess workers' compensation.....	1,295,297	0	(15,837)	0	1,279,460
18.1	Products liability - occurrence.....	12,639,594	22,559	(615,089)	51,486	12,098,550
18.2	Products liability - claims-made.....	2,663,249	(351,021)	15,604	0	2,327,832
19.1, 19.2	Private passenger auto liability.....	162,579,818	0	0	0	162,579,818
19.3, 19.4	Commercial auto liability.....	156,882,771	79,952	(0)	(1,167,087)	155,795,636
21.	Auto physical damage.....	141,196,764	23,339	(0)	48,302	141,268,405
22.	Aircraft (all perils).....	0	0	0	0	0
23.	Fidelity.....	5,258,709	3,553,090	(90)	0	8,811,708
24.	Surety.....	326,804	170,185	(1,688,305)	0	(1,191,316)
26.	Burglary and theft.....	625,782	289,317	(13)	0	915,086
27.	Boiler and machinery.....	17,006,380	1,545,750	(0)	0	18,552,130
28.	Credit.....	3,168	0	0	0	3,168
29.	International.....	260,986	0	0	0	260,986
30.	Warranty.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property.....	2,667,351	810,215	0	0	3,477,566
32.	Reinsurance - nonproportional assumed liability.....	2,013,146	203,901	0	0	2,217,047
33.	Reinsurance - nonproportional assumed financial lines.....	291,039	0	0	0	291,039
34.	Aggregate write-ins for other lines of business.....	491,884	0	0	0	491,884
35.	TOTALS.....	1,995,654,072	30,639,118	(26,263,618)	(10,573,140)	1,989,456,432
36.	Accrued retrospective premiums based on experience.....					10,573,140
37.	Earned but unbilled premiums.....					26,263,618
38.	Balance (sum of Lines 35 through 37).....					2,026,293,189

DETAILS OF WRITE-INS

3401.	Tribal workers' compensation.....	491,884	0	0	0	491,884
3402.	.....	0	0	0	0	0
3403.	.....	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	491,884	0	0	0	491,884

(a) State here basis of computation used in each case: Daily pro rata; pools and associations as submitted.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	139,010,079	486,187,674	2,539,642	364,420,599	152,728,427	110,588,368
2. Allied lines.....	169,566,314	631,998,075	1,862,327	385,852,808	300,424,752	117,149,156
3. Farmowners multiple peril.....	31,643,909	136,098,543	0	126,941,770	2,259,764	38,540,918
4. Homeowners multiple peril.....	43,388,280	3,265,456,789	0	2,473,741,577	84,048,334	751,055,159
5. Commercial multiple peril.....	238,935,182	2,952,349,083	4,892,501	2,291,875,469	208,656,692	695,644,605
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	6,012,126	279,686,915	85,752	200,744,262	24,125,524	60,915,007
9. Inland marine.....	11,125,424	645,291,155	388,309	459,679,873	57,563,000	139,562,015
10. Financial guaranty.....	1,507	6,480	1,416	0	9,403	0
11.1 Medical professional liability - occurrence.....	0	0	0	4,964	(4,926)	(38)
11.2 Medical professional liability - claims-made.....	0	(100)	0	(8,228)	10,626	(2,498)
12. Earthquake.....	46,920,086	88,590,446	386,150	83,323,883	27,274,753	25,298,047
13. Group accident and health.....	0	1,630	0	0	0	1,630
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	1,198,307	0	0	0	1,198,307
16. Workers' compensation.....	389,200,414	3,418,380,111	55,024,350	2,636,080,512	426,275,309	800,249,054
17.1 Other liability - occurrence.....	258,521,069	1,515,812,550	2,662,998	1,250,245,743	147,343,395	379,407,479
17.2 Other liability - claims-made.....	13,435,403	606,591,730	1,283,683	424,805,572	67,557,680	128,947,563
17.3 Excess workers' compensation.....	68,308	23,421,412	0	15,260,431	3,596,054	4,633,235
18.1 Products liability - occurrence.....	7,911,213	127,757,260	1,250	103,285,977	1,024,989	31,358,757
18.2 Products liability - claims-made.....	(5,205)	25,350,388	0	15,194,745	5,537,146	4,613,292
19.1, 19.2 Private passenger auto liability.....	16,972,268	1,989,519,867	14,286,622	1,540,026,581	13,183,163	467,569,013
19.3, 19.4 Commercial auto liability.....	142,944,223	1,406,077,511	13,400,643	1,148,375,798	65,409,853	348,636,726
21. Auto physical damage.....	50,095,094	1,583,520,437	2,692,569	1,245,262,548	12,970,145	378,075,407
22. Aircraft (all perils).....	0	98,029	0	75,198	0	22,831
23. Fidelity.....	57,043	63,423,974	20,564	44,661,576	5,280,259	13,559,746
24. Surety.....	9,644,269	8,449,086	0	17,316,890	(2,730,000)	3,506,465
26. Burglary and theft.....	20,164	8,618,855	8,542	6,755,108	88,896	1,803,557
27. Boiler and machinery.....	14,832,621	96,991,748	69,317,782	135,281,407	4,787,820	41,072,924
28. Credit.....	88	30,955	0	23,746	88	7,209
29. International.....	0	4,693,628	0	3,600,482	0	1,093,146
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	(8,072,225)	38,765,852	22,293,397	1,631,709	6,768,521
32. Reinsurance - nonproportional assumed liability.....	XXX	21,509,323	4,271,412	16,740,627	3,957,469	5,082,639
33. Reinsurance - nonproportional assumed financial lines.....	XXX	1,972,754	0	1,513,300	0	459,454
34. Aggregate write-ins for other lines of business.....	0	3,126,039	0	2,397,985	0	728,054
35. TOTALS.....	1,590,299,878	19,384,138,429	211,892,365	15,015,774,600	1,613,010,324	4,557,545,747

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	3,126,039	0	2,397,985	0	728,054
3402.	0	0	0	0	0	0
3403.	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page..	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	3,126,039	0	2,397,985	0	728,054

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	64,985,095	202,599,485	212,818,366	54,766,214	46,226,019	47,346,282	53,645,951	49.7
2. Allied lines.....	167,515,747	490,105,679	575,501,583	82,119,844	86,314,347	87,116,208	81,317,982	69.7
3. Farmowners multiple peril.....	20,108,272	64,011,366	64,528,712	19,590,926	11,534,219	11,682,709	19,442,436	50.7
4. Homeowners multiple peril.....	19,535,579	1,913,731,063	1,483,258,636	450,008,006	205,829,610	216,626,975	439,210,640	58.5
5. Commercial multiple peril.....	135,025,588	1,551,278,954	1,316,452,984	369,851,558	589,423,581	593,814,230	365,460,910	52.4
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	4,966,549	142,719,951	115,657,656	32,028,844	62,630,467	40,012,076	54,647,235	88.9
9. Inland marine.....	6,204,691	312,275,490	248,550,884	69,929,297	57,663,863	62,571,016	65,022,145	46.8
10. Financial guaranty.....	0	0	0	0	34	37	(3)	(0.7)
11.1 Medical professional liability - occurrence.....	0	7,788,074	6,016,436	1,771,638	5,883,285	7,803,400	(148,477)	33,742.5
11.2 Medical professional liability - claims-made.....	312,166	8,663,673	6,956,868	2,018,971	16,033,781	21,411,785	(3,359,034)	147,233.0
12. Earthquake.....	3,501,468	325,170	3,131,082	695,557	8,374,010	5,367,200	3,702,368	14.7
13. Group accident and health.....	0	412,240	0	412,240	1,508,492	1,727,585	193,148	2,641.2
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	12,363	98,419	117	110,665	9,135,938	9,022,803	223,800	18.5
16. Workers' compensation.....	278,339,020	1,738,165,354	1,633,211,090	383,293,285	2,827,784,157	2,761,677,862	449,399,580	59.3
17.1 Other liability - occurrence.....	86,686,858	694,677,571	627,192,737	154,171,692	1,083,731,929	1,089,291,117	148,612,504	39.3
17.2 Other liability - claims-made.....	25,238,388	391,282,959	341,981,476	74,539,872	374,031,000	368,989,391	79,581,480	61.3
17.3 Excess workers' compensation.....	10,167	22,058,151	18,704,308	3,364,010	118,465,069	118,170,535	3,658,544	74.0
18.1 Products liability - occurrence.....	8,998,663	142,229,364	119,160,894	32,067,133	330,721,863	339,326,631	23,462,364	76.3
18.2 Products liability - claims-made.....	0	1,135,639	922,950	212,690	5,799,092	5,720,905	290,877	6.1
19.1, 19.2 Private passenger auto liability.....	21,031,070	1,299,580,884	1,017,486,019	303,125,935	365,540,885	360,322,231	308,344,589	65.6
19.3, 19.4 Commercial auto liability.....	79,153,403	933,234,015	790,106,182	222,281,236	461,967,698	442,061,597	242,187,337	68.6
21. Auto physical damage.....	27,175,695	1,053,138,555	831,266,236	249,048,014	20,883,462	23,552,537	246,378,938	65.3
22. Aircraft (all perils).....	87,606	1,353,251	1,290,580	150,276	3,032,853	3,268,064	(84,935)	(372.0)
23. Fidelity.....	(21,681)	52,141,527	40,750,259	11,369,587	28,129,104	26,353,941	13,144,750	93.5
24. Surety.....	2,607,749	6,085,317	6,688,292	2,004,774	37,597,084	43,691,381	(4,089,523)	(113.1)
26. Burglary and theft.....	0	(205,159)	(143,758)	(61,401)	3,073,872	2,604,057	408,414	22.1
27. Boiler and machinery.....	9,777,588	46,325,529	43,314,668	12,788,449	8,441,154	8,168,467	13,061,136	32.2
28. Credit.....	0	117,379	90,042	27,338	2,063,173	2,090,511	(0)	(0.0)
29. International.....	0	6,162,692	4,727,401	1,435,291	4,101,114	4,086,990	1,449,415	165.1
30. Warranty.....	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	16,334,808	13,947,477	2,387,331	12,205,664	11,955,172	2,637,822	41.0
32. Reinsurance - nonproportional assumed liability.....	XXX	98,844,073	92,297,203	6,546,869	189,612,309	221,475,507	(25,316,328)	(466.9)
33. Reinsurance - nonproportional assumed financial lines.....	XXX	284,638	218,346	66,292	3,887,671	3,787,335	166,628	31.4
34. Aggregate write-ins for other lines of business.....	0	1,094,060	839,254	254,807	815,544	550,872	519,478	67.4
35. TOTALS.....	961,252,046	11,198,050,171	9,616,924,979	2,542,377,238	6,982,442,344	6,941,647,410	2,583,172,172	57.2

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	1,094,060	839,254	254,807	815,544	550,872	519,478	67.4
3402.	0	0	0	0	0	0	0	0.0
3403.	0	0	0	0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	1,094,060	839,254	254,807	815,544	550,872	519,478	67.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	43,708,658	131,754,282	142,607,218	32,855,722	13,480,058	87,286,385	87,396,146	46,226,019	3,493,994
2. Allied lines.....	190,983,348	806,548,461	936,821,417	60,710,392	34,562,738	123,314,122	132,272,905	86,314,347	8,730,738
3. Farmowners multiple peril.....	5,362,191	22,077,768	21,129,656	6,310,303	4,528,638	17,891,533	17,196,254	11,534,219	2,296,619
4. Homeowners multiple peril.....	6,640,710	370,976,208	289,900,273	87,716,646	7,224,781	515,459,394	404,571,211	205,829,610	30,364,007
5. Commercial multiple peril.....	138,310,895	1,381,392,049	1,190,762,112	328,940,832	156,382,669	1,039,365,540	935,265,459	589,423,581	217,611,221
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	4,128,163	202,384,407	160,890,050	45,622,521	7,845,710	147,356,012	138,193,776	62,630,467	10,041,979
9. Inland marine.....	6,403,716	165,241,128	134,166,198	37,478,647	22,811,531	109,730,231	112,356,545	57,663,863	5,198,524
10. Financial guaranty.....	0	0	0	0	0	33	(1)	34	262
11.1 Medical professional liability - occurrence.....	3	13,230,951	10,180,342	3,050,612	3,616,176	10,495,066	11,278,569	5,883,285	1,495,959
11.2 Medical professional liability - claims-made.....	1,325,295	46,434,090	37,913,695	9,845,691	10,514,131	20,182,133	24,508,175	16,033,781	2,401,267
12. Earthquake.....	2,744,782	131	2,479,792	265,121	18,962,452	21,821,369	32,674,932	8,374,010	266,756
13. Group accident and health.....	0	827,096	0	827,096	0	798,183	116,787	(a).....1,508,492	114,849
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	373,695	2,384,452	242,968	2,515,179	1,766,216	5,959,371	1,104,828	(a).....9,135,938	2,723,317
16. Workers' compensation.....	1,425,567,333	6,759,041,757	6,711,019,071	1,473,590,018	939,660,025	6,157,883,543	5,743,349,430	2,827,784,157	370,628,650
17.1 Other liability - occurrence.....	204,194,340	973,317,400	947,631,857	229,879,883	951,623,166	3,242,215,590	3,339,986,709	1,083,731,929	368,608,424
17.2 Other liability - claims-made.....	40,810,220	598,488,427	513,273,654	126,024,993	59,460,199	1,114,288,526	925,742,718	374,031,000	146,944,773
17.3 Excess workers' compensation.....	175,000	323,195,268	277,849,720	45,520,548	(415,397)	378,599,330	305,239,411	118,465,069	6,038,420
18.1 Products liability - occurrence.....	28,594,866	246,180,036	218,436,186	56,338,717	143,410,897	1,121,066,273	990,094,024	330,721,863	159,955,308
18.2 Products liability - claims-made.....	1	8,741,600	7,112,632	1,628,970	1,986,313	21,119,149	18,935,340	5,799,092	4,376,697
19.1, 19.2 Private passenger auto liability.....	113,311,094	1,425,128,538	1,291,035,550	247,404,083	20,083,810	501,624,133	403,571,142	365,540,885	63,330,930
19.3, 19.4 Commercial auto liability.....	83,302,288	1,146,008,458	984,470,604	244,840,142	88,672,231	946,848,806	818,393,481	461,967,698	72,538,468
21. Auto physical damage.....	2,776,871	78,161,865	62,314,858	18,623,879	4,413,961	14,943,310	17,097,688	20,883,462	9,937,922
22. Aircraft (all perils).....	206,817	30,984,293	30,002,197	1,188,914	7,347,698	22,792,745	28,296,504	3,032,853	1,354,426
23. Fidelity.....	264	28,148,905	21,785,465	6,363,704	16,731,604	106,243,486	101,209,690	28,129,104	11,337,082
24. Surety.....	2,150,888	163,516,809	144,466,653	21,201,044	13,875,904	40,986,420	38,466,285	37,597,084	7,373,141
26. Burglary and theft.....	(1)	20,246	18,678	1,567	18,678	13,761,924	10,762,380	3,073,872	1,292,278
27. Boiler and machinery.....	409,875	16,627,246	13,626,851	3,410,270	1,421,525	20,971,354	17,361,995	8,441,154	2,159,763
28. Credit.....	0	3,988,890	3,059,877	929,012	135	4,869,734	3,735,707	2,063,173	(125,872)
29. International.....	0	6,462,496	4,957,381	1,505,115	52,278	11,094,133	8,550,412	4,101,114	58,144
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	54,148,139	44,876,271	9,271,867	XXX	32,391,994	29,458,197	12,205,664	896,310
32. Reinsurance - nonproportional assumed liability.....	XXX	555,665,831	446,555,648	109,110,183	XXX	371,813,912	291,311,785	189,612,309	6,711,041
33. Reinsurance - nonproportional assumed financial lines.....	XXX	10,691,909	8,267,257	2,424,652	XXX	6,622,910	5,159,891	3,887,671	67,863
34. Aggregate write-ins for other lines of business.....	0	598,850	459,378	139,472	0	2,902,843	2,226,771	815,544	205,597
35. TOTALS.....	2,301,481,316	15,572,367,988	14,658,313,510	3,215,535,794	2,530,092,210	16,232,699,486	14,995,885,145	6,982,442,344	1,518,428,857
DETAILS OF WRITE-INS									
3401. Tribal workers' compensation.....	0	598,850	459,378	139,472	0	2,902,843	2,226,771	815,544	205,597
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	598,850	459,378	139,472	0	2,902,843	2,226,771	815,544	205,597

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(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.....	130,904,940	0	0	130,904,940
1.2 Reinsurance assumed.....	1,071,124,385	0	0	1,071,124,385
1.3 Reinsurance ceded.....	929,232,554	0	0	929,232,554
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	272,796,771	0	0	272,796,771
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	205,754,122	0	205,754,122
2.2 Reinsurance assumed, excluding contingent.....	0	2,819,850,406	0	2,819,850,406
2.3 Reinsurance ceded, excluding contingent.....	0	2,367,024,196	0	2,367,024,196
2.4 Contingent - direct.....	0	5,114,964	0	5,114,964
2.5 Contingent - reinsurance assumed.....	0	52,233,179	0	52,233,179
2.6 Contingent - reinsurance ceded.....	0	44,311,110	0	44,311,110
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	671,617,365	0	671,617,365
3. Allowances to manager and agents.....	0	741,963	0	741,963
4. Advertising.....	1,569	34,782,599	50	34,784,218
5. Boards, bureaus and associations.....	1,191,217	18,651,745	0	19,842,962
6. Surveys and underwriting reports.....	81	15,005,961	86	15,006,128
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	138,654,765	311,660,323	6,739,869	457,054,957
8.2 Payroll taxes.....	10,326,537	21,037,086	211,059	31,574,682
9. Employee relations and welfare.....	26,348,650	53,112,365	491,884	79,952,899
10. Insurance.....	16,584,483	4,106,825	16,798	20,708,106
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	9,171,509	16,616,402	96,389	25,884,300
13. Rent and rent items.....	7,925,639	20,241,547	435,420	28,602,606
14. Equipment.....	1,759,385	6,575,812	2,598,205	10,933,402
15. Cost or depreciation of EDP equipment and software.....	4,900,349	61,510,014	110,314	66,520,677
16. Printing and stationery.....	788,217	2,681,905	32,560	3,502,682
17. Postage, telephone and telegraph, exchange and express.....	2,663,971	19,217,458	40,810	21,922,239
18. Legal and auditing.....	7,046,154	7,000,778	262,444	14,309,376
19. Totals (Lines 3 to 18).....	227,362,526	592,942,783	11,035,888	831,341,197
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....903,635.....	0	119,836,217	0	119,836,217
20.2 Insurance department licenses and fees.....	0	11,806,545	0	11,806,545
20.3 Gross guaranty association assessments.....	0	(215,304)	0	(215,304)
20.4 All other (excluding federal and foreign income and real estate).....	0	4,983,825	0	4,983,825
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	136,411,283	0	136,411,283
21. Real estate expenses.....	0	0	19,586,797	19,586,797
22. Real estate taxes.....	0	0	6,413,975	6,413,975
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	5,149,646	24,935,663	1,044,795	31,130,104
25. Total expenses incurred.....	505,308,943	1,425,907,094	38,081,455	(a) 1,969,297,492
26. Less unpaid expenses - current year.....	1,518,428,857	333,918,446	2,738,061	1,855,085,365
27. Add unpaid expenses - prior year.....	1,558,083,496	314,241,301	2,205,115	1,874,529,912
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	544,963,582	1,406,229,949	37,548,509	1,988,742,039

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	11,689,036	63,749,510	1,044,795	76,483,341
2402. Service reimbursements.....	(1,476,205)	(14,509,693)	0	(15,985,898)
2403. Costs of computer software developed for internal use.....	(5,063,185)	(24,304,154)	0	(29,367,339)
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).....	5,149,646	24,935,663	1,044,795	31,130,104

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....12,167,494	.....10,809,740
1.1 Bonds exempt from U.S. tax.....	(a).....281,987,449	.....274,907,586
1.2 Other bonds (unaffiliated).....	(a).....259,437,294	.....259,369,701
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....4,057,759	.....4,057,759
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....1,466,264	.....1,466,264
2.21 Common stocks of affiliates.....	.....146,978,541	.....146,978,541
3. Mortgage loans.....	(c).....4,224,359	.....4,041,146
4. Real estate.....	(d).....47,520,925	.....47,520,925
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....1,273,488	.....1,290,154
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....62,686,832	.....62,686,677
9. Aggregate write-ins for investment income.....	.....1,771,068	.....1,771,068
10. Total gross investment income.....	.....823,571,474	.....814,899,561
11. Investment expenses.....		(g).....38,081,455
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....250,385
14. Depreciation on real estate and other invested assets.....		(i).....6,757,150
15. Aggregate write-ins for deductions from investment income.....		.....545,351
16. Total deductions (Lines 11 through 15).....		.....45,634,340
17. Net investment income (Line 10 minus Line 16).....		.....769,265,221

DETAILS OF WRITE-INS

0901. Property and wind plans.....	.....1,283,482	.....1,283,482
0902. Securities lending income.....	.....568,056	.....568,056
0903. Miscellaneous income.....	.....(80,470)	.....(80,470)
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).....	.....1,771,068	.....1,771,068
1501. Management fees.....		.....545,351
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....545,351

- (a) Includes \$.....19,603,813 accrual of discount less \$.....76,735,614 amortization of premium and less \$.....6,583,070 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 \$.....47,520,925 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....7,210 accrual of discount less \$.....21,645 amortization of premium and less \$.....16,667 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 \$.....6,757,150 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.....	.....0	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....9,139,092	.....0	.....9,139,092	.....7,676	.....0
1.2 Other bonds (unaffiliated).....	.....23,630,498	.....(3,596,504)	.....20,033,994	.....1,911,428	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....153,000	.....(495,438)	.....(342,438)	.....924,477	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....1,452,920	.....(316,727)	.....1,136,194	.....3,031,473	.....26,629
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....153,870,722	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....0	.....46,115	.....46,115	.....(165)	.....0
7. Derivative instruments.....	.....(6,087,217)	.....0	.....(6,087,217)	.....1,875,777	.....0
8. Other invested assets.....	.....(347,852)	.....(6,321,972)	.....(6,669,824)	.....(3,328,670)	.....(162,708)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....87,112	.....87,112	.....1,035,596	.....(176,566)
10. Total capital gains (losses).....	.....27,940,441	.....(10,597,414)	.....17,343,026	.....159,328,314	.....(312,645)

DETAILS OF WRITE-INS

0901. Real gain bond impairment recovery.....	.....0	.....26,454	.....26,454	.....0	.....0
0902. Foreign exchange.....	.....0	.....60,658	.....60,658	.....(84,083)	.....(176,566)
0903. Deferred gain.....	.....0	.....0	.....0	.....1,119,679	.....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	.....87,112	.....87,112	.....1,035,596	.....(176,566)

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	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	34,720,032	34,904,977	184,945
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	979,710	1,307,873	328,164
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	177,350,934	121,316,477	(56,034,458)
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	213,050,676	157,529,327	(55,521,348)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	36,672,478	38,701,489	2,029,011
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	8,613,254	6,428,768	(2,184,487)
15.3 Accrued retrospective premiums.....	406,964	748,849	341,885
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	330,721,053	346,400,963	15,679,911
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	234,084,658	278,736,993	44,652,335
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets.....	822,543,809	759,323,051	(63,220,758)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,646,092,893	1,587,869,441	(58,223,451)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	1,646,092,893	1,587,869,441	(58,223,451)

DETAILS OF WRITE-INS

1101.....	0	0	0
1102.....	0	0	0
1103.....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Other assets nonadmitted.....	777,802,506	734,280,771	(43,521,735)
2502. Miscellaneous ledger balances.....	42,662,796	22,604,157	(20,058,639)
2503. Amounts receivable under high deductible policies.....	2,078,507	2,438,124	359,617
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).....	822,543,809	759,323,051	(63,220,758)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Travelers Indemnity Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Connecticut. The State of Connecticut requires that insurance companies domiciled in Connecticut prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Connecticut Insurance Commissioner. The Company has not applied for and does not believe that it employs any statutory accounting practices that would be considered a permitted practice in its financial statements.
- B. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.
- C. Certain assets designated as nonadmitted are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned surplus. The costs of acquiring both new and renewal insurance business are charged to income as incurred. Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance. Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. A liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables. Goodwill is recognized in accordance with SSAP No. 68, *Business Combinations and Goodwill*, and amortized to unrealized capital losses over a period not to exceed 10 years.

The provision for federal income taxes is comprised of two components, current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities. The Company adopted Statement of Statutory Accounting Principles (SSAP) No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10* (SSAP No. 101), effective January 1, 2012. For a discussion of this accounting change see Note 2.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC.

Short-term investments are stated at amortized cost and consist of investments with remaining maturities of one year or less at the time of acquisition, excluding those investments classified as cash equivalents.

Bonds are generally stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC Class 3-6) which are stated at the lower of amortized cost or NAIC fair value. Amortization is calculated using the constant yield method.

Common stocks of non-affiliates are stated at NAIC fair value.

Redeemable preferred stocks (NAIC Class 1 and 2) are generally stated at amortized cost, whereas NAIC Class 3-6 are stated at the lower of cost, amortized cost, or NAIC fair value. Perpetual preferred stocks (NAIC Class 1 and 2) are generally stated at NAIC fair value, while NAIC Class 3-6 are stated at the lower of cost or NAIC fair value.

Mortgage loans are stated at the amount of principal outstanding, adjusted for unamortized premium or discount, net of encumbrances and specific impairments.

Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

Loan-backed and structured securities are amortized using the retrospective method, except for securities that have incurred a decline in fair value that is other than temporary are amortized using the prospective method. The effective yield used to determine amortization is calculated based on actual historical and projected future cash flows, which are obtained from a nationally recognized securities data provider.

Investments in subsidiaries and affiliated entities are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

The Company also exercises 100% control over The Travelers Lloyds Insurance Company, an unincorporated association, reported on Schedule BA based on the underlying statutory equity of its financial statements.

The Company's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

For accounting policy in regards to derivative instruments, see Note 8.

The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

Property-casualty reserves are established for loss and LAE and represent management's estimate of the ultimate cost of all unpaid reported and unreported claims incurred and related expenses. In establishing loss and LAE reserves, the Company also takes into account estimated recoveries, reinsurance, salvage and subrogation. The loss and LAE reserves are reviewed regularly by qualified actuaries employed by the Company. The Company continually refines its loss and LAE reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. Because establishment of loss and LAE reserves is an inherently uncertain process involving estimates, currently established reserves may change. The Company reflects adjustments to loss and LAE reserves in the period in which the estimates are changed. Such changes in estimates could occur in a future period and may be material to the Company's net income in such period. For a discussion of loss and LAE reserves related to asbestos and environmental reserves, see Note 33.

The Company has not modified its accounting policy regarding the capitalization of fixed assets from the prior period.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

1. The Company adopted SSAP No. 101 effective January 1, 2012. SSAP No. 101 revises the guidance for current and deferred federal and foreign income taxes. The new guidance limits the admissibility of deferred tax assets (DTAs) based on an insurer's RBC and the ratio of its adjusted DTAs to adjusted capital and surplus. The guidance also rejects the GAAP guidance from Financial Interpretation No. 48: *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (ASC 740 in codification)* and instead modifies SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets – Revised*, requiring that a "more likely than not" rather than a "probable" standard to be applied in determining federal and foreign income tax loss contingencies.

NOTES TO FINANCIAL STATEMENTS

At adoption, the Company reported a cumulative effect adjustment that resulted in an increase in its liability for current tax liabilities of \$7,173,166, and a corresponding decrease in unassigned funds in accordance with SSAP No. 3, Accounting Changes and Corrections of Errors.

2. During the first quarter 2012, an error in the reporting for "Uncollected premiums and agents' balances in course of collection" and "Payable to parent, subsidiaries and affiliates" was detected. The error impacted the balance sheet only, resulting in an understated amount reported in agents' balances, offset by an overstated due from affiliates. In accordance with SSAP No. 3, Accounting Changes and Corrections of Errors, the Company corrected this error in the March 31, 2012 statutory financial statement.

The error correction resulted in an additional \$12,097,978 reported in agents' balances in course of collection and payable to parent, subsidiaries and affiliates and did not impact net income or surplus as regards policyholders (policyholders' surplus).

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS**A. Mortgage Loans:**

Not applicable.

B. Debt Restructuring:

Not applicable.

C. Reverse Mortgages:

Not applicable.

D. Loan-Backed Securities:

1. The Company applies the retrospective method of revaluing loan-backed securities. The Company's loan-backed securities are revalued quarterly using the constant effective yield method which includes an adjustment for estimated principal repayments, if any. The effective yield used to determine amortization for these securities is recalculated and adjusted periodically based upon actual historical and/or projected future cash flows. The Company changes from the retrospective to prospective method for valuing the securities when an other-than-temporary impairment has been recorded.

For collateralized mortgage obligations, asset-backed securities and pass-through certificates prepayment assumptions are adjusted periodically.

When unit prices published by the Securities Valuation Office were not available, the Company uses Interactive Data, as well as broker quotes in determining the fair value of its loan-backed securities.

2. The following table provides aggregated information on structured securities classified on the basis for the recognized other-than-temporary impairments:

	Amortized cost basis before other-than- temporary impairment	Other-than temporary impairment recognized in loss	Fair value
(OTTI recognized in the quarter ending March 31, 2012)			
Present value of Cash flows is less than Amortized cost	\$62,935,407	\$1,675,010	\$61,802,173
(OTTI recognized in the quarter ending June 30, 2012)			
Present value of Cash flows is less than Amortized cost	\$37,428,924	\$1,011,873	\$35,731,226
(OTTI recognized in the quarter ending September 30, 2012)			
Present value of Cash flows is less than Amortized cost	\$44,876,020	\$491,068	\$46,951,249
(OTTI recognized in the quarter ending December 31, 2012)			
Present value of Cash flows is less than Amortized cost	\$14,867,084	\$349,155	\$16,082,366

The above table does not reflect the impact of amortization and/or payment of principal that have occurred on securities that have multiple other-than-temporary impairments.

NOTES TO FINANCIAL STATEMENTS

3. Loan-backed and structured securities with other-than-temporary impairments are as follows:

Cusip	Amortized cost basis before other-than- temporary impairment	Projected Cash Flow	Other-than- temporary impairment recognized in loss	Amortized cost basis after other- than- temporary impairment	Fair Value	Impairment Quarter
126378BB3	\$ 20,168,922	\$ 19,901,291	\$ 267,631	\$ 19,901,291	\$ 17,091,482	Q3 - 2009
12668BQA4	9,712,365	8,870,313	842,053	8,870,313	6,958,274	Q3 - 2009
36297XAF0	32,734,744	32,340,185	394,559	32,340,185	24,899,252	Q3 - 2009
46628YAA8	28,812,110	28,418,750	393,360	28,418,750	21,519,384	Q3 - 2009
94980SAD7	39,281,200	39,121,875	159,325	39,121,875	28,041,480	Q3 - 2009
07384MF80	4,372,629	3,802,968	569,662	3,802,968	2,703,179	Q3 - 2009
16162WQJ1	19,794,524	19,486,598	307,926	19,486,598	17,087,654	Q3 - 2009
46630PAZ8	14,494,404	14,478,527	15,878	14,478,527	12,333,514	Q3 - 2009
12628KAA0	3,505,047	2,785,736	719,311	2,785,736	2,354,865	Q3 - 2009
06050HD39	110,057	109,369	688	109,369	97,350	Q3 - 2009
02149DAD1	17,696,650	16,238,808	1,457,842	16,238,808	14,488,506	Q3 - 2009
32029AAE7	11,375,551	6,434,464	4,941,087	6,434,464	4,837,980	Q3 - 2009
61750MAF2	12,300,734	5,374,901	6,925,833	5,374,901	4,693,446	Q3 - 2009
021460AG5	14,991,065	13,440,818	1,550,247	13,440,818	10,594,980	Q3 - 2009
46629DAK1	9,001,307	7,817,977	1,183,330	7,817,977	6,188,618	Q3 - 2009
36186MAC5	14,724,978	13,873,155	851,823	13,873,155	5,442,157	Q3 - 2009
46629CAK3	10,933,293	10,750,257	183,036	10,750,257	10,080,069	Q3 - 2009
69121PDE0	9,068,342	8,074,264	994,078	8,074,264	6,837,037	Q3 - 2009
126694W95	15,834,010	15,785,099	48,911	15,785,099	13,767,962	Q4 - 2009
126378BB3	19,089,612	18,416,763	672,849	18,416,763	16,421,216	Q4 - 2009
021460AG5	13,422,750	12,089,063	1,333,688	12,089,063	10,504,329	Q4 - 2009
94984AAS9	29,266,193	28,684,375	581,818	28,684,375	22,201,797	Q4 - 2009
36297XAF0	32,349,484	32,065,148	284,336	32,065,148	24,358,624	Q4 - 2009
94980SAD7	39,143,700	39,012,500	131,200	39,012,500	27,536,664	Q4 - 2009
07384MF80	3,777,027	3,389,696	387,332	3,389,696	2,735,242	Q4 - 2009
75406VAC7	11,682,933	11,167,969	514,964	11,167,969	9,303,867	Q4 - 2009
46629DAK1	7,342,304	6,726,325	615,979	6,726,325	5,903,450	Q4 - 2009
46629CAK3	10,408,807	9,774,372	634,435	9,774,372	8,997,632	Q4 - 2009
02149DAD1	16,620,857	16,034,307	586,550	16,034,307	13,505,731	Q4 - 2009
749581AR5	16,824,004	15,917,825	906,179	15,917,825	14,136,672	Q4 - 2009
74957VAJ8	6,624,817	6,340,308	284,509	6,340,308	5,682,803	Q4 - 2009
46630PAZ8	13,707,877	13,334,303	373,574	13,334,303	11,637,871	Q4 - 2009
12628KAA0	2,055,563	1,821,998	233,565	1,821,998	1,631,817	Q4 - 2009
12544AAS4	13,051,896	12,884,625	167,271	12,884,625	11,833,352	Q4 - 2009
12669G5U1	8,945,838	8,765,625	180,213	8,765,625	7,643,448	Q4 - 2009
06050HD39	106,171	103,235	2,935	103,235	92,361	Q4 - 2009
126694PG7	9,279,723	9,227,626	52,097	9,227,626	8,146,311	Q4 - 2009
05949CKS4	10,100,425	9,884,308	216,117	9,884,308	8,905,185	Q4 - 2009
126694W95	14,569,200	14,305,918	263,282	14,305,918	13,047,792	Q1 - 2010
126378BB3	17,428,728	17,116,730	311,998	17,116,730	15,829,601	Q1 - 2010
36297XAF0	32,076,150	32,047,089	29,061	32,047,089	25,011,492	Q1 - 2010
75406VAC7	11,379,750	11,322,885	56,865	11,322,885	10,621,935	Q1 - 2010
466247YK3	12,555,384	12,534,049	21,336	12,534,049	11,789,157	Q1 - 2010
46628YAA8	28,500,910	28,421,000	79,910	28,421,000	23,010,270	Q2 - 2010
16162WQJ1	14,765,648	14,736,272	29,376	14,736,272	14,512,186	Q2 - 2010
75406VAC7	11,538,870	11,380,500	158,370	11,380,500	10,327,290	Q2 - 2010
007036QM1	12,519,526	12,440,657	78,868	12,440,657	10,323,272	Q2 - 2010
126694W95	11,928,548	11,808,297	120,250	11,808,297	11,369,575	Q3 - 2010
12669GV40	7,483,517	7,430,440	53,077	7,430,440	7,205,629	Q3 - 2010
466247YK3	11,631,097	11,567,151	63,946	11,567,151	11,797,069	Q3 - 2010
36242D6C2	16,362,191	16,353,067	9,123	16,353,067	16,994,282	Q3 - 2010
32029AAE7	6,678,036	6,546,540	131,496	6,546,540	6,433,934	Q3 - 2010
75406VAC7	11,591,624	11,296,500	295,124	11,296,500	10,909,680	Q3 - 2010
12544AAS4	12,954,243	12,924,288	29,955	12,924,288	12,793,264	Q3 - 2010
36186MAC5	11,095,274	10,512,351	582,923	10,512,351	7,237,488	Q3 - 2010
32029AAE7	6,636,854	6,458,660	178,194	6,458,660	6,418,880	Q4 - 2010
225458FE3	3,565,049	3,562,982	2,067	3,562,982	3,366,573	Q4 - 2010
126671RX6	128,686	128,390	295	128,390	104,978	Q4 - 2010
161546FW1	2,593,581	2,592,268	1,314	2,592,268	2,628,973	Q4 - 2010
021460AG5	11,658,357	11,408,886	249,471	11,408,886	11,026,683	Q1 - 2011
12544AAS4	12,967,785	12,842,232	125,553	12,842,232	13,207,787	Q1 - 2011
12668BQA4	8,814,946	8,582,425	232,520	8,582,425	8,144,090	Q1 - 2011
12668TAB0	8,920,068	8,867,812	52,256	8,867,812	8,769,977	Q1 - 2011
16162WNF2	6,433,944	6,433,888	56	6,433,888	6,450,789	Q1 - 2011
16162WQJ1	9,120,254	9,088,541	31,713	9,088,541	9,036,240	Q1 - 2011
32029AAE7	6,540,299	5,910,190	630,109	5,910,190	6,172,387	Q1 - 2011
007036QM1	10,404,891	10,309,727	95,164	10,309,727	8,922,521	Q2 - 2011
021460AG5	11,141,065	10,910,089	230,975	10,910,089	10,458,595	Q2 - 2011
05948XBV2	494,488	481,067	13,421	481,067	477,616	Q2 - 2011
12668TAB0	8,193,112	7,973,837	219,274	7,973,837	8,007,427	Q2 - 2011
12669EHN9	651,915	648,019	3,896	648,019	615,955	Q2 - 2011
94983FAA8	3,976,724	3,975,160	1,564	3,975,160	4,076,592	Q2 - 2011
05948XBV2	477,130	476,845	285	476,845	453,425	Q3 - 2011
161546FW1	1,719,098	1,718,516	582	1,718,516	1,726,963	Q3 - 2011
46628YAA8	27,889,806	27,713,281	176,524	27,713,281	27,224,480	Q3 - 2011
94980SAD7	38,315,737	37,994,883	320,854	37,994,883	38,343,373	Q3 - 2011
94983FAA8	3,611,298	3,599,577	11,721	3,599,577	3,626,875	Q3 - 2011
007036QM1	9,216,913	8,845,234	371,679	8,845,234	8,116,370	Q4 - 2011
12544AAS4	12,907,492	12,158,640	748,852	12,158,640	11,960,770	Q4 - 2011
126378BB3	12,187,527	11,775,637	411,889	11,775,637	10,868,409	Q4 - 2011
126671RX6	96,542	96,326	217	96,326	78,887	Q4 - 2011
12668TAB0	6,388,515	6,319,095	69,420	6,319,095	6,266,179	Q4 - 2011
126694W95	6,467,441	6,353,249	114,193	6,353,249	5,998,670	Q4 - 2011

NOTES TO FINANCIAL STATEMENTS

<u>Cusip</u>	Amortized cost basis before other-than temporary impairment	Projected Cash Flow	Other-than temporary impairment Recognized in Loss	Amortized cost basis after other-than temporary impairment	Fair Value	Impairment Quarter
161546FW1	\$ 1,567,662	\$ 1,567,273	\$ 389	\$ 1,567,273	\$ 1,574,628	Q4 - 2011
16162WQJ1	6,708,399	6,660,992	47,407	6,660,992	6,089,381	Q4 - 2011
46628YAA8	26,964,836	26,597,322	367,513	26,597,322	26,042,013	Q4 - 2011
94984AAS9	26,615,662	26,212,164	403,498	26,212,164	25,981,063	Q4 - 2011
94980SAD7	36,139,837	35,642,240	497,597	35,642,240	36,955,637	Q1 - 2012
61750MAF2	6,227,908	5,463,600	764,308	5,463,600	5,143,515	Q1 - 2012
16162WQJ1	6,186,957	6,060,008	126,950	6,060,008	5,978,455	Q1 - 2012
75406VAC7	9,944,593	9,681,737	262,856	9,681,737	9,417,777	Q1 - 2012
74957VAJ8	2,857,572	2,839,734	17,838	2,839,734	2,736,048	Q1 - 2012
126671RX6	91,526	91,100	426	91,100	77,381	Q1 - 2012
161546FW1	1,409,666	1,409,166	500	1,409,166	1,415,399	Q1 - 2012
929227ZC3	34,262	32,084	2,178	32,084	34,074	Q1 - 2012
939336PC1	43,086	40,730	2,357	40,730	43,887	Q1 - 2012
126378BB3	10,864,595	10,395,115	469,479	10,395,115	10,039,147	Q2 - 2012
12668BQA4	7,385,674	7,203,262	182,412	7,203,262	6,919,441	Q2 - 2012
021460AG5	9,774,450	9,658,473	115,977	9,658,473	9,494,102	Q2 - 2012
75406VAC7	9,318,010	9,074,657	243,353	9,074,657	9,205,434	Q2 - 2012
126671RX6	86,195	85,543	652	85,543	73,102	Q2 - 2012
126694W95	5,498,814	5,491,229	7,585	5,491,229	5,642,149	Q3 - 2012
36297XAF0	26,852,341	26,817,749	34,592	26,817,749	28,166,635	Q3 - 2012
61750MAF2	5,647,429	5,322,900	324,529	5,322,900	5,875,035	Q3 - 2012
46629CAK3	2,356,717	2,311,935	44,782	2,311,935	2,715,002	Q3 - 2012
12668TAB0	4,441,019	4,362,392	78,626	4,362,392	4,484,480	Q3 - 2012
126671RX6	79,700	78,746	954	78,746	67,948	Q3 - 2012
126694W95	5,262,288	5,126,071	136,217	5,126,071	5,638,028	Q4 - 2012
17310BAD6	8,395,313	8,232,313	163,000	8,232,313	9,107,957	Q4 - 2012
22540V6Q0	1,209,483	1,159,545	49,938	1,159,545	1,336,381	Q4 - 2012

4. The gross unrealized investment losses and related fair value for impaired securities for which an other-than-temporary impairment has not been recognized as a realized loss were as follows:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ 122,823
2. 12 Months or Longer	\$ 2,874,900

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

1. Less than 12 Months	\$45,791,665
2. 12 Months or Longer	\$24,598,464

5. The Company determines an other-than-temporary impairment by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. If the amortized cost is greater than the present value of the expected cash flows, the difference is considered a credit loss and recognized in net realized investment gains (losses). The Company estimates the present value of the security by projecting future cash flows of the assets underlying the securitization, allocating the flows to the various tranches based on the structure of the securitization, and determining the present value of the cash flows using the effective yield of the security at the date of acquisition (or the most recent implied rate used to accrete the security if the implied rate has changed as a result of a previous impairment or changes in expected cash flows). The Company incorporates levels of delinquencies, defaults and severities as well as credit attributes of the remaining assets in the securitization, along with other economic data, to arrive at its best estimate of the parameters applied to the assets underlying the securitization.

E. Repurchase Agreements and/or Securities Lending Transactions:

The Company requires collateral equal to at least 102% of the market value of the loaned security plus accrued interest. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements.

Collateral Reinvestment

Aggregate Cash Collateral Reinvested

<u>Securities Lending</u> 30 Days or Less	<u>Amortized Cost</u>	<u>Fair Value</u>
	\$168,861,641	\$168,861,641

F. Real Estate:

Not applicable.

G. Investments in Low-Income Housing Tax Credits (LIHTC):

The Company has investments in certain federal sponsored LIHTC properties. The federal sponsored LIHTC property investments primarily generate federal tax credits which allow the Company to offset federal taxes and are projected to be available through 2023. There are currently unfunded commitments of \$8.3 million for these federally sponsored LIHTC.

Management of the Company is not aware of any LIHTC investments and related properties being the subject of any state regulatory reviews.

Current LIHTC investments do not exceed 10% of the Company's total net admitted assets.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. Not applicable.

NOTES TO FINANCIAL STATEMENTS

- B. Joint ventures, partnerships, and limited liability companies are recorded on a lag basis with changes in the Company's proportional share of equity recorded as an unrealized gain (loss), subject to testing for possible impairment. As part of the impairment testing process, the Company evaluates those assets for other-than-temporary impairments using financial information that is received from the respective joint venture, partnership, or limited liability company. The Company concluded that some of the aforementioned assets, as a result of deteriorating economic conditions, had other-than-temporary impairments and recorded a realized loss of \$6,504,490 with an offsetting entry to change in net unrealized capital gains or (losses). There was no impact to policyholders' surplus as the change in net unrealized capital gains or (losses) was offset by the realized loss of the same amount.

7. INVESTMENT INCOME

- A. Policyholders' surplus excludes due and accrued investment income if amounts are over 90 days past due.

- B. At December 31, 2012, the Company had no accrued investment income over 90 days past due.

8. DERIVATIVE INSTRUMENTS

The Company uses U.S. Treasury note futures transactions to modify the effective duration of specific assets within the investment portfolio and enters into 90-day futures contracts on 5-year U.S. Treasury notes which require a daily mark-to-market and settlement with the counter-party/broker. See Schedule DB - Part B for additional information. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract. The Company does not hold or issue derivative instruments for trading purposes.

9. INCOME TAXES

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

<u>December 31, 2012</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
1. a) Gross deferred tax assets	\$ 937,620,697	\$ 75,356,825	\$ 1,012,977,522
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	937,620,697	75,356,825	1,012,977,522
d) Deferred tax assets nonadmitted	<u>304,791,615</u>	<u>25,929,438</u>	<u>330,721,053</u>
e) Subtotal (net deferred tax assets)	632,829,082	49,427,387	682,256,469
f) Deferred tax liabilities	<u>128,962,794</u>	<u>37,994,154</u>	<u>166,956,948</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 503,866,288</u>	<u>\$ 11,433,233</u>	<u>\$ 515,299,521</u>

<u>December 31, 2011</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Gross deferred tax assets	\$ 928,143,643	\$ 70,105,523	\$ 998,249,166
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	928,143,643	70,105,523	998,249,166
d) Deferred tax assets nonadmitted	<u>318,224,731</u>	<u>28,176,232</u>	<u>346,400,963</u>
e) Subtotal (net deferred tax assets)	609,918,912	41,929,291	651,848,203
f) Deferred tax liabilities	<u>120,967,388</u>	<u>35,141,200</u>	<u>156,108,588</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 488,951,524</u>	<u>\$ 6,788,091</u>	<u>\$ 495,739,615</u>

<u>Change</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Gross deferred tax assets	\$ 9,477,054	\$ 5,251,302	\$ 14,728,356
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	9,477,054	5,251,302	14,728,356
d) Deferred tax assets nonadmitted	<u>(13,433,116)</u>	<u>(2,246,794)</u>	<u>(15,679,910)</u>
e) Subtotal (net deferred tax assets)	22,910,170	7,498,096	30,408,266
f) Deferred tax liabilities	<u>7,995,406</u>	<u>2,852,954</u>	<u>10,848,360</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 14,914,764</u>	<u>\$ 4,645,142</u>	<u>\$ 19,559,906</u>

2. Admission Calculation Components SSAP No. 101:

<u>December 31, 2012</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 67,142,119	\$ 10,751,820	\$ 77,893,939
b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 Below paragraph 10.b.i. and 10.b.ii. below)	436,724,169	681,413	437,405,582
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	436,724,169	681,413	437,405,582
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	982,656,240
c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	128,962,794	37,994,154	166,956,948
d) Deferred tax assets admitted as the result of application of SSAP No. 101			
Total (2(a) + 2(b) + 2(c))	<u>632,829,082</u>	<u>49,427,387</u>	<u>682,256,469</u>
DTLs netted against deferred tax assets	<u>128,962,794</u>	<u>37,994,154</u>	<u>166,956,948</u>
Total	<u>\$ 503,866,288</u>	<u>\$ 11,433,233</u>	<u>\$ 515,299,521</u>

NOTES TO FINANCIAL STATEMENTS

Admission Calculation Components SSAP No. 101:

	<u>December 31, 2011</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 215,023,183	\$ 6,788,091	\$ 221,811,274
b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 Below paragraph 10.b.i. and 10.b.ii. below)	273,928,341	-	273,928,341
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	273,928,341	-	273,928,341
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	1,010,482,755
c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	120,967,388	35,141,200	156,108,588
d) Deferred tax assets admitted as the result of application of SSAP No. 101			
Total (2(a) + 2(b)+ 2(c))	<u>609,918,912</u>	<u>41,929,291</u>	<u>651,848,203</u>
DTLs netted against deferred tax assets	<u>120,967,388</u>	<u>35,141,200</u>	<u>156,108,588</u>
Total	<u>\$ 488,951,524</u>	<u>\$ 6,788,091</u>	<u>\$ 495,739,615</u>

Admission Calculation Components SSAP No. 101:

	<u>Change</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ (147,881,064)	\$ 3,963,729	\$ (143,917,335)
b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 Below paragraph 10.b.i. and 10.b.ii. below)	162,795,828	681,413	163,477,241
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	162,795,828	681,413	163,477,241
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	(27,826,515)
c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	7,995,406	2,852,954	10,848,360
d) Deferred tax assets admitted as the result of application of SSAP No. 101			
Total (2(a) + 2(b)+ 2(c))	<u>22,910,170</u>	<u>7,498,096</u>	<u>30,408,266</u>
DTLs netted against deferred tax assets	<u>7,995,406</u>	<u>2,852,954</u>	<u>10,848,360</u>
Total	<u>\$ 14,914,764</u>	<u>\$ 4,645,142</u>	<u>\$ 19,559,906</u>

3. a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount.	<u>2012</u> 537%	<u>2011</u> 550%
b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above.	6,551,041,603	6,736,551,703

4. Impact of Tax Planning Strategies:

	<u>December 31, 2012</u>		
	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total</u>
a) Adjusted gross DTA (% of total adjusted gross DTA)	0%	0%	0%
b) Net admitted adjusted gross DTA (% of total net admitted adjusted gross DTA)	0%	0%	0%

	<u>December 31, 2011</u>		
	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total</u>
a) Adjusted gross DTA (% of total adjusted gross DTA)	0%	0%	0%
b) Net admitted adjusted gross DTA (% of total net admitted adjusted gross DTA)	0%	0%	0%

	<u>Change</u>		
	<u>Ordinary Percent</u>	<u>Capital Percent</u>	<u>Total</u>
c) Adjusted gross DTA (% of total adjusted gross DTA)	0%	0%	0%
d) Net admitted adjusted gross DTA (% of total net admitted adjusted gross DTA)	0%	0%	0%

e) Does the Company's tax-planning strategies include the use of reinsurance? Yes ___ No X

NOTES TO FINANCIAL STATEMENTS

B. DTL not recognized for the following amounts:

Not applicable.

C. The provisions for incurred tax on earnings are as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>Change</u>
1. Federal	\$ 132,537,287	\$ 41,367,909	\$ 91,169,378
Foreign	<u>21,576</u>	<u>49,013</u>	<u>(27,437)</u>
Subtotal	132,558,863	41,416,922	91,141,941
Federal income taxes on net capital gains	<u>10,835,083</u>	<u>3,663,453</u>	<u>7,171,630</u>
Federal and foreign income taxes incurred	<u>\$ 143,393,946</u>	<u>\$ 45,080,375</u>	<u>\$ 98,313,571</u>

2. The tax effects of temporary differences that give rise to significant portions of the DTA and DTL are as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>Change</u>
DTA:			
Ordinary:			
Discounting of unpaid losses	\$ 206,088,924	\$ 217,983,347	\$ (11,894,423)
Unearned premium reserve	146,750,443	143,801,634	2,948,809
Investments	18,262,704	27,577,725	(9,315,021)
Fixed assets	112,379,883	129,522,133	(17,142,250)
Compensation and benefits accrual	243,605,276	217,561,629	26,043,647
Non-admitted assets	174,787,646	149,364,368	25,423,278
Other	<u>35,745,821</u>	<u>42,332,807</u>	<u>(6,586,986)</u>
Total DTA - ordinary	937,620,697	928,143,643	9,477,054
Statutory valuation allowance adjustment	-	-	-
Nonadmitted DTA	<u>304,791,615</u>	<u>318,224,731</u>	<u>(13,433,116)</u>
Admitted ordinary DTA	<u>\$ 632,829,082</u>	<u>\$ 609,918,912</u>	<u>\$ 22,910,170</u>
Capital:			
Investments	\$ 75,356,825	\$ 70,105,523	\$ 5,251,302
Total DTA – capital	75,356,825	70,105,523	5,251,302
Statutory valuation allowance adjustment	-	-	-
Nonadmitted DTA	<u>25,929,438</u>	<u>28,176,232</u>	<u>(2,246,794)</u>
Admitted capital DTA	49,427,387	41,929,291	7,498,096
Total admitted DTA	<u>\$ 682,256,469</u>	<u>\$ 651,848,203</u>	<u>\$ 30,408,266</u>
DTL:			
Ordinary:			
Investments	\$ 77,146,957	\$ 76,620,215	\$ 526,742
Compensation and Benefit Accrual	46,535,900	28,719,911	17,815,989
Other	<u>5,279,937</u>	<u>15,627,262</u>	<u>(10,347,325)</u>
Total ordinary DTL	<u>128,962,794</u>	<u>120,967,388</u>	<u>7,995,406</u>
Capital:			
Investments	\$ 37,994,154	\$ 35,141,200	\$ 2,852,954
Total capital DTL	37,994,154	35,141,200	2,852,954
Total DTL	<u>166,956,948</u>	<u>156,108,588</u>	<u>10,848,360</u>
Net admitted DTA/(DTL)	<u>\$ 515,299,521</u>	<u>\$ 495,739,615</u>	<u>\$ 19,559,906</u>

3. Deferred income taxes do not include any benefit from investment tax credits.

4. Deferred income taxes do not include a benefit from net operating losses.

5. There are no adjustments to a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the Company.

6. There are no adjustments to gross DTA because of change in circumstances that causes a change in judgment about the realizability of the related DTA.

The change in net deferred income taxes is comprised of the following:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>Change</u>
Total DTA	\$1,012,977,522	\$ 998,249,166	\$ 14,728,356
Total DTL	<u>166,956,948</u>	<u>156,108,588</u>	<u>10,848,360</u>
Net DTA/(DTL)	<u>\$ 846,020,574</u>	<u>\$ 842,140,578</u>	<u>3,879,996</u>
Tax effect of unrealized gains (losses)			<u>(2,175,677)</u>
Change in net deferred income tax			<u>\$ 1,704,319</u>

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income tax. The significant items causing this difference are as follows:

Rate Reconciliation:

	<u>December 31, 2012</u>
Pretax net income (loss)	\$ 820,897,852
Taxes at statutory rate	\$ 287,314,248
Increase (decrease) attributable to:	
Nontaxable investment income	(139,231,966)
Nonadmitted assets	(25,930,907)
Other	<u>19,538,252</u>
	<u>141,689,627</u>

NOTES TO FINANCIAL STATEMENTS

Federal and foreign taxes incurred	\$ 143,393,946
Change in net deferred taxes	(1,704,319)
Total statutory income tax	<u>\$ 141,689,627</u>

Effective tax rate 17.3%

- E. 1. The Company has no net operating loss carryforward. The Company has an alternative minimum tax credit of \$6,777,659 that originated in 2011 and can be carried forward indefinitely.
2. The Company has \$120,624,762, \$86,691,628, and \$11,534,627 of federal income tax from the current and prior tax years respectively, available for recoupment in the event of future losses.
3. The reporting entity has no protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

- F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The Travelers Companies, Inc. (TRV). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.
2. The Company is a party to a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by TRV in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

In the event that the consolidated group develops an Alternative Minimum Tax (AMT), each company with an AMT on a separate company basis will be allocated a portion of the consolidated AMT. Settlement of the AMT will be made in the same manner and timing as the regular federal income tax.

- G. The Company does not believe it is reasonably possible that the liability related to any federal or foreign tax loss contingencies may significantly increase within the next 12 months.

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

- A-C. (1) On December 15, 2011, the Company made a capital contribution of \$30.0 million to its wholly-owned subsidiary, The Travelers Home and Marine Insurance Company.
- (2) On February 1, 2011, the Company purchased \$201.1 million of securities from its affiliate, Travelers Casualty and Surety Company of America (America).

Schedule Y - Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Regulatory prior approval and/or prior notification has been satisfied for any transaction requiring such action.

The following are general business arrangements that result in or are used for transactions with affiliates in the normal course of business:

1. The principal banking functions for the property-casualty operations of TRV and some or all of its affiliated property-casualty insurance companies are handled by the Company. Settlements between the companies are made at least monthly.
2. TRV maintains a private short-term investment pool, known as the Travelers Money Market Liquidity Pool (TRVMMLP), in which affiliated companies may participate. This pool is managed by the Company. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 2012 and 2011, the TRVMMLP totaled \$3.4 billion and \$3.3 billion, respectively.
- D. (1) At December 31, 2012 and 2011, the Company had \$273,232,283 and \$277,429,189 receivable from affiliates, respectively. Accounts between and among the Company and its affiliates are settled on a daily basis through the TRVMMLP or cash. Any items open at the end of the month are settled in the following month.
- (2) The Company participates in an intercompany reinsurance pooling agreement as described in Note 26. The following represents the unsettled balances resulting from affiliated reinsurance that are reported in the respective balance sheet accounts:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Uncollected premiums and agents' balances in course of collection	\$ -	\$ 108,420,119
Amounts recoverable from reinsurers	1,145,114,226	999,781,703
Reinsurance payable on paid losses and loss adjustment expenses	1,313,168,219	1,182,995,430
Ceded reinsurance premiums payable	24,993,135	-

These balances were settled net through the intercompany settlement process during January 2013 and January 2012, respectively.

- E. The Company has not provided any guarantees for the benefit of an affiliate which would result in a material contingent exposure for the Company or any affiliated insurer's assets to liabilities.
- F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements:

TYPE OF CONTRACT AND DESCRIPTION	SERVICING COMPANY	OTHER PARTY
Service Expense Reimbursement	The Travelers Companies, Inc.	The Travelers Indemnity Company
Expense Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Corporate Services	The Travelers Indemnity Company	First Floridian Auto and Home Insurance Company
Corporate Services	The Travelers Indemnity Company	The Premier Insurance Company of Massachusetts

NOTES TO FINANCIAL STATEMENTS

Corporate Services	The Travelers Indemnity Company	First Trenton Indemnity Company
Service Agreement	The Travelers Indemnity Company	Travelers Management Limited
Investment Management Services Agreement	The Travelers Indemnity Company	Travelers Syndicate Management Limited
Investment Management Agreement	The Travelers Indemnity Company	St. Paul Protective Insurance Company
Investment Management Agreement	The Travelers Indemnity Company	Discover Property & Casualty Insurance Company
Service Agreement	The Travelers Indemnity Company	Travelers Insurance Company of Canada (formerly Travelers Guarantee Company of Canada)
Investment Management Agreement	The Travelers Indemnity Company	Discover Specialty Insurance Company

¹“Travelers P&C” includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

- G. All of the issued and outstanding common stock of the Company is owned by Travelers Insurance Group Holdings, Inc. (TIGHI), which in turn is indirectly owned by TRV, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company directly owns Jupiter Holdings, Inc. (Jupiter), a downstream noninsurance holding company. Jupiter directly owns American Equity Insurance Company (American Equity), an Arizona domiciled insurer, and Northland Insurance Company (Northland), a Connecticut domiciled insurer. American Equity directly owns American Equity Specialty Insurance Company (American Equity Specialty), a Connecticut domiciled insurer. Northland directly owns Northfield Insurance Company (Northfield), an Iowa domiciled insurer, and Northland Casualty Company (Northland Casualty), a Connecticut domiciled insurer.
- (1) The carrying value of the Company's investment in Jupiter was \$629,037,624 at December 31, 2012.
- (2) The Company has not obtained an audit of Jupiter's financial statements.
- (3) The Company has limited the carrying value of its investment in Jupiter to the value contained in the statutory audited financial statements of American Equity and Northland, including any adjustments required by SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88*.
- (4) Jupiter does not have any material assets other than the ownership of its insurance subsidiaries. Jupiter does not have any material direct liabilities, commitments, contingencies, guarantees or obligations that are required to be reported.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**A. Defined Benefit Plans:**

Not applicable.

B. Defined Contribution Plans:

Not applicable.

C. Multiemployer Plans:

Not applicable.

D. Consolidated/Holding Company Plans:**1. Employee Retirement Plans:**

The Company participates in a qualified noncontributory defined benefit pension plan sponsored by TRV that provides benefits, primarily under a cash balance formula, for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by TRV which cover certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$31,729,913 and \$26,461,240 for 2012 and 2011, respectively.

2. Postretirement Benefit Plan:

The Company participates in a postretirement health and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$2,040,316 and \$2,366,398 for 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

3. Deferred Compensation Plans:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was \$19,147,516 and \$18,538,742 for 2012 and 2011, respectively.

E. Postemployment Benefits and Compensated Absences:

Not applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits:

Not applicable.

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

The Company has 150,000 shares of common capital stock authorized and 107,907 shares issued and outstanding with a par value of \$100 per share.

The Company paid ordinary dividends of \$414.0 million and extraordinary dividends of \$270.0 million for a total of \$684.0 million in 2012, to its parent company, TIGHI. In 2011, the Company paid ordinary dividends of \$505.0 million to TIGHI.

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by Connecticut insurance companies to shareholders without prior approval of the domiciliary Insurance Commissioner is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made during 2013 without prior approval is \$711,928,000.

There are no restrictions on the use of the Company's unassigned funds and such funds are held for the benefit of the shareholder, except for the dividend restrictions indicated above.

The change in the balance of special surplus from retroactive reinsurance is a result of ongoing activity occurring in 2012. See Note 23F for additional detail. Due to the adoption of SSAP No. 101, special surplus related to DTA's generated from the application of SSAP No. 10R at December 31, 2011 is no longer required. See Note 2 and 9 for additional detail.

Unassigned funds have been increased by cumulative net unrealized gains of \$1,694,144,471.

14. CONTINGENCIES

A. Contingent Commitments:

At December 31, 2012, the Company had commitments to fund investments of \$254.3 million.

B. Assessments:

1. The Company has accrued liabilities of \$69.2 million for guaranty fund and other insurance-related assessments and related recoverables of \$3.4 million at December 31, 2012. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

2. a. Assets recognized from paid and accrued premium tax offsets December 31, 2011	\$ 4,163,092
b. Decreases current year:	
Premium tax offset charged off	30
Premium tax offset applied	1,203,057
Premium tax offset refund	422,147
c. Increases current year:	
Premium tax offset accrued	<u>223,659</u>
d. Assets recognized from paid and accrued premium tax offsets December 31, 2012	<u>\$ 2,761,517</u>

C. Gain Contingencies:

On August 17, 2010, in a reinsurance dispute in New York state court captioned *United States Fidelity & Guaranty Company v. American Re-Insurance Company, et al.* (American Re), the trial court granted summary judgment for United States Fidelity & Guaranty Company (USF&G) and denied summary judgment for American Re and three other reinsurers. By order dated October 22, 2010, the trial court corrected certain clerical errors and made certain clarifications to the August 17, 2010 order. On October 25, 2010, judgment was entered against American Re and the other three insurers, awarding USF&G \$420 million, comprising \$251 million ceded under the terms of the disputed reinsurance contract plus interest of 9% amounting to \$169 million as of that date. The judgment, including the award of interest, was appealed by the reinsurers to the New York Supreme Court, Appellate Division, First Department. On January 24, 2012, the Appellate Division affirmed the judgment. On January 30, 2012, the reinsurers filed a motion with the Appellate Division seeking permission to appeal its decision to the New York Court of Appeals, and on March 12, 2012, the Appellate Division granted the reinsurers' motion. On February 7, 2013, the Court of Appeals issued an opinion that largely affirmed the summary judgment in USF&G's favor, while modifying in part the summary judgment with respect to two discrete issues and remanding the case to the trial court for determination of those issues. USF&G believes it has a meritorious position on each of these issues and intends to pursue its claim vigorously. At December 31, 2012, the claim totaled \$470 million, comprising the \$251 million of reinsurance recoverable plus interest which had grown to \$219 million as of that date. Interest will continue to accrue at 9% until the claim is paid.

As USF&G is a participant in the Travelers Reinsurance Pool (TRV Pool), any amounts recoverable from this claim are subject to participation percentages of the TRV Pool (See Note 26). Accordingly, the Company's respective TRV Pool participation share of the \$251 million awarded by the court represents the amounts owed to and reported by the Company under the terms of the disputed reinsurance contract. The Company's respective Pool participation share of the interest that would be received as part of any judgment ultimately entered in favor of USF&G is treated for accounting purposes as a gain contingency in accordance with SSAP No. 5R, *Liabilities, Contingencies and Impairment of Assets - Revised*, and accordingly has not been recognized in the Company's statutory financial statements.

In an unrelated action, The Company is one of the Settlement Class plaintiffs and a class member in a class action lawsuit captioned *Safeco Insurance Company of America, et al. v. American International Group, Inc. et al.* (U.S. District Court, N.D. Ill.) in which the

NOTES TO FINANCIAL STATEMENTS

defendants are alleged to have engaged in the under-reporting of workers' compensation premium in connection with a workers' compensation reinsurance pool in which several members of the TRV Pool participate. On July 26, 2011, the court granted preliminary approval of a class settlement pursuant to which the defendants agreed to pay \$450 million to the class. The settlement includes a plan of allocation of the settlement proceeds among the class members. On December 21, 2011, the court entered an order granting final approval of the settlement, and on February 28, 2012, the district court issued a written opinion regarding its approval of the settlement. On March 27, 2012, three parties who objected to the settlement appealed the court's orders approving the settlement to the U.S. Court of Appeals for the Seventh Circuit. On January 11, 2013, all parties, including the three parties who had objected to the settlement, filed a Stipulation of Dismissal indicating that there were no longer any objections to the settlement. All parties are awaiting an order from the Seventh Circuit in response to the Stipulation of Dismissal. The Company anticipates that its allocation from the settlement fund, in the event the settlement becomes final, will be approximately \$90 million.

As the Company is a participant in the TRV Pool, its settlement amount is subject to participation percentages of the TRV Pool (See Note 26). Accordingly, the Company's respective TRV Pool participation share of the \$90 million to be awarded from the settlement is treated for accounting purposes as a gain contingency in accordance with SSAP No. 5R, *Liabilities, Contingencies and Impairment of Assets - Revised*, and accordingly will be recognized in the Company's financial statements during the period in which it is received.

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$1,000,029

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

0-25 Claims
X

Claim count information provided herein is disclosed on a per claim basis.

E. Product Warranties:

Not applicable.

F. All Other Contingencies:

- In the process of selling business entities to third parties, the Company has agreed to indemnify purchasers for losses arising out of breaches of representations and warranties with respect to the business entities being sold, covenants and obligations of the Company and/or its subsidiaries following the close, and in certain cases obligations arising from undisclosed liabilities. The indemnification provisions generally survive for periods ranging from the applicable closing date to the expiration of the relevant statutes of limitations or no term. Certain of these contingent obligations are subject to deductibles which have to be incurred by the obligee before the Company is obligated to make payments.

Nature and circumstances of guarantee and key attributes, including date and duration of agreement	Liability recognition of guarantee. (include amt recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R)	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be noted specifically	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted
Sale of Businesses	The fair value of guarantee liabilities as described are minimal and immaterial to the financial statements taken as a whole	Expense - Statement of Income - Line 14. Aggregate write-ins for miscellaneous income	Guarantees had no stated amount or limitation to the maximum potential future payments and, accordingly, the Company is unable to develop an estimate of the maximum potential payments for such arrangements.	The Company has assessed the performance risk as remote under these guarantees
a. Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees				
		\$	-	
b. Current liability recognized in financial statements:				
	Noncontingent liabilities		-	
	Contingent liabilities		-	
c. Ultimate financial statement impact if action under the guarantee is required:				
	Investment in SCA		-	
	Joint venture		-	
	Dividends to stockholders		-	
	Expense		-	
	Other		-	
	Total		-	
		\$	-	

- The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 27.

- In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2012, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

- For a discussion of contingencies related to asbestos and environmental reserves, see Note 33.

NOTES TO FINANCIAL STATEMENTS

15. LEASES

A. Lessee Leasing Arrangements:

- At December 31, 2012, the Company is a party to various lease agreements for office space, data processing equipment, automobiles and office equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2012 and 2011 was \$156,541,145 and \$154,220,918, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement. Total rental income from subleases for 2012 and 2011 was \$572,064 and \$497,235, respectively.

There are numerous leases with renewal terms, none of which are material to the Company.

- Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$595,168,897 at December 31, 2012. This is offset by the aggregate future minimum rental payments to be received by the Company under subleases totaling \$301,331.

At December 31, 2012, the minimum aggregate future rental commitments are as follows:

Year Ending <u>December 31</u>	<u>Operating Leases</u>
2013	\$ 148,717,277
2014	129,013,809
2015	105,722,242
2016	83,785,984
2017	51,256,250
2018 and later years	<u>76,673,335</u>
Total	<u>\$ 595,168,897</u>

3. Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

Not applicable.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company has unfunded commitments to partnerships and limited liability companies. The off-balance-sheet risks of these financial instruments were \$254.3 million at December 31, 2012.

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. See Note 36 for additional discussion.

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

A. Transfers of Receivables Reported as Sales:

Not applicable.

B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. The loaned securities remain a recorded asset of the Company. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements. These securities typically have a duration of 1 day. See Schedule D – Part 1 for identification and description of securities on loan.

C. Wash Sales:

Not applicable.

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

Not applicable.

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

The Company did not have any direct premiums written through managing general agents (as defined in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*) or third party administrators.

20. FAIR VALUE MEASUREMENTS

The estimates of fair value for financial assets are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The three levels of the hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

NOTES TO FINANCIAL STATEMENTS

- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

A. (1) Assets measured and reported at fair value as of December 31, 2012:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds				
Industrial and miscellaneous	\$ -	\$ 42,119,400	\$ 9,465,704	\$ 51,585,104
Preferred stock				
Non-redeemable preferred stock	37,981,361	-	-	37,981,361
Common stock	37,094,012	-	-	37,094,012
Total assets at fair value	\$ 75,075,373	\$ 42,119,400	\$ 9,465,704	\$ 126,660,477

There were no significant transfers between level 1 and level 2.

(2) Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3):

<u>Description</u>	<u>Beginning Balance at 1/1/2012</u>	<u>Transfer into Level 3</u>	<u>Transfer out of Level 3</u>	<u>Total gains & (losses) included in Net Income</u>	<u>Total gains & (losses) included in Surplus</u>	<u>Purchases</u>	<u>Issuances</u>	<u>Sales</u>	<u>Settlements</u>	<u>Ending Balance at 12/31/2012</u>
Bonds	\$ 43,258,983	\$ 6,925,794	\$ (28,854,246)	\$ (7,794)	\$ 1,429,428	\$ -	\$ -	\$ (2,544)	\$ (13,283,917)	\$ 9,465,704
Total	\$ 43,258,983	\$ 6,925,794	\$ (28,854,246)	\$ (7,794)	\$ 1,429,428	\$ -	\$ -	\$ (2,544)	\$ (13,283,917)	\$ 9,465,704

(3) In accordance with SSAP No. 26, securities rated 3 or lower by the NAIC are carried at the lower of amortized cost or fair value. With fluctuations in the market value, the method of valuation may change from amortized cost to fair value or vice versa. These changes in the valuation method are captured in the transfers in or out of the level 3 hierarchy.

(4) Bonds were carried at fair value under the lower of cost or market requirement. These bonds were generally priced by the SVO or by a third party organization.

(5) Not applicable.

B. Not applicable.

C. The following table provides the aggregate fair value and reported aggregate admitted asset value by type of financial instrument; and the hierarchy level in which the fair values fall.

(At December 31, 2012)	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Practicable (Carrying Value)</u>
<u>Description</u>						
Short term bonds	\$ 471,640,058	\$ 471,625,468	\$ 192,722,791	\$ 277,537,115	\$ 1,380,152	\$ -
Long term bonds	13,790,754,907	12,741,194,903	282,319,810	13,458,572,181	49,862,916	-
Preferred stock	63,621,484	59,197,974	63,621,484	-	-	-
Common stock	37,094,012	37,094,012	37,094,012	-	-	-

(At December 31, 2011)	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Practicable (Carrying Value)</u>
<u>Description</u>						
Short term bonds	\$ 67,483,745	\$ 67,483,745	\$ 46,839,523	\$ 17,786,541	\$ 2,857,681	\$ -
Long term bonds	13,775,234,941	12,867,340,653	540,984,625	13,143,079,608	91,170,708	-
Preferred stock	62,475,291	59,115,935	62,475,291	-	-	-
Common stock	32,391,812	32,391,812	32,254,966	136,846	-	-

D. Not applicable.

21. OTHER ITEMS

A. Extraordinary Items:

Not applicable.

B. Troubled Debt Restructuring:

Not applicable.

C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this statement.

NOTES TO FINANCIAL STATEMENTS

2012 Schedule P:

The 2002 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

Schedule P	Accident Years				
	2002	2001	2000	1999	1998 & Prior
Part 1A	\$ 63	\$ 70	\$ 490	\$ 11	\$ 804
Part 1B	214	159	48	45	56,900
Part 1C	3,005	3,369	2,285	1,576	11,098
Part 1D	87,289	102,309	93,256	77,491	876,946
Part 1E	10,156	10,898	7,761	6,580	69,275
Part 1F - Section 1	3,164	596	885	437	1,086
Part 1F - Section 2	1,867	1,970	4,441	3,285	5,559
Part 1G	(13)	1,144	1,389	450	8,734
Part 1H - Section 1	26,931	33,482	25,737	28,210	504,781
Part 1H - Section 2	10,957	13,461	3,565	2,494	26,430
Part 1M	-	173	444	95	35
Part 1N	461	4,329	753	1,049	1,476
Part 1O	4,497	23,625	9,413	8,224	144,805
Part 1P	249	1,462	206	599	232
Part 1R - Section 1	12,840	7,557	9,631	9,298	324,577
Part 1R - Section 2	372	124	16	158	2,392

The following loss and/or LAE reserves have been assumed / (ceded) under retroactive reinsurance agreements. They are reported here by line of business and accident year to facilitate loss discounting under Internal Revenue Code Section 846 (in thousands):

	2002	2001	2000	1999	1998	1997	1996	1995	1994
Commercial Auto	\$ (78)	\$ (608)	\$ (6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(749)	(929)	(113)	(12,217)	-	(201)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	(2,981)	-	-	-	-	-	-
Special Liability	(2)	-	-	-	-	-	-	-	-
Other Liability - Occ	(600)	-	-	-	-	-	-	-	-
Other Liability - CM	-	(5,433)	-	-	-	-	-	-	-
Special Property	(11)	-	-	-	-	-	-	-	-
Other	(2)	-	-	-	-	-	-	-	-
Reinsurance A	(133)	-	-	-	-	-	-	-	-
Reinsurance B	(1,223)	-	-	-	-	-	-	-	-

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. State Transferable and Non-Transferable Tax Credits:

1.

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Enhanced Capital Tennessee Tax Credit	TN	\$ 4,249,249	\$ 5,325,000

2. These credits are utilized per a set schedule as outlined in the purchase agreement.

3. Not applicable.

4. State Tax Credits Admitted and Nonadmitted:

	Total Admitted	Total Nonadmitted
Transferable	\$ 4,249,249	\$ -
Non-transferable	-	-

G. Subprime Mortgage Related Risk Exposure:

The Company defines subprime mortgage-backed securities as investments which generally contain a majority of loans to borrowers that exhibit one or more of the following characteristics at the time of issuance:

- Low FICO scores,
- Above prime interest rates,
- High loan-to-value ratios,
- High debt-to-income ratios,
- Low loan documentation (e.g. limited or no verification of income and assets), or
- Other characteristics that are inconsistent with conventional underwriting standards employed by government sponsored mortgage entities.

In addition, because of their high loan-to-value ratios, the Company has categorized second-lien mortgage-backed securities as subprime, regardless of the credit characteristics of the borrower on the underlying mortgage.

The Company reviews the credit characteristics of the loans that back these mortgage-backed securities when making the determination to categorize them as subprime exposure. Since the primary purpose of the investment portfolio is to fund future claim payments, the Company employs a conservative investment philosophy. In applying this philosophy to structured securities, including subprime mortgage-backed securities, the Company favors the purchase of senior credit tranches over junior or leveraged credit tranches.

Overall exposure to subprime mortgage-backed securities is sufficiently small in that the Company would likely have other securities available for liquidity needs. The Company utilizes discounted cash flow valuation analysis in its regular, ongoing review of its existing subprime mortgage portfolio, as well as in its analysis of subprime mortgage-backed bonds for purchase. Based upon the credit performance of mortgages within each securitization, the Company projects voluntary prepayments, defaults and loss severity to estimate any expected losses.

NOTES TO FINANCIAL STATEMENTS

Direct exposure through other investments:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
Residential mortgage-backed securities:	\$ 163,472,409	\$ 165,287,709	\$ 183,720,305	\$ 24,020,973

22. EVENTS SUBSEQUENT

The Company had no material subsequent events through February 15, 2013.

23. REINSURANCE**A. Unsecured Reinsurance Recoverables:****1. Affiliated Company Recoverables:**

The Company participates in the TRV Pool and/or other reinsurance programs with affiliates and takes credit for reinsurance ceded directly and indirectly to these companies. The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums at December 31, 2012, in connection with reinsurance agreements among affiliated insurers, were as follows:

Reinsurance balances ceded to affiliates and recoverable by The Travelers Indemnity Company (06-0566050):

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 11,526,987,202
Travelers Casualty and Surety Company	06-6033504	9,466,187,253
The Standard Fire Insurance Company	06-6033509	2,364,976,866
The Phoenix Insurance Company	06-0303275	2,321,366,742
United States Fidelity and Guaranty Company	52-0515280	2,048,767,358
Travelers Casualty Insurance Company of America	06-0876835	1,267,360,643
Farmington Casualty Company	06-1067463	687,077,211
The Travelers Indemnity Company of Connecticut	06-0336212	636,622,185
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	636,010,667
The Charter Oak Fire Insurance Company	06-0291290	591,090,536
Northland Insurance Company	41-6009967	566,570,357
St. Paul Surplus Lines Insurance Company	41-1230819	408,532,394
The Travelers Indemnity Company of America	58-6020487	357,521,178
St. Paul Protective Insurance Company	36-2542404	269,326,601
Northfield Insurance Company	41-0983992	241,405,499
Travelers Commercial Casualty Company	95-3634110	218,238,445
Travelers Casualty Company of Connecticut	06-1286266	218,193,421
Travelers Commercial Insurance Company	06-1286268	218,193,421
St. Paul Mercury Insurance Company	41-0881659	186,094,540
Travelers Property Casualty Company of America	36-2719165	173,033,020
Travelers Property Casualty Insurance Company	06-1286274	139,272,400
The Travelers Casualty Company	41-1435765	134,629,975
Travelers Constitution State Insurance Company	41-1435766	134,629,975
TravCo Insurance Company	35-1838077	125,345,151
Travelers Excess and Surplus Lines Company	06-1203698	125,345,151
The Travelers Home and Marine Insurance Company	35-1838079	125,345,151
Travelers Personal Insurance Company	36-3703200	125,345,151
Travelers Personal Security Insurance Company	06-1286264	125,345,151
Discover Specialty Insurance Company	52-1925132	64,993,769
Discover Property & Casualty Insurance Company	36-2999370	64,993,769
Northland Casualty Company	94-6051964	64,993,769
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	46,424,124
American Equity Specialty Insurance Company	86-0868106	46,424,123
St. Paul Guardian Insurance Company	41-0963301	46,424,123
Total		<u>\$ 35,773,067,321</u>

Reinsurance balances assumed by The Travelers Indemnity Company and recoverable by the following affiliated insurers:

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
Travelers Property Casualty Company of America	36-2719165	\$ 10,092,463,471
St. Paul Fire and Marine Insurance Company	41-0406690	5,615,958,379
Travelers Casualty and Surety Company	06-6033504	3,714,513,411
The Travelers Indemnity Company of America	58-6020487	2,862,085,130
United States Fidelity and Guaranty Company	52-0515280	2,615,948,244
The Standard Fire Insurance Company	06-6033509	2,601,876,688
The Charter Oak Fire Insurance Company	06-0291290	2,594,383,614
The Travelers Home and Marine Insurance Company	35-1838079	2,470,945,172
The Travelers Indemnity Company of Connecticut	06-0336212	2,466,911,972
The Phoenix Insurance Company	06-0303275	1,921,440,666
St. Paul Mercury Insurance Company	41-0881659	1,764,333,035
Travelers Casualty Insurance Company of America	06-0876835	1,447,702,985
Farmington Casualty Company	06-1067463	732,064,529
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	695,673,189
Discover Property & Casualty Insurance Company	36-2999370	691,994,436
Northland Insurance Company	41-6009967	551,480,761
St. Paul Surplus Lines Insurance Company	41-1230819	406,123,177
Travelers Commercial Insurance Company	06-1286268	386,590,969
TravCo Insurance Company	35-1838077	320,099,815
Travelers Property Casualty Insurance Company	06-1286274	258,080,706
Northfield Insurance Company	41-0983992	205,410,914
St. Paul Guardian Insurance Company	41-0963301	191,024,574
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	169,552,606
Travelers Excess and Surplus Lines Company	06-1203698	163,327,982
Travelers Personal Security Insurance Company	06-1286264	156,103,753
St. Paul Protective Insurance Company	36-2542404	146,509,049
Travelers Commercial Casualty Company	95-3634110	109,206,782

NOTES TO FINANCIAL STATEMENTS

Travelers Personal Insurance Company	36-3703200	51,569,058
Travelers Casualty Company of Connecticut	06-1286266	51,425,798
Northland Casualty Company	94-6051964	20,093,483
Discover Specialty Insurance Company	52-1925132	14,081,815
Travelers Constitution State Insurance Company	41-1435766	7,985,871
The Travelers Casualty Company	41-1435765	6,686,703
American Equity Specialty Insurance Company	86-0868106	<u>1,592,661</u>
Total		<u>\$ 45,505,241,398</u>

2. Unaffiliated Company Recoverables:

The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2012, that exceeded 3% of the Company's surplus as regards policyholders, were as follows:

	<u>Group Code</u>	<u>F.E.I.N.</u>	<u>Amount</u>
National Workers' Compensation Reinsurance Pool	0000	AA-9992118	\$ 1,753,115,833
National Flood Insurance Program	0000	AA-9992201	760,615,087
Munich Reinsurance America Inc.	0361	13-4924125	529,974,642
Swiss Reinsurance America Corporation	0181	13-1675535	452,822,883
Michigan Catastrophe Claim Association	0000	AA-9991159	420,741,364
Transatlantic Reinsurance Company	4691	13-5616275	271,156,224

Additional detail on reinsurance recoverable balances by reinsurer is shown in Schedule F - Part 3.

B. Reinsurance Recoverable in Dispute:

The Company did not have any individual reinsurers with reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute that exceeded 5% of the Company's policyholders' surplus or disputed items, that when aggregated, exceed 10% of the Company's policyholders' surplus.

C. Reinsurance Assumed and Ceded:

1.	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates	\$ 8,651,154,705	\$ 1,325,642,015	\$ 6,682,151,725	\$ 1,023,925,867	\$ 1,969,002,980	\$ 301,716,148
All Other	<u>80,241,052</u>	<u>12,295,574</u>	<u>727,557,810</u>	<u>111,485,834</u>	<u>(647,316,758)</u>	<u>(99,190,260)</u>
Total	<u>\$ 8,731,395,757</u>	<u>\$ 1,337,937,589</u>	<u>\$ 7,409,709,535</u>	<u>\$ 1,135,411,701</u>	<u>\$ 1,321,686,222</u>	<u>\$ 202,525,888</u>

Direct Unearned Premium Reserve \$ 704,606,967

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$17,410,177 at December 31, 2012. This balance represents the Company's 23.29% pro rata share of the net amount of the TRV Pool (see Note 26):

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent Commission	\$ 5,338,445	\$70,255,601	\$58,183,869	\$17,410,177
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. Total	<u>\$ 5,338,445</u>	<u>\$70,255,601</u>	<u>\$58,183,869</u>	<u>\$17,410,177</u>

D. Uncollectible Reinsurance:

The Company has written off as uncollectible/(recovered) in the current year, certain reinsurance balances due (from the companies listed below) in the amount of: \$ (1,877,105), which is reflected as:

a. Losses incurred	\$ (1,877,105)
b. Loss adjustment expenses incurred	-
c. Premiums earned	-
d. Other	-
e.	
<u>Company</u>	<u>Amount</u>
Argonaut Insurance Company	\$ 52,904
Bermuda Fire & Marine Insurance Company Ltd.	(76,843)
City International Insurance Company Ltd.	51,175
English & American Insurance Company Ltd.	(615,092)
Lansdowne Insurance Company Ltd.	96,516
London & Overseas Insurance Company Ltd.	(318,385)
Mission Insurance Company	(52,053)
Mutual Reinsurance Company Ltd.	(74,062)
New England Reinsurance Corporation	(167,165)
OIC Run-Off Ltd.	(483,795)
Partner Re Insurance Company of New York	55,905
Transatlantic Reinsurance Company	(131,703)
Walbrook Insurance Company Ltd.	(162,753)
All Others (less than \$50,000)	<u>(51,754)</u>
Total	<u>\$ (1,877,105)</u>

NOTES TO FINANCIAL STATEMENTS**E. Commutation of Ceded Reinsurance:**

The Company has reported in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

a. Losses incurred	\$ 49,347,696
b. Loss adjustment expenses incurred	-
c. Premiums earned	-
d. Other Gain/(Loss)	58,717,982

e.		
	<u>Company</u>	<u>Amount</u>
	Transatlantic Reinsurance Company	\$ 9,065,851
	Swiss Re Life & Health America Inc.	159,364
	Traffic Insurance Ltd.	136,481
	Swiss Reinsurance America Corporation	7,093
	West Bend Mutual Insurance Company	1,497
	Total Gain/(Loss)	<u>\$ 9,370,286</u>

F. Retroactive Reinsurance:

	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,189,260	\$113,033,968
(2) Adjustments - Prior Year(s)	(698,700)	41,327,362
(3) Adjustments - Current Year	-	<u>4,079,578</u>
(4) Current Total	<u>\$ 1,490,560</u>	<u>\$158,440,908</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,434,990	\$100,161,042
(2) Adjustments - Prior Year(s)	-	8,452,738
(3) Adjustments - Current Year	-	-
(4) Current Total	<u>\$ 2,434,990</u>	<u>\$108,613,780</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 960,797	\$128,548,974
(2) Current Year	2,486	<u>2,728,254</u>
(3) Current Total	<u>\$ 963,283</u>	<u>\$131,277,228</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 245,730	\$ 12,872,926
(2) Adjustments - Prior Year(s)	698,700	32,874,624
(3) Adjustments - Current Year	-	<u>4,079,578</u>
(4) Current Year Restricted Surplus	<u>944,430</u>	<u>25,179,368</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ 24,647,760</u>

e. List the other insurers included in the above transactions:

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 1,490,560	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	2,981,120
General Reinsurance Corporation (22039)	-	69,870,000
nSpire Re Limited (AA-1784124)	-	18,570,035
Platinum Underwriters Reinsurance Inc. (10357)	-	21,433,818
Various	-	<u>45,585,935</u>
Total	<u>\$ 1,490,560</u>	<u>\$158,440,908</u>

f. Paid Loss/LAE Recoverable:**1. Authorized Reinsurers**

<u>Company</u>	<u>Total Paid/Loss/LAE Recoverable</u>	<u>Amount Over 90 Days Past Due</u>
Platinum Underwriters Reinsurance Inc. (10357)	\$ 10,042	\$ -
General Reinsurance Corporation (22039)	39,421	39,421
Various	52,760	5,077
Total	<u>\$ 102,223</u>	<u>\$ 44,498</u>

2. Unauthorized Reinsurers

<u>Company</u>	<u>Total Paid/Loss/LAE Recoverable</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
nSpire Re Limited (AA-178412)	\$ -	\$ -	\$ 6,028,802
Various	83,081	55,528	-
Total	<u>\$ 83,081</u>	<u>\$ 55,528</u>	<u>\$ 6,028,802</u>

G. Reinsurance Accounted for as a Deposit:

As of December 31, 2012, the Company had two ceded reinsurance contracts accounted for as a deposit with non-zero balances. Both these contracts have been in runoff since 2008 and have a combined balance of \$24,000 at year-end. Due to the immaterial nature of these balances, the Company accounts for them at their estimated ultimate remaining recoverables on an undiscounted basis.

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

Not applicable.

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not applicable.

NOTES TO FINANCIAL STATEMENTS**24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

- A. Accrued retrospective premiums (Page 2, Line 15.3) 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. Ten percent of the amount 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 nonadmitted. The amount shown in Part E below is the Company's proportionate share of the accrued retrospective premiums of the TRV Pool (see Note 26).
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. See Schedule P - Part 7A.
- D. Not applicable.
- E. Calculation of nonadmitted retrospective premium:

1. Total accrued retrospective premium	\$ 27,009,820
2. Unsecured amount	4,069,642
3. Less: Nonadmitted amount (10%)	406,964
4. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
5. Admitted amount (1) - (3) - (4)	<u>\$ 26,602,856</u>

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

During the period from January 1, 2012 to December 31, 2012, the prior year-end total loss and loss adjustment expense reserves developed favorably by \$183,744,000, resulting from better than expected loss and defense and cost containment (DCC) development primarily in the workers' compensation, special property, other liability – occurrence, reinsurance – liability, homeowners, and automobile physical damage lines, and from lower estimates for adjusting and other expenses, partially offset by loss and DCC deterioration primarily in the commercial automobile liability, products liability – occurrence, and private passenger automobile liability lines.

The improvement in the workers' compensation line was concentrated in accident years 2008 and prior, and reflected better than expected frequency and severity of lifetime medical claims. The improvement in the special property line was driven by better than expected development for catastrophe claims incurred in accident year 2011, and by higher than expected salvage and subrogation recoveries in accident years 2009 through 2011. The improvement in the other liability – occurrence line was concentrated in the excess coverages for accident years 2003 through 2010 and reflected more favorable legal and judicial environments than what the Company previously expected. Also contributing to the improvement was a reallocation of IBNR to products liability – occurrence. This improvement was partially offset by unfavorable development in asbestos and environmental reserves for "Prior" accident years. The improvement in the reinsurance - liability line was driven by a reallocation of IBNR to other liability – claims made line for accident years 2008 through 2011 and by favorable resolutions of claims and disputes from accident years 2004 and prior, partially offset by an increase in projected assumed asbestos liability payments. The improvement in the homeowners line was driven by better than expected development for catastrophe claims incurred in accident year 2011 and non-catastrophe claims incurred in accident years 2010 and 2011. The improvement in the automobile physical damage line was driven by better than expected development for weather-related claims in accident year 2011. Lastly, the improvement in adjusting and other expense reserves was driven by improvement in the underlying loss and DCC reserves and by the allocation of adjusting and other expense reserves by year as disclosed in the Schedule P Interrogatories of the Company.

The deterioration in the commercial automobile liability line was driven by higher than expected bodily injury severity for accident years 2010 and 2011. The deterioration in the products liability – occurrence line was primarily caused by unfavorable development in asbestos reserves and by a reallocation of IBNR from the other liability – occurrence line. Lastly, the deterioration in the private passenger automobile liability line was driven by higher than expected bodily injury severity for accident year 2011.

The remaining changes are generally the result of ongoing analyses of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies, and these policies are subject to premium adjustments.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is a participant in the TRV Pool, an intercompany pooling arrangement. The lead company of the TRV Pool is the Company. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with the Company. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by the Company is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of the Company and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pool percentages of the companies participating in the TRV Pool are as follows:

<u>TRV Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
St. Paul Fire and Marine Insurance Company	24767	24.79
The Travelers Indemnity Company	25658	23.29
Travelers Casualty and Surety Company	19038	20.36
The Phoenix Insurance Company	25623	5.00
The Standard Fire Insurance Company	19070	4.84
United States Fidelity and Guaranty Company	25887	4.41
Travelers Casualty Insurance Company of America	19046	2.73
Farmington Casualty Company	41483	1.48
The Automobile Insurance Company of Hartford, Connecticut	19062	1.37
The Travelers Indemnity Company of Connecticut	25682	1.37
The Charter Oak Fire Insurance Company	25615	1.27
Northland Insurance Company	24015	1.22
St. Paul Surplus Lines Insurance Company	30481	0.88
The Travelers Indemnity Company of America	25666	0.77
St. Paul Protective Insurance Company	19224	0.58
Northfield Insurance Company	27987	0.52
Travelers Casualty Company of Connecticut	36170	0.47
Travelers Commercial Casualty Company	40282	0.47
Travelers Commercial Insurance Company	36137	0.47
St. Paul Mercury Insurance Company	24791	0.40
Travelers Property Casualty Company of America	25674	0.36
Travelers Property Casualty Insurance Company	36161	0.30
The Travelers Casualty Company	41769	0.29

NOTES TO FINANCIAL STATEMENTS

Travelers Constitution State Insurance Company	41750	0.29
TravCo Insurance Company	28188	0.27
Travelers Excess and Surplus Lines Company	29696	0.27
The Travelers Home and Marine Insurance Company	27998	0.27
Travelers Personal Security Insurance Company	36145	0.27
Travelers Personal Insurance Company	38130	0.27
Discover Property & Casualty Insurance Company	36463	0.14
Discover Specialty Insurance Company	10213	0.14
Northland Casualty Company	24031	0.14
American Equity Specialty Insurance Company	10819	0.10
Fidelity and Guaranty Insurance Underwriters, Inc.	25879	0.10
St. Paul Guardian Insurance Company	24775	0.10

All of the above TRV Pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

As of December 31, 2012 the Company had \$193,047,128 payable to affiliates as a result of its intercompany reinsurance transactions which settled in January 2013.

27. STRUCTURED SETTLEMENTS

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company is the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims. In the event that the life insurance company fails to make the required annuity payments, the Company would be required to make such payments if and to the extent not paid by state guaranty associations.

The following data represents the Company's proportionate share of structured settlement annuities purchased by members of the TRV Pool (see Note 26):

A. <u>Loss Reserves Eliminated by Annuities</u>		<u>Unrecorded Loss Contingencies</u>
\$735,327,450		\$735,327,450
B. <u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
Fidelity & Guaranty Life Insurance Company, Baltimore, MD	Yes	\$217,762,063
MetLife Insurance Company of Connecticut, Bloomfield, CT	Yes	90,410,049
Genworth Life and Annuity Insurance Company, Richmond, VA	Yes	57,232,403
Symetra Life Insurance Company, Bellevue, WA	Yes	54,764,219
Genworth Life Insurance Company, Richmond, VA	Yes	45,113,522
All other companies		270,045,194

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

1. Liability carried for premium deficiency reserves	\$	0
2. Date of the most recent evaluation of this liability	December 31, 2012	
3. Was anticipated investment income utilized in the calculation?		Yes

31. HIGH DEDUCTIBLES

At December 31, 2012, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,590,581,691 and the amount billed and outstanding on paid claims was \$12,843,315. These amounts represent the Company's proportionate share of the TRV Pool (see Note 26).

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

A. Except for certain third party administered claims, tabular workers' compensation case reserves have been discounted in accordance with the various state laws under which the benefits are paid. The tabular case reserves, as included in Schedule P, reflect a discount rate of 3.5% or as specified by state requirements, generally using the following United States Life Tables:

Non-Fatal Cases:	United States Life Tables Total Population 1969-71 – MI United States Life Tables Total Population 1979-81 – TX United States Life Tables Total Population 1999 – FL, NJ & NY United States Life Tables Total Male or Total Female 1989-91 – CA United States Life Tables Total Male or Total Female 2006 – MA United States Life Tables Total Male or Total Female 2000 – MN United States Life Tables Total Male or Total Female 1999 – all other states
Fatal Cases:	United States Life Tables Total Female 1969-71 – MI * United States Life Tables Total Female 1979-81 – TX * United States Life Tables Total Female 1989-91 – CA * United States Life Tables Total Female 2006 – MA * * and the 1979 NCCI Remarriage Table New York Mandated Mortality & Remarriage Table – NY United States Life Tables Total Female 2000 – MN ** United States Life Tables Total Female 1999 – all other states ** ** and the Railroad Retirement Board Remarriage Table

Other liability reserves related to annuity obligations from structured settlements are discounted using a discount rate of 5% and reflect the 1983 Individual Annuity Mortality table adjusted for impairment and future mortality improvement.

The Company develops loss reserve estimates for workers' compensation tabular claims that are expectations of what the ultimate settlement costs for these claims will be upon final resolution in the future. These estimates are based on the Company's assessment of facts and circumstances currently known and, using Company experience, multiple actuarial estimation methods. This includes

NOTES TO FINANCIAL STATEMENTS

estimates of payment patterns reflecting actual mortality, morbidity and settlement history that relate both to claims currently identified as tabular as well as claims not yet identified as tabular ("IBNR" tabular). The total reserves and the corresponding discount that the Company has established for these claims reflects these multiple estimation methods, payment patterns and a discount rate of 5%. The liabilities and discount amounts shown below reflect estimates of the ultimate liability for tabular claims. Furthermore, the case vs. IBNR discount amounts shown below each reflects estimates of the ultimate resolution costs for these claims: case amounts for claims already identified as tabular; IBNR amounts for claims yet to be identified as tabular.

The December 31, 2012 liabilities of the Company included \$379,893,889 and \$29,111,197 of such discounted liabilities related to workers' compensation and other liability-occurrence reserves, respectively. The amount of discount for case and IBNR reserves at December 31, 2012 is as follows:

Tabular Discount

	<u>Schedule P Lines of Business</u>	<u>Tabular Discount Included in Schedule P, Part 1*</u>	
		<u>Case</u>	<u>IBNR</u>
1.	Workers' Compensation	\$85,772,878	\$103,932,679
2.	Other Liability-Occurrence	<u>3,274,341</u>	<u>31,824,759</u>
3.	Total	<u>\$89,047,219</u>	<u>\$135,757,438</u>

* Excludes medical loss reserves and all loss adjustment expense reserves

B. Non-tabular reserves have not been discounted.

C. No changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

33. ASBESTOS/ENVIRONMENTAL RESERVES

The following represents the Company's allocable share of the pooled property-casualty business of the TRV Pool, based on its pro rata participation percentage of 23.29%.

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 ()

Exposure for asbestos losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

Because each policyholder presents different liability and coverage issues, the Company generally reviews the exposure presented by each policyholder at least annually. Among the factors which the Company may consider in the course of this review are: available insurance coverage, including the role of any umbrella or excess insurance the Company has issued to the policyholder; limits and deductibles; an analysis of the policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

The Company continues to be involved in coverage litigation concerning a number of policyholders, some of whom have filed for bankruptcy, who in some instances have asserted that all or a portion of their asbestos-related claims are not subjected to aggregate limits on coverage. In these instances, policyholders also may assert that each individual bodily injury claim should be treated as a separate occurrence under the policy. It is difficult to predict whether these policyholders will be successful on both issues. To the extent both issues are resolved in a policyholder's favor and other Company defenses are not successful, the Company's coverage obligations under the policies at issue would be materially increased and bounded only by the applicable per-occurrence limits and the number of asbestos bodily injury claims against the policyholders. Accordingly, although the Company has seen a moderation in the overall risk associated with these lawsuits, it remains difficult to predict the ultimate cost of these claims.

The Company's quarterly asbestos reserve reviews include an analysis of exposure and claim payment patterns, as well as recent settlements, policyholder bankruptcies, judicial rulings and legislative actions. The Company also analyzes developing payment patterns among various policyholders as well as projected reinsurance billings and recoveries. In addition, the Company reviews its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity. Conventional actuarial methods are not utilized to establish asbestos reserves nor have the Company's evaluations resulted in any way of determining a meaningful average asbestos defense or indemnity payment.

In December 2008, the Company's affiliate, Fire and Marine sold Unionamerica. In conjunction with the sale Fire and Marine commuted its assumed intercompany reinsurance agreements with Unionamerica subsidiaries. As a result of these commutations and their impact on the TRV Pool, the Company's 2008 asbestos assumed calendar year paid losses increased by \$46,114,200 and the Company's 2008 asbestos assumed incurred losses decreased by \$7,918,600.

1. <u>Direct Basis - Asbestos:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 877,999,000	\$ 722,623,000	\$ 678,147,000	\$ 637,531,000	\$ 595,149,000
b. Incurred losses and LAE:	14,608,000	37,264,000	48,210,000	32,605,000	29,881,000
c. Calendar year payments for losses and LAE:	<u>169,984,000</u>	<u>81,740,000</u>	<u>88,826,000</u>	<u>74,987,000</u>	<u>53,715,000</u>
d. Ending reserves:	<u>\$ 722,623,000</u>	<u>\$ 678,147,000</u>	<u>\$ 637,531,000</u>	<u>\$ 595,149,000</u>	<u>\$ 571,315,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 111,050,000	\$ 45,249,000	\$ 42,494,000	\$ 46,979,000	\$ 51,922,000
b. Incurred losses and LAE:	(6,107,000)	5,822,000	12,808,000	12,809,000	7,616,000
c. Calendar year payments for losses and LAE:	<u>59,694,000</u>	<u>8,577,000</u>	<u>8,323,000</u>	<u>7,866,000</u>	<u>7,193,000</u>
d. Ending reserves:	<u>\$ 45,249,000</u>	<u>\$ 42,494,000</u>	<u>\$ 46,979,000</u>	<u>\$ 51,922,000</u>	<u>\$ 52,345,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 869,039,000	\$ 678,138,000	\$ 641,746,000	\$ 592,910,000	\$ 567,614,000
b. Incurred losses and LAE:	8,500,000	43,086,000	32,607,000	40,758,000	38,429,000
c. Calendar year payments for losses and LAE:	<u>199,401,000</u>	<u>79,478,000</u>	<u>81,443,000</u>	<u>66,054,000</u>	<u>54,948,000</u>
d. Ending reserves:	<u>\$ 678,138,000</u>	<u>\$ 641,746,000</u>	<u>\$ 592,910,000</u>	<u>\$ 567,614,000</u>	<u>\$ 551,095,000</u>

Where appropriate, these agreements also include indemnities and hold harmless provisions to protect the Company.

NOTES TO FINANCIAL STATEMENTS**B. Ending loss and LAE reserves for unreported claims included in Part A above:**

1. Direct Basis:	\$ 476,951,000
2. Assumed Reinsurance Basis:	\$ 23,785,000
3. Net of Ceded Reinsurance Basis:	\$ 449,457,000

C. Ending LAE reserves for reported and unreported claims included in Part A above:

1. Direct Basis:	\$ 153,689,000
2. Assumed Reinsurance Basis:	\$ 605,000
3. Net of Ceded Reinsurance Basis	\$ 145,208,000

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 ()

Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

The resolution of environmental exposures by the Company generally occurs through settlements with policyholders as opposed to claimants. Generally, the Company strives to extinguish any obligations it may have under any policy issued to the policyholder for past, present and future environmental liabilities and extinguish any pending coverage litigation dispute with the policyholder. This form of settlement is commonly referred to as a "buy-back" of policies for future environmental liability. In addition, many of the agreements have also extinguished any insurance obligation which the Company may have for other claims, including but not limited to asbestos and other cumulative injury claims. The Company and its policyholders may also agree to settlements which extinguish any liability arising from known specified sites or claims. Where appropriate, these agreements also include indemnities and hold harmless provisions to protect the Company. The Company's general purpose in executing these agreements is to reduce the Company's potential environmental exposure and eliminate the risks presented by coverage litigation with the policyholder and related costs.

In establishing environmental reserves, the Company evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Company generally considers the probable liability, available coverage, relevant judicial interpretations and historical value of similar exposures. In addition, the Company considers the many variables presented, such as the nature of the alleged activities of the policyholder at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of the alleged environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Company and the policyholder, including the role of any umbrella or excess insurance the Company has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims in any resolution process; and the applicable law in each jurisdiction. The evaluation of the exposure presented by a policyholder can change as information concerning that policyholder and the many variables presented is developed. Conventional actuarial techniques are not used to estimate these reserves.

In its review of environmental reserves, the Company considers: past settlement payments; changing judicial and legislative trends; its reserves for the costs of litigating environmental coverage matters; the potential for policyholders with smaller exposures to be named in new clean-up actions for both on- and off-site waste disposal activities; the potential for adverse development; the potential for additional new claims beyond previous expectations; and the potential higher costs for new settlements.

The majority of the net environmental reserve is carried in a bulk reserve which includes unresolved environmental claims, incurred but not reported environmental claims and the anticipated cost of coverage litigation disputes relating to these claims. The bulk reserve the Company carries is established and adjusted based upon the aggregate volume of in-process environmental claims and the Company's experience in resolving those claims. The balance of the net environmental reserve consists of case reserves.

As a result of the commutations described above and their impact on the TRV Pool, the Company's 2008 environmental assumed calendar year paid losses increased by \$6,521,200 and the Company's 2008 environmental assumed incurred losses decreased by \$1,164,500.

1. <u>Direct Basis - Environmental:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 83,895,000	\$ 78,189,000	\$ 77,504,000	\$ 70,186,000	\$ 67,401,000
b. Incurred losses and LAE:	19,757,000	19,564,000	9,270,000	15,371,000	18,434,000
c. Calendar year payments for losses and LAE:	<u>25,463,000</u>	<u>20,249,000</u>	<u>16,588,000</u>	<u>18,156,000</u>	<u>19,792,000</u>
d. Ending reserves:	<u>\$ 78,189,000</u>	<u>\$ 77,504,000</u>	<u>\$ 70,186,000</u>	<u>\$ 67,401,000</u>	<u>\$ 66,043,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 25,489,000	\$ 14,867,000	\$ 13,124,000	\$ 12,265,000	\$ 13,333,000
b. Incurred losses and LAE:	(1,052,000)	233,000	1,211,000	3,260,000	4,623,000
c. Calendar year payments for losses and LAE:	<u>9,570,000</u>	<u>1,976,000</u>	<u>2,070,000</u>	<u>2,192,000</u>	<u>1,904,000</u>
d. Ending reserves:	<u>\$ 14,867,000</u>	<u>\$ 13,124,000</u>	<u>\$ 12,265,000</u>	<u>\$ 13,333,000</u>	<u>\$ 16,052,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 114,100,000	\$ 96,362,000	\$ 91,558,000	\$ 81,637,000	\$ 79,500,000
b. Incurred losses and LAE:	18,705,000	16,303,000	8,152,000	17,700,000	20,961,000
c. Calendar year payments for losses and LAE:	<u>36,443,000</u>	<u>21,107,000</u>	<u>18,073,000</u>	<u>19,837,000</u>	<u>19,543,000</u>
d. Ending reserves:	<u>\$ 96,362,000</u>	<u>\$ 91,558,000</u>	<u>\$ 81,637,000</u>	<u>\$ 79,500,000</u>	<u>\$ 80,918,000</u>

E. Ending loss and LAE reserves for unreported claims included in Part D above:

1. Direct Basis:	\$ 65,040,000
2. Assumed Reinsurance Basis:	\$ 10,706,000
3. Net of Ceded Reinsurance Basis	\$ 75,394,000

F. Ending LAE reserves for reported and unreported claims included in Part D above:

1. Direct Basis:	\$ 15,928,000
2. Assumed Reinsurance Basis:	\$ 41,000
3. Net of Ceded Reinsurance Basis	\$ 15,543,000

As a result of the processes and procedures discussed above, management believes that the reserves carried for asbestos and environmental claims at December 31, 2012 are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as

NOTES TO FINANCIAL STATEMENTS

new information becomes available and as claims develop. The continuing uncertainties include, without limitation, the risks and lack of predictability inherent in complex litigation, any impact from the bankruptcy protection sought by various asbestos producers and other asbestos defendants, a further increase or decrease in the cost to resolve and/or the number of asbestos and environmental claims beyond that which is anticipated, the role of any umbrella or excess policies the Company has issued, the resolution or adjudication of disputes pertaining to the amount of available coverage for asbestos and environmental claims in a manner inconsistent with the Company's previous assessment of these claims, the number and outcome of direct actions against the Company, future developments pertaining to the Company's ability to recover reinsurance for asbestos and environmental claims and the unavailability of other insurance sources potentially available to policyholders, whether through exhaustion of policy limits or through the insolvency of other participating insurers. In addition, uncertainties arise from the insolvency or bankruptcy of policyholders and other defendants. It is also not possible to predict changes in the legal, regulatory and legislative environment and their impact on the future development of asbestos and environmental claims. This environment could be affected by changes in applicable legislation and future court and regulatory decisions and interpretations, including the outcome of legal challenges to legislative and/or judicial reforms establishing medical criteria for the pursuit of asbestos claims. It is also difficult to predict the ultimate outcome of complex coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos and environmental reserves, the Company continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the current related reserves. In addition, the Company's estimate of claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Company's operating results in future periods.

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

36. FINANCIAL GUARANTY INSURANCE

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. The Company no longer writes such guarantees. At December 31, 2012 and 2011, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$15.7 million and \$17.2 million, respectively.

Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amounts of such financial guarantees was \$11.2 million and \$19.6 million at December 31, 2012 and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS

Attachment to the 2012 Annual Statement – Notes to Financial Statements, Note 9 – Part F:
Names of the companies included with TRV in the December 31, 2012, consolidated Federal income tax return filing

The Travelers Companies, Inc. (TRV) & Subsidiaries

<u>Company Name</u>	<u>FEIN</u>	<u>Company Name</u>	<u>FEIN</u>
AE DEVELOPMENT GROUP, INC.	06-0952727	THE CHARTER OAK FIRE INSURANCE COMPANY	06-0291290
AMERICAN EQUITY INSURANCE COMPANY	86-0703220	THE PHOENIX INSURANCE COMPANY	06-0303275
AMERICAN EQUITY SPECIALTY INSURANCE COMPANY	86-0868106	THE PREMIER INSURANCE COMPANY OF MASSACHUSETTS	04-3175569
BMR SPORTS PROPERTIES, INC.	52-1852190	THE STANDARD FIRE INSURANCE COMPANY	06-6033509
CAMPERDOWN CORPORATION	41-1762781	THE TRAVELERS CASUALTY COMPANY	41-1435765
CASTLE PINES FIDELITY REALTY, INC.	52-1735211	THE TRAVELERS HOME AND MARINE INSURANCE COMPANY	35-1838079
COMMERCIAL GUARANTY INSURANCE COMPANY	75-1679830	THE TRAVELERS INDEMNITY COMPANY	06-0566050
CONSTITUTION PLAZA INC	06-0566030	THE TRAVELERS INDEMNITY COMPANY OF AMERICA	58-6020487
COUNTERSIGNATURE AGENCY, INC.	06-1345091	THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT	06-0336212
DISCOVER PROPERTY & CASUALTY INSURANCE COMPANY	36-2999370	THE TRAVELERS LLOYDS INSURANCE COMPANY	76-0002592
DISCOVER SPECIALTY INSURANCE COMPANY	52-1925131	TINDY FOREIGN, INC.	20-4403403
ENGLISH TURN FIDELITY REALTY, INC.	52-1466734	TPC INVESTMENTS, INC.	06-1534005
ENGLISH TURN REALTY MANAGEMENT, INC.	52-1715225	TRAVCO INSURANCE COMPANY	35-1838077
FARMINGTON CASUALTY COMPANY	06-1067463	TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY	75-1732040
FIDELITY AND GUARANTY INSURANCE COMPANY	42-1091525	TRAVELERS (BERMUDA) LTD.	98-0190863
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.	52-0616768	TRAVELERS CASUALTY AND SURETY COMPANY	06-6033504
FIRST FLORIDIAN AUTO AND HOME INSURANCE COMPANY	59-3372141	TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA	06-0907370
FIRST TRENTON INDEMNITY COMPANY	22-3129711	TRAVELERS CASUALTY COMPANY OF CONNECTICUT	06-1286266
GULF UNDERWRITERS INSURANCE COMPANY	56-1371361	TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA	06-0876835
JUPITER HOLDINGS, INC.	41-1769846	TRAVELERS COMMERCIAL CASUALTY COMPANY	95-3634110
LAUREL VILLAGE FIDELITY REALTY, INC.	52-1551225	TRAVELERS COMMERCIAL INSURANCE COMPANY	06-1286268
NORTHBROOK HOLDINGS, INC.	51-0375653	TRAVELERS CONSTITUTION STATE INSURANCE COMPANY	41-1435766
NORTHFIELD INSURANCE COMPANY	41-0983992	TRAVELERS DISTRIBUTION ALLIANCE, INC.	62-1657094
NORTHLAND CASUALTY COMPANY	94-6051964	TRAVELERS EXCESS AND SURPLUS LINES COMPANY	06-1203698
NORTHLAND INSURANCE COMPANY	41-6009967	TRAVELERS INSURANCE GROUP HOLDINGS INC.	06-1445591
NORTHLAND RISK MANAGEMENT SERVICES, INC.	41-1720288	TRAVELERS LLOYDS MANAGEMENT COMPANY	20-4312440
SELECT INSURANCE COMPANY	75-6013697	TRAVELERS MGA, INC.	75-2676034
SPC INSURANCE AGENCY, INC.	41-1888760	TRAVELERS PERSONAL INSURANCE COMPANY	36-3703200
ST. PAUL FIRE & CASUALTY INSURANCE COMPANY	41-1419276	TRAVELERS PERSONAL SECURITY INSURANCE COMPANY	06-1286264
ST. PAUL FIRE & MARINE INSURANCE COMPANY	41-0406690	TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY	06-1286274
ST. PAUL GUARDIAN INSURANCE COMPANY	41-0963301	TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA	36-2719165
ST. PAUL LONDON PROPERTIES, INC.	41-1880024	TRAVELERS PROPERTY CASUALTY CORP.	06-1008174
ST. PAUL MERCURY INSURANCE COMPANY	41-0881659	TRAVELERS TEXAS MGA, INC.	27-4469564
ST. PAUL PROTECTIVE INSURANCE COMPANY	36-2542404	UNITED STATES FIDELITY & GUARANTY COMPANY	52-0515280
ST. PAUL SURPLUS LINES INSURANCE COMPANY	41-1230819	USF&G RETAIL ASSOCIATES GP, INC.	52-1704255
TCI GLOBAL SERVICES, INC.	52-1965525	YONKERS FINANCING CORPORATION	20-3033027
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CT	06-0848755		

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? Connecticut
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/14/2011
- 3.4 By what department or departments? Connecticut

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

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

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

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103

- 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?
Smitesh Davé, FCAS & MAAA (Vice President and Chief Corporate Actuary), The Travelers Companies, Inc., One Tower Square, Hartford, CT 06183

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 involved0
- 12.13 Total book/adjusted carrying value \$.....0
- 12.2 If yes, provide explanation.
-
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - c. Compliance with applicable governmental laws, rules and regulations;
 - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
-
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
-
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
-

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [X] No []

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
021303618	NBT Bank, National Association	Failure to comply with contract	348,706
021305386	Community Bank, National Association	Failure to comply with contract	1,895,000
026001847	Banco Bilbao Vizcaya Argentaria	Failure to comply with contract	16,312,500
026002794	Bank Leumi USA	Failure to comply with contract	3,988,000
026003023	Safra National Bank of New York	Failure to comply with contract	92,713
026005319	Intesa Sanpaolo SpA	Failure to comply with contract	59,030,038
026007443	Woori America Bank	Failure to comply with contract	545,000
026008536	Unicredit Bank SpA	Failure to comply with contract	33,940,362
042108397	Forcht Bank, National Association	Failure to comply with contract	50,000
043318092	First National Bank of Pennsylvania	Failure to comply with contract	100,000
043400036	WesBanco Bank, Inc.	Failure to comply with contract	50,000
051502599	Clear Mountain Bank	Failure to comply with contract	650,000
051904524	City National Bank of West Virginia	Failure to comply with contract	10,000
053906041	First Citizens Bank and Trust Company, Inc	Failure to comply with contract	1
055003298	EagleBank	Failure to comply with contract	96,935
056005253	Virginia Commerce Bank	Failure to comply with contract	216,000
061008766	Federal Home Loan Bank of Atlanta	Failure to comply with contract	5,968,000
061112843	United Community Bank	Failure to comply with contract	49,000
061202371	PeoplesSouth Bank	Failure to comply with contract	50,000
063114289	CNLBank	Failure to comply with contract	30,000
064008637	Pinnacle National Bank	Failure to comply with contract	611,800
064108443	Legends Bank	Failure to comply with contract	312,000
065203431	MidSouth Bank, National Association	Failure to comply with contract	300,000
065300211	Citizens National Bank of Meridian	Failure to comply with contract	600,000
065301883	United Mississippi Bank	Failure to comply with contract	60,000
065500752	Peoples Bank, Biloxi, Mississippi	Failure to comply with contract	100,000
065503681	Hancock Bank	Failure to comply with contract	350,000
071102076	First Mid-Illinois Bank & Trust, National Ass	Failure to comply with contract	40,000
071123149	Southeast National Bank	Failure to comply with contract	150,000
071123204	Morton Community Bank	Failure to comply with contract	350,000
071212128	1st Source Bank	Failure to comply with contract	4,539,200
071902878	Centier Bank	Failure to comply with contract	57,000
071925444	North Shore Community Bank & Trust Com	Failure to comply with contract	250,000
073900085	Security National Bank of Sioux City, Iowa	Failure to comply with contract	35,000
073921585	First State Bank	Failure to comply with contract	260,000
075900766	National Exchange Bank and Trust	Failure to comply with contract	1,385,000
081000605	Cass Commercial Bank	Failure to comply with contract	406,000
081000676	Midwest BankCentre	Failure to comply with contract	200,000
081501175	First Midwest Bank of Dexter	Failure to comply with contract	520,000
081514748	Mid America Bank	Failure to comply with contract	420,000
082900432	Simmons First National Bank	Failure to comply with contract	293,000
082900872	Arvest Bank	Failure to comply with contract	1,425,000
082907273	Bank of the Ozarks	Failure to comply with contract	1,136,000
084008426	Independent Bank	Failure to comply with contract	375,000
084304243	First State Bank	Failure to comply with contract	5,000
086300012	Old National Bank	Failure to comply with contract	2,739,435
086500634	Central Bank	Failure to comply with contract	1,113,170
091017196	Venture Bank	Failure to comply with contract	100,000
091914464	Bremer Bank, National Association	Failure to comply with contract	2,000,000
101000925	Security Bank of Kansas City	Failure to comply with contract	81,000
101005483	Metcalf Bank	Failure to comply with contract	1,483,615
101100016	Exchange National Bank & Trust Co.	Failure to comply with contract	50,000
101101536	Kansas State Bank of Manhattan	Failure to comply with contract	1,000,000
101101947	Federal Home Loan Bank of Topeka	Failure to comply with contract	330,000
102206728	Four Corners Community Bank	Failure to comply with contract	25,000
103000800	Coppermark Bank	Failure to comply with contract	450,000
103100616	American Heritage Bank	Failure to comply with contract	625,000
103101107	First National Bank and Trust Company of	Failure to comply with contract	152,000
104000016	First National Bank of Omaha	Failure to comply with contract	6,532,522
104000854	American National Bank	Failure to comply with contract	2,497,000
104910795	Union Bank and Trust Company	Failure to comply with contract	1,100,000
107001232	ANB Bank	Failure to comply with contract	37,000
107002448	Bank of Colorado	Failure to comply with contract	69,000
111001040	Inwood National Bank	Failure to comply with contract	50,000
111017979	Texas Capital Bank, National Association	Failure to comply with contract	2,330,000
111300958	Amarillo National Bank	Failure to comply with contract	1,240,000
111308057	FirstBank Southwest	Failure to comply with contract	330,000
111322994	PlainsCapital Bank	Failure to comply with contract	550,000
111903245	First National Bank of Central Texas	Failure to comply with contract	175,000
111907199	Central National Bank	Failure to comply with contract	50,000
111915327	Guaranty Bond Bank	Failure to comply with contract	59,000
111923238	Texas Bank & Trust Company	Failure to comply with contract	140,000
112206297	Bank of the Southwest	Failure to comply with contract	92,500
113024504	Prosperity Bank	Failure to comply with contract	152,500
113122655	Prosperity Bank	Failure to comply with contract	2,061,000
121101037	Bank of Stockton	Failure to comply with contract	295,000
121102036	Mechanics Bank	Failure to comply with contract	41,000
121108441	Farmers & Merchants Bank of Central Calif	Failure to comply with contract	1,622,000
121138013	First Republic Bank	Failure to comply with contract	600,000
122041235	BBCN Bank	Failure to comply with contract	435,000
122203471	Community Bank	Failure to comply with contract	26,000
122243813	Bank of Santa Clarita	Failure to comply with contract	107,000
122244498	Americas United Bank	Failure to comply with contract	1,050,000
122244744	Pacific Western Bank	Failure to comply with contract	105,000
124103582	D.L. Evans Bank	Failure to comply with contract	52,052

GENERAL INTERROGATORIES

125100089	Washington Trust Bank	Failure to comply with contract	2,000,000
211170318	Rockville Bank	Failure to comply with contract	68,029
211272465	Bank of Maine	Failure to comply with contract	26,000
211672683	Northfield Savings Bank	Failure to comply with contract	585,000
221272303	Provident Bank	Failure to comply with contract	200,000
221371709	Adirondack Bank	Failure to comply with contract	825,000
243074385	Dollar Bank, Federal Savings Bank	Failure to comply with contract	915,000
243374218	Northwest Savings Bank	Failure to comply with contract	62,560
265270413	IBERIABANK	Failure to comply with contract	263,000
281271438	First Robinson Savings Bank, National Ass	Failure to comply with contract	315,500
291070001	TCF National Bank	Failure to comply with contract	2,170,000
301171007	Landmark National Bank	Failure to comply with contract	55,000
322070381	East West Bank	Failure to comply with contract	6,033,000
	Farm Credit of Maine ACA	Failure to comply with contract	200,000
	Farm Credit Services of America, ACA	Failure to comply with contract	3,515,000
	Federal Home Loan Bank of Cincinnati	Failure to comply with contract	300,000
	Federal Home Loan Bank of Seattle	Failure to comply with contract	850,000
	HSH Nordbank AG	Failure to comply with contract	200,000
	ING Bank NV	Failure to comply with contract	197,000
	KBC Bank NV	Failure to comply with contract	23,700,000
	Farm Credit West	Failure to comply with contract	550,000

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No []
- 24.02 If no, give full and complete information relating thereto.
-
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
 This company is a party to a security lending agreement. See Note 17.
-
- 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 [X] No [] N/A []
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....168,831,641
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] N/A []
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [] N/A []
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [] N/A []
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....168,831,641
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....168,831,641
- 24.103 Total payable for securities lending reported on the liability page. \$.....168,831,641
- 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 []

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 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 \$.....19,748,833
 - 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 \$.....1,090,445,540
 - 25.29 Other \$.....13,498,600

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase	270 Park Avenue, New York, NY 10017-2070

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
UBS	1North Wacker 31st Fl, Chicago, IL 60606	Futures Account Agreements

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
29.2999. TOTAL		0

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....13,212,820,372	.....14,262,394,966	.....1,049,574,594
30.2 Preferred stocks.....	.....59,197,974	.....63,621,484	.....4,423,510
30.3 Totals.....	.....13,272,018,346	.....14,326,016,450	.....1,053,998,104

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

Fair values of bonds and preferred stocks are based on prices published in the NAIC Valuations of Securities. If this unit price is not available, the fair value is based upon quoted market prices or dealer quotes, or if prices are unavailable, based on valuation determined, in good faith, by The Travelers Companies, Inc.

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

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

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

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - INVESTMENT

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....12,183,318

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE, INC.	4,886,800

34.1 Amount of payments for legal expenses, if any? \$.....18,220,704

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

1 Name	2 Amount Paid
	0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....814,669

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

1 Name	2 Amount Paid
US CHAMBER OF COMMERCE - INSTITUTE FOR LEGAL REFORM	267,835

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$.....0
- 1.62 Total incurred claims \$.....0
- 1.63 Number of covered lives0
- All years prior to most current three years:
- 1.64 Total premium earned \$.....0
- 1.65 Total incurred claims \$.....0
- 1.66 Number of covered lives0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$.....0
- 1.72 Total incurred claims \$.....0
- 1.73 Number of covered lives0
- All years prior to most current three years:
- 1.74 Total premium earned \$.....0
- 1.75 Total incurred claims \$.....0
- 1.76 Number of covered lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....4,519,422,121	\$.....4,421,998,658
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....14,016,856	\$.....14,093,831
2.5 Reserve Denominator.....	\$.....11,841,898,705	\$.....11,671,646,323
2.6 Reserve Ratio (2.4/2.5).....	.....0.1	.....0.1

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies \$.....73,199,801
- 3.22 Non-participating policies \$.....4,484,345,945

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?0.0 %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

5. FOR RECIPROCAL EXCHANGES ONLY:

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

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

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

The Company's risk management practices include active monitoring of insured employee local-based concentrations. Although the Company currently has no significant workers' compensation treaty reinsurance, the Company reviews available treaty reinsurance coverages periodically and makes purchase decisions as it deems appropriate. Facultative reinsurance purchases are also made as deemed appropriate.

- 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 uses various analyses and methods, including proprietary and third party computer modeling processes, to analyze catastrophic events and the associated risks to arrive at loss estimates. The Company uses these analyses and methods to make underwriting and reinsurance decisions designed to manage its exposure to catastrophic events. The Company's hurricane loss estimates reflect U.S. exposures and include property exposures, property residual market exposures and an adjustment for certain non-property exposures. The Company's loss estimates are based on the Company's catastrophe risk model estimates and include loss from the hurricane hazards of wind and storm surge. The Company's loss estimates for earthquakes reflect U.S. and Canadian exposures and include property exposures and workers' compensation exposures. The Company's loss estimates for terrorism reflect U.S. exposures and include property exposures. The Company also develops conventional attack loss estimates for combined property and workers' compensation exposures for comparison and adherence with aggregate enterprise guidelines. To best assess risk, the Company conducts site engineering analyses on buildings with large exposures. Property exposures are analyzed to determine locations of concentration. Spanning the U.S., this includes California, Florida, New Madrid, the Northeast, the Gulf States, and the Mid-Atlantic States.

- 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 purchases both excess of loss and proportional reinsurance to protect itself from an excessive catastrophe loss.

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

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.15
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information:
See Note No. 23E - Commutation of Ceded Reinsurance for additional information.
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such 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 No N/A
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes No
- 11.2 If yes, give full information:

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....22,008,604
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....3,883,871
- 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: \$.....21,822,834
- 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 N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From0.0 %
 12.42 To0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit \$.....1,356,609,533
 12.62 Collateral and other funds \$.....371,099,704

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....8,093,275
- 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.3

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Per the Company's Reinsurance Allocation Agreement and Pooling Agreement.

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No []
- 14.5 If the answer to 14.4 is no, please explain:

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

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

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

* Disclose type of coverage:

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

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
- 17.12 Unfunded portion of Interrogatory 17.11 \$.....0
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....0
- 17.14 Case reserves portion of Interrogatory 17.11 \$.....0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$.....0
- 17.16 Unearned premium portion of Interrogatory 17.11 \$.....0
- 17.17 Contingent commission portion of Interrogatory 17.11 \$.....0

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

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

- 18.1 Do you act as a custodian for health savings account? Yes [] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....0
- 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....0

FIVE-YEAR HISTORICAL DATA

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

	1 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).....	10,028,617,968	9,466,890,255	9,041,848,750	9,109,293,438	9,418,447,364
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,868,821,342	3,876,496,565	3,901,883,394	3,918,618,640	4,012,565,978
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	7,139,789,261	7,099,361,843	6,832,622,202	6,568,272,785	6,414,627,640
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	90,654,986	91,283,661	84,566,979	88,405,459	97,648,110
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	58,447,115	53,282,671	24,157,316	27,308,991	37,219,471
6. Total (Line 35).....	21,186,330,671	20,587,314,996	19,885,078,641	19,711,899,313	19,980,508,564
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).....	2,165,412,583	2,073,913,125	1,978,689,927	1,960,655,820	1,992,382,458
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	772,476,550	773,901,247	783,793,752	788,046,283	813,241,491
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,587,251,443	1,578,948,679	1,516,906,269	1,445,563,286	1,414,342,459
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	20,094,557	23,981,903	25,387,849	23,886,383	22,004,595
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	12,310,614	11,429,926	4,536,857	5,699,150	(15,084,182)
12. Total (Line 35).....	4,557,545,747	4,462,174,881	4,309,314,654	4,223,850,921	4,226,886,821
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	5,033,913	(378,538,419)	246,219,259	416,516,989	310,089,289
14. Net investment gain (loss) (Line 11).....	775,773,164	799,686,574	1,283,161,482	983,637,928	1,220,546,720
15. Total other income (Line 15).....	38,628,152	32,546,361	35,509,742	38,569,760	(89,624,504)
16. Dividends to policyholders (Line 17).....	9,372,460	8,116,326	5,585,258	4,071,303	5,112,029
17. Federal and foreign income taxes incurred (Line 19).....	132,558,863	41,416,922	182,818,975	234,195,662	185,890,379
18. Net income (Line 20).....	677,503,907	404,161,268	1,376,486,250	1,200,457,712	1,250,009,097
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	21,295,148,223	20,948,653,374	21,109,473,033	22,208,649,149	20,788,130,051
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	247,786,892	334,818,671	667,727,677	616,546,926	203,184,920
20.2 Deferred and not yet due (Line 15.2).....	930,841,322	887,206,397	854,436,010	834,645,078	906,579,151
20.3 Accrued retrospective premiums (Line 15.3).....	26,602,856	43,360,947	45,517,349	112,602,614	74,948,426
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	14,175,862,147	13,973,387,175	14,040,025,251	13,836,010,273	12,825,885,953
22. Losses (Page 3, Line 1).....	6,982,442,344	6,941,647,410	6,758,380,729	6,890,771,196	7,054,244,435
23. Loss adjustment expenses (Page 3, Line 3).....	1,518,428,857	1,558,083,496	1,566,509,255	1,617,891,069	1,614,428,187
24. Unearned premiums (Page 3, Line 9).....	2,026,293,189	1,985,991,936	1,925,992,064	1,866,204,658	1,888,702,988
25. Capital paid up (Page 3, Lines 30 & 31).....	10,790,700	10,790,700	10,790,700	10,790,700	10,790,700
26. Surplus as regards policyholders (Page 3, Line 37).....	7,119,286,075	6,975,266,199	7,069,447,782	8,372,638,876	7,962,244,098
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	1,115,143,912	1,081,802,342	1,322,258,106	1,323,474,689	1,501,570,339
Risk-Based Capital Analysis					
28. Total adjusted capital.....	7,119,286,075	6,975,266,199	7,069,447,782	8,372,638,876	7,962,244,098
29. Authorized control level risk-based capital.....	1,230,305,067	1,235,776,140	1,260,657,916	1,342,112,348	1,375,784,367
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).....	74.4	77.4	73.9	73.9	73.7
31. Stocks (Lines 2.1 & 2.2).....	20.7	20.4	20.1	20.8	20.4
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.2	0.2	0.2	0.2
33. Real estate (Lines 4.1, 4.2 & 4.3).....	1.1	1.2	1.1	1.0	1.0
34. Cash, cash equivalents and short-term investments (Line 5).....	(0.5)	(3.1)	0.8	0.7	0.6
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7).....	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8).....	3.4	3.7	3.5	3.4	3.5
38. Receivable for securities (Line 9).....	0.0	0.0	0.0	0.0	0.6
39. Securities lending reinvested collateral assets (Line 10).....	1.0	0.3	0.4	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....	(0.0)	(0.0)	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	3,489,148,555	3,335,277,833	3,300,562,419	3,690,540,886	3,528,142,550
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....	0	0	0	0	0
46. Affiliated mortgage loans on real estate.....	0	0	0	0	0
47. All other affiliated.....	301,149,986	185,653,883	120,931,472	169,331,683	174,996,917
48. Total of above lines 42 to 47.....	3,790,298,541	3,520,931,716	3,421,493,891	3,859,872,569	3,703,139,467
49. Total investment in parent included in Lines 42 to 47 above.....	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	53.2	50.5	48.4	46.1	46.5

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).....	161,503,991	24,444,755	(166,490,976)	184,414,239	(436,573,975)
52. Dividends to stockholders (Line 35).....	(684,000,000)	(505,000,000)	(2,340,000,000)	(1,250,000,000)	(1,185,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	144,019,876	(94,181,582)	(1,303,191,094)	410,394,778	(508,399,549)
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).....	5,738,585,420	5,511,922,148	5,477,449,790	5,325,734,682	5,712,645,252
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,327,621,917	2,346,203,478	2,022,993,284	2,072,334,749	2,026,801,525
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,908,921,296	4,762,340,203	3,311,941,632	3,013,924,684	2,985,406,329
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	68,710,065	83,815,759	71,250,267	77,821,113	80,311,898
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	115,463,519	120,439,449	166,227,207	200,254,076	706,285,710
59. Total (Line 35).....	12,159,302,217	12,824,721,036	11,049,862,179	10,690,069,305	11,511,450,714
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).....	1,176,846,461	1,083,178,399	1,073,696,267	986,223,815	1,039,762,259
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	456,497,525	487,932,738	410,019,612	408,919,763	401,417,312
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	884,418,059	1,081,694,664	745,053,838	674,414,094	663,201,699
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	15,614,701	16,994,253	15,767,294	18,655,834	16,805,688
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	9,000,492	14,483,285	26,112,550	21,891,803	109,960,902
65. Total (Line 35).....	2,542,377,238	2,684,283,339	2,270,649,561	2,110,105,310	2,231,147,860
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).....	57.2	64.8	50.4	46.0	48.2
68. Loss expenses incurred (Line 3).....	11.2	12.0	11.6	12.2	13.1
69. Other underwriting expenses incurred (Line 4).....	31.6	31.7	32.1	31.9	31.3
70. Net underwriting gain (loss) (Line 8).....	0.1	(8.6)	5.8	9.8	7.4
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).....	30.4	30.7	30.8	31.0	33.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	68.3	76.8	62.1	58.2	61.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	64.0	64.0	61.0	50.4	53.1
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(135,332)	(74,881)	(217,139)	(252,144)	(322,867)
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).....	(1.9)	(1.1)	(2.6)	(3.2)	(3.8)
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).....	(245,872)	(384,393)	(453,649)	(593,661)	(401,872)
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).....	(3.5)	(4.6)	(5.7)	(7.0)	(5.0)

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						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	191,263	71,232	64,782	5,332	29,571	615	2,882	208,437	XXX
2. 2003.....	4,808,432	937,234	3,871,198	2,207,869	373,656	246,921	33,963	145,653	13,787	87,488	2,179,037	XXX
3. 2004.....	4,905,565	906,670	3,998,895	2,035,857	357,635	205,203	26,851	160,373	14,760	90,126	2,002,187	XXX
4. 2005.....	4,670,931	706,883	3,964,048	2,311,632	623,811	190,533	28,742	163,689	10,758	80,899	2,002,542	XXX
5. 2006.....	4,585,945	595,224	3,990,722	1,731,678	220,290	165,315	16,512	182,309	5,732	85,103	1,836,768	XXX
6. 2007.....	5,020,438	858,815	4,161,623	1,805,845	177,269	168,198	13,194	196,186	4,412	99,510	1,975,354	XXX
7. 2008.....	4,674,433	473,077	4,201,356	2,218,007	229,310	171,355	12,780	228,629	3,409	103,059	2,372,493	XXX
8. 2009.....	4,606,917	376,929	4,229,988	1,889,543	116,073	143,166	7,963	221,274	2,503	88,019	2,127,443	XXX
9. 2010.....	4,581,613	340,831	4,240,782	1,937,364	107,987	125,444	6,192	224,473	2,043	93,450	2,171,059	XXX
10. 2011.....	4,755,800	333,802	4,421,999	2,185,062	142,743	96,368	6,652	228,238	2,064	97,716	2,358,208	XXX
11. 2012.....	4,885,662	366,240	4,519,422	1,240,031	64,292	39,273	1,488	193,352	2,584	58,788	1,404,291	XXX
12. Totals.....	XXX	XXX	XXX	19,754,149	2,484,299	1,616,557	159,668	1,973,746	62,668	887,041	20,637,817	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,632,962	512,428	1,346,270	239,622	156,060	30,228	258,319	19,197	162,920	88	6,280	2,754,967	XXX
2. 2003.....	93,024	17,370	105,261	30,132	8,904	943	21,599	4,789	16,892	84	6,158	192,361	XXX
3. 2004.....	90,520	26,454	82,527	19,895	6,673	937	18,161	2,703	6,843	22	2,846	154,712	XXX
4. 2005.....	83,527	26,375	129,299	36,566	8,391	1,396	19,339	3,817	4,788	59	3,682	177,131	XXX
5. 2006.....	111,993	30,098	155,875	30,070	10,294	1,690	24,044	3,177	7,840	(0)	5,447	245,011	XXX
6. 2007.....	110,132	18,652	172,336	27,945	13,079	799	31,129	2,913	7,132	(25)	7,659	283,523	XXX
7. 2008.....	175,176	21,290	203,691	27,902	19,714	1,407	49,555	3,941	15,694	(3)	17,253	409,294	XXX
8. 2009.....	228,825	34,294	266,448	38,320	26,640	1,433	58,751	5,020	15,713	13	23,002	517,299	XXX
9. 2010.....	343,891	27,276	354,141	31,960	41,676	1,880	78,821	5,475	24,971	82	33,588	776,828	XXX
10. 2011.....	489,848	44,979	552,367	41,645	46,210	1,963	115,584	6,032	37,213	188	53,097	1,146,416	XXX
11. 2012.....	805,764	190,911	1,013,761	91,013	47,198	2,122	177,274	6,780	90,041	(117)	92,790	1,843,329	XXX
12. Totals.....	4,165,661	950,126	4,381,976	615,069	384,839	44,799	852,576	63,844	390,048	391	251,802	8,500,871	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	0	0	XXX	2,227,181	527,786
2. 2003.	2,846,123	474,725	2,371,398	59.2	50.7	61.3	0	0	23.29	150,783	41,578
3. 2004.	2,606,156	449,257	2,156,899	53.1	49.6	53.9	0	0	23.29	126,698	28,014
4. 2005.	2,911,198	731,524	2,179,673	62.3	103.5	55.0	0	0	23.29	149,886	27,245
5. 2006.	2,389,348	307,569	2,081,779	52.1	51.7	52.2	0	0	23.29	207,700	37,311
6. 2007.	2,504,036	245,159	2,258,877	49.9	28.5	54.3	0	0	23.29	235,871	47,652
7. 2008.	3,081,822	300,036	2,781,786	65.9	63.4	66.2	0	0	23.29	329,674	79,619
8. 2009.	2,850,360	205,618	2,644,742	61.9	54.6	62.5	0	0	23.29	422,659	94,640
9. 2010.	3,130,781	182,894	2,947,886	68.3	53.7	69.5	0	0	23.29	638,797	138,031
10. 2011.	3,750,889	246,265	3,504,623	78.9	73.8	79.3	0	0	23.29	955,592	190,824
11. 2012.	3,606,694	359,074	3,247,621	73.8	98.0	71.9	0	0	23.29	1,537,600	305,729
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	6,982,442	1,518,429

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.....	6,056,653	6,710,039	7,053,347	7,261,468	7,324,855	7,418,629	7,394,152	7,348,157	7,377,686	7,373,863	(3,823)	25,707
2. 2003.....	2,386,324	2,259,800	2,312,258	2,304,267	2,317,204	2,322,023	2,277,903	2,255,224	2,245,642	2,230,317	(15,325)	(24,906)
3. 2004.....	XXX	2,609,673	2,368,029	2,266,243	2,204,129	2,127,493	2,093,119	2,054,736	2,030,925	2,012,632	(18,292)	(42,104)
4. 2005.....	XXX	XXX	2,651,501	2,434,224	2,352,664	2,190,355	2,124,153	2,074,330	2,051,822	2,029,806	(22,016)	(44,524)
5. 2006.....	XXX	XXX	XXX	2,217,641	2,143,903	2,026,073	1,982,340	1,950,269	1,925,328	1,906,883	(18,445)	(43,386)
6. 2007.....	XXX	XXX	XXX	XXX	2,283,377	2,222,743	2,160,805	2,160,143	2,105,015	2,068,781	(36,234)	(91,362)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	2,625,289	2,647,987	2,636,098	2,578,753	2,550,101	(28,653)	(85,997)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	2,457,782	2,442,145	2,438,676	2,419,595	(19,081)	(22,550)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,627,438	2,719,810	2,710,689	(9,121)	83,251
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,217,397	3,253,055	35,658	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,979,484	XXX	XXX
12. Totals.....											(135,332)	(245,872)

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	1,098,728	2,051,013	2,741,719	3,247,689	3,754,356	4,023,914	4,275,424	4,472,451	4,651,931	XXX	XXX
2. 2003.....	691,809	1,185,937	1,505,328	1,694,655	1,840,608	1,922,434	1,970,236	2,003,562	2,030,877	2,047,171	XXX	XXX
3. 2004.....	XXX	690,438	1,178,359	1,415,620	1,593,484	1,698,151	1,768,024	1,813,341	1,840,120	1,856,574	XXX	XXX
4. 2005.....	XXX	XXX	738,776	1,280,930	1,491,962	1,639,969	1,734,536	1,800,082	1,830,334	1,849,612	XXX	XXX
5. 2006.....	XXX	XXX	XXX	707,842	1,096,603	1,304,642	1,455,018	1,568,991	1,621,349	1,660,191	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	770,251	1,202,412	1,442,455	1,611,482	1,721,050	1,783,580	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	1,009,050	1,539,575	1,825,942	2,016,118	2,147,272	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	945,186	1,462,618	1,728,670	1,908,672	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,064,413	1,647,624	1,948,629	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,472,679	2,132,034	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,213,524	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.....	3,022,713	2,747,492	2,489,819	2,346,752	2,188,418	1,989,027	1,840,933	1,650,650	1,510,192	1,408,594
2. 2003.....	1,191,008	591,797	405,320	284,955	237,073	223,790	168,370	134,162	119,462	95,873
3. 2004.....	XXX	1,399,486	760,668	496,374	349,680	246,681	185,810	136,965	107,713	82,570
4. 2005.....	XXX	XXX	1,220,904	759,641	577,334	347,018	249,195	173,357	146,290	113,938
5. 2006.....	XXX	XXX	XXX	1,041,717	689,491	449,259	322,478	239,594	186,784	153,288
6. 2007.....	XXX	XXX	XXX	XXX	1,005,601	632,146	433,688	336,157	241,888	179,869
7. 2008.....	XXX	XXX	XXX	XXX	XXX	1,055,938	651,506	466,070	307,365	228,133
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	997,057	578,384	415,307	289,875
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	969,747	613,198	403,789
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,065,125	630,104
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,105,361

THE TRAVELERS INDEMNITY COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	21,241,651	21,038,502	2,057	16,614,379	(1,774,907)	55,230,037	29,158	0
2. Alaska.....AK	L	1,213,564	1,212,974	0	641,217	419,381	3,538,808	167	0
3. Arizona.....AZ	L	45,464,525	44,310,387	56,311	22,139,085	27,228,281	97,953,777	48,685	0
4. Arkansas.....AR	L	18,240,263	18,621,522	6,859	16,130,546	9,500,794	75,639,447	18,934	0
5. California.....CA	Q	1,183,500	859,762	0	17,591,618	14,413,309	79,707,782	1,787	0
6. Colorado.....CO	L	35,223,082	35,255,639	7,814	17,939,631	13,995,253	79,340,657	54,474	0
7. Connecticut.....CT	L	39,639,817	37,525,778	34,601	21,234,538	10,539,455	139,050,063	89,772	0
8. Delaware.....DE	L	4,292,787	5,257,148	0	4,849,316	2,205,030	30,750,066	13,537	0
9. District of Columbia.....DC	L	17,418,402	16,648,189	4,279	6,810,425	3,613,986	44,820,292	13,507	0
10. Florida.....FL	L	41,002,527	42,693,751	30,837	31,583,829	14,711,475	218,388,699	58,173	0
11. Georgia.....GA	L	42,390,250	44,694,642	125,740	26,227,842	29,072,582	77,044,708	128,114	0
12. Hawaii.....HI	L	3,872,262	3,399,611	0	3,695,272	1,178,186	21,487,849	664	0
13. Idaho.....ID	L	7,774,239	9,631,695	170	2,519,226	1,102,846	13,916,808	16,483	0
14. Illinois.....IL	L	73,743,707	69,095,356	15,575	43,963,865	42,134,371	231,334,335	78,250	0
15. Indiana.....IN	L	34,396,422	32,516,777	31	14,905,006	18,871,719	49,046,007	23,062	0
16. Iowa.....IA	L	13,218,614	13,375,953	9,273	10,201,694	3,372,298	50,026,635	8,223	0
17. Kansas.....KS	L	29,726,401	29,937,302	5,727	14,323,005	4,503,832	77,373,371	28,432	0
18. Kentucky.....KY	L	23,270,500	15,556,444	0	10,033,812	5,562,429	80,026,918	20,687	0
19. Louisiana.....LA	L	29,579,149	31,631,870	21,541	14,235,195	18,528,751	82,497,133	24,908	0
20. Maine.....ME	L	4,277,839	4,372,068	0	1,691,621	(1,598,323)	19,214,990	7,889	0
21. Maryland.....MD	L	47,844,065	46,730,603	1,621	25,806,972	24,973,897	80,539,862	128,152	0
22. Massachusetts.....MA	L	116,281,973	113,529,959	82,448	44,811,643	54,932,985	262,149,900	528,469	0
23. Michigan.....MI	L	44,292,781	40,816,254	151	17,182,596	28,525,597	143,544,658	48,505	0
24. Minnesota.....MN	L	26,758,953	25,389,193	72,875	10,862,344	11,688,738	78,206,586	21,964	0
25. Mississippi.....MS	L	28,849,798	29,333,143	2,868	13,093,846	16,688,019	68,896,149	31,926	0
26. Missouri.....MO	L	33,353,962	33,987,995	1,066	35,538,110	22,283,051	93,075,474	43,527	0
27. Montana.....MT	L	11,816,794	12,026,287	875	4,060,701	3,462,282	10,775,691	23,694	0
28. Nebraska.....NE	L	35,909,440	31,978,180	107,265	50,874,746	1,664,866	63,076,268	28,463	0
29. Nevada.....NV	L	19,104,028	20,633,377	16	3,919,890	3,107,098	28,031,443	27,875	0
30. New Hampshire.....NH	L	14,367,638	13,565,866	1,207	4,583,661	4,471,465	38,073,880	26,002	0
31. New Jersey.....NJ	L	65,292,708	72,502,253	1,798,068	56,514,853	71,438,927	389,812,103	119,542	0
32. New Mexico.....NM	L	13,493,233	13,380,426	2,266	7,793,631	10,610,910	19,594,466	15,277	0
33. New York.....NY	L	150,874,257	145,767,718	(4,452)	98,797,800	112,226,422	557,823,612	394,243	0
34. North Carolina.....NC	L	43,139,880	44,572,750	46,138	26,692,589	9,675,088	107,712,866	206,789	0
35. North Dakota.....ND	L	3,208,400	3,107,589	1,201	1,578,748	1,011,633	2,982,379	1,218	692
36. Ohio.....OH	L	36,282,121	36,509,926	61	23,452,661	23,357,740	92,817,849	30,881	0
37. Oklahoma.....OK	L	35,430,151	36,777,357	20,941	27,755,933	18,838,817	49,270,985	1,677	0
38. Oregon.....OR	L	16,902,619	17,754,078	3,688	6,373,806	4,743,784	25,363,628	28,030	0
39. Pennsylvania.....PA	L	89,167,107	89,252,739	277	60,358,723	48,245,188	328,475,398	498,717	0
40. Rhode Island.....RI	L	3,950,752	3,980,343	0	2,324,148	603,730	17,073,129	10,111	0
41. South Carolina.....SC	L	15,097,926	15,446,380	3,177	14,488,628	11,641,555	36,064,687	21,145	0
42. South Dakota.....SD	L	5,855,593	5,561,861	44,737	3,710,717	1,608,005	13,232,782	5,177	483
43. Tennessee.....TN	L	50,084,679	48,563,582	2,668	26,189,925	20,356,623	150,083,835	54,132	0
44. Texas.....TX	L	58,315,016	54,376,151	265,343	26,644,104	12,066,505	336,176,089	113,491	0
45. Utah.....UT	L	11,011,999	10,781,023	0	6,042,065	5,086,976	14,088,470	21,531	0
46. Vermont.....VT	L	5,401,772	4,885,037	0	2,987,719	939,348	23,709,205	9,109	0
47. Virginia.....VA	L	48,933,765	46,318,546	2,827	29,518,458	24,751,439	117,012,398	82,597	0
48. Washington.....WA	L	29,038,677	29,053,962	0	20,224,238	22,652,316	40,325,452	72,113	0
49. West Virginia.....WV	L	13,283,076	15,908,666	4,925	4,164,485	6,410,680	57,592,593	8,007	0
50. Wisconsin.....WI	L	21,306,665	22,569,493	63,013	5,753,749	7,258,646	53,123,961	7,037	0
51. Wyoming.....WY	L	4,137,821	4,187,013	53	1,693,065	1,855,897	4,438,193	3,962	0
52. American Samoa.....AS	N	0	0	0	0	0	0	0	0
53. Guam.....GU	L	2,861	13,024	0	6,564	9,966	3,402	0	0
54. Puerto Rico.....PR	L	200,897	200,484	0	12,836	34,985	31,000	0	0
55. US Virgin Islands.....VI	L	2,327	2,988	0	0	0	38,599	0	0
56. Northern Mariana Islands.....MP	N	0	0	0	0	0	0	0	0
57. Canada.....CAN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	4,136,644	3,841,579	0	106,971	394,105	1,968,155	80	0
59. Totals.....(a) 53		1,590,299,878	1,570,941,194	2,846,140	961,252,046	805,198,033	4,831,573,525	3,278,350	1,175

DETAILS OF WRITE-INS

58001. Mexico.....XXX		559,331	556,170	0	0	50,000	50,000	0	0
58002. United Kingdom.....XXX		440,517	389,069	0	0	0	0	0	0
58003. Germany.....XXX		433,412	400,766	0	0	(936)	55,488	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	2,703,384	2,495,574	0	106,971	345,041	1,862,667	80	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	4,136,644	3,841,579	0	106,971	394,105	1,968,155	80	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: 1 Fire, 2 Allied lines, 3 Farmowners, 4 Homeowners, 5 CMP, 12 Earthquake, 25 Glass, 26 Burglary and theft, 27 Boiler and machinery, 28 credit;

Location of risk: 11 Medical malpractice, 14 Group A&H, 17 Other liability, 18 Products Liability; Location of garage: 19 Auto liability, 21 Auto physical damage, 8 Ocean marine -

Where policy is negotiated and placed; 9 Inland marine - Where located; 10 Financial guaranty - Location of principal; 15 Other A&H - Insured's residence; 16 Workers'

compensation - Location of employee's workplace; 23 Fidelity - Location of insured's principal office; 22 Aircraft - Location of airport from which insured's aircraft operates;

24 Surety - Depository, supply contract and miscellaneous: Location of principal; Judicial: Location of court; Licensee: Location of obligee; Construction: Location of work

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

The Travelers Companies, Inc.	Minnesota	41-0518860	... .. English Turn Fidelity Realty, Inc.	Maryland	52-1466734
... St. Paul Fire and Marine Insurance Company (24767) *	Connecticut	41-0406690	... .. English Turn Limited Partnership (99%)	Maryland	59-2635727
... .. St. Paul Mercury Insurance Company (24791) *	Connecticut	41-0881659	... .. Fidelity English Turn Club General Partnership (99%)	Maryland	59-2709441
... .. St. Paul Guardian Insurance Company (24775) *	Connecticut	41-0963301	... .. English Turn Limited Partnership (1%)	Maryland	59-2635727
... .. St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... .. English Turn Realty Management, Inc.	Maryland	52-1715225
... .. St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... .. Fidelity English Turn Club General Partnership (1%)	Maryland	59-2709441
... .. The Travelers Casualty Company (41769) *	Connecticut	41-1435765	... Camperdown Corporation	Delaware	41-1762781
... .. Travelers Constitution State Insurance Company (41750) *	Connecticut	41-1435766	... SPC Insurance Agency, Inc.	Minnesota	41-1888760
... .. Northbrook Holdings, Inc.	Delaware	51-0375653	... Aprilgrange Limited	United Kingdom	
... .. Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... F&G U.K. Underwriters Limited	United Kingdom	
... .. St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... Travelers Underwriting Agency Limited	United Kingdom	
... .. Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... Travelers Syndicate Management Limited	United Kingdom	
... .. United States Fidelity and Guaranty Company (25887) *	Connecticut	52-0515280	... .. Travelers Asia Pte. Ltd.	Singapore	
... .. Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... St. Paul Surety Europe Limited	United Kingdom	
... .. Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... Travelers Corporate Trustee Ltd.	United Kingdom	
... .. Laurel Village Fidelity Realty, Inc.	Maryland	52-1551225	... Travelers London Limited	United Kingdom	
... .. Laurel Village Joint Venture Partnership (50%)	Minnesota	41-1616702	... .. Solicitors Professional Indemnity Limited (49%)	United Kingdom	
... .. Laurel Village I Limited Partnership (99%)	Minnesota	41-1542260	... St. Paul London Properties, Inc.	Minnesota	41-1880024
... .. Laurel Village II Limited Partnership (99%)	Minnesota	41-1542261	... TCI Global Services, Inc.	Delaware	52-1965525
... .. Laurel Village III Limited Partnership (99%)	Minnesota	41-1542263	... Travelers Management Limited	United Kingdom	
... .. Laurel Village IV Limited Partnership (99%)	Minnesota	41-1542264	... Travelers Insurance Company Limited *	United Kingdom	AA-1121375
... .. Laurel Village Tower A Limited Partnership (99%)	Minnesota	41-1542266	... .. Travelers Professional Risks Limited	United Kingdom	
... .. Laurel Village Tower B Limited Partnership (99%)	Minnesota	41-1593312	... Travelers Property Casualty Corp.	Connecticut	06-1008174
... .. Laurel Village Tower C Limited Partnership (99%)	Minnesota	41-1542267	... .. Constitution Plaza, Inc.	Connecticut	06-0566030
... .. Laurel Village Swinford Limited Partnership (99%)	Minnesota	41-1542255	... .. Travelers Insurance Group Holdings Inc.	Delaware	06-1445591
... .. USF&G Retail Associates GP, Inc.	Maryland	52-1704255	... .. The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509
... .. USF&G/Fidelity Retail Associates Limited Partnership (1%)	Maryland	52-1704256	... .. Standard Fire Properties, LLC	Delaware	06-6033509
... .. USF&G/Fidelity Retail Associates Limited Partnership (83.95%)	Maryland	52-1704256	... .. Bayhill Restaurant II Associates (50%)	California	94-3097171
... .. BMR Sports Properties, Inc.	Maryland	52-1852190	... .. Standard Fire UK Investments, LLC	Delaware	06-6033509
... .. Black Mountain Ranch Limited Partnership (1%)	Maryland	52-1573778	... .. The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755
... .. Black Mountain Ranch Limited Partnership (85%)	Maryland	52-1573778	... .. Auto Hartford Investments, LLC	Delaware	06-0848755
... .. MMI Capital Trust I	Delaware	52-2073764	... .. Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... .. Promenade Partners, LLC	Delaware	41-0406690	... .. Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... .. USF&G Capital I	Delaware	52-1953822	... .. Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... .. USF&G Capital III	Delaware	52-2044075	... .. Travelers Texas MGA, Inc.	Texas	27-4469564
... .. 350 Market Street, LLC	Delaware	41-0406690	... .. Oregon Evergreen Investor I, LLC	Delaware	06-6033509
... .. UA Combined Investment Company Limited (67%)	United Kingdom		... .. Lone Rock Timber Investments I, LLC (75%)	Delaware	61-1639956
... .. Jago Dedicated Limited (88.9%)	United Kingdom		... .. Travelers (Bermuda) Limited *	Bermuda	98-0190863
... .. Jago Capital Limited	United Kingdom		... .. Travelers Lloyds Management Company	Texas	20-4312440
... .. Jago Dedicated Limited (11.1%)	United Kingdom		... .. TPC Investments Inc.	Connecticut	06-1534005
... .. MFCM Limited	United Kingdom		... .. Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... .. Travelers Special Services Limited	United Kingdom		... .. Farmington Casualty Company (41483) *	Connecticut	06-1067463
... .. Yonkers Financing Corp.	Delaware	20-3033027	... .. Travelers Insurance Company of Canada *	Canada	
... .. Castle Pines Fidelity Realty, Inc.	Maryland	52-1735211	... .. Coronation Insurance Company, Ltd. *	Canada	
... .. Castle Pines Fidelity Associates Limited Partnership (1%)	Maryland	52-1735213	... .. Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... .. Fidelity Castle Pines Limited Partnership (50%)	Maryland	52-1631820	... .. Travelers Brazil Holding, LLC	Delaware	06-0907370
... .. Castle Pines Fidelity Associates Limited Partnership (99%)	Maryland	52-1735213	... .. Travelers Brazil Acquisition LLC	Delaware	06-0907370

Notes:

* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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

97.1

...	J. Malucelli Participações em Seguros e Resseguros S.A. ("Holdco") (43.4%)	Brazil		...	Phoenix UK Investments LLC	Delaware	06-0303275
...	J. Malucelli Resseguradora S.A. *	Brazil		...	The Premier Insurance Company of Massachusetts (12850) *	Massachusetts	04-3175569
...	J. Malucelli Controle de Riscos Ltda. (0.01%)	Brazil		...	TravCo Insurance Company (28188) *	Connecticut	35-1838077
...	J. Malucelli Seguradora S.A. *	Brazil		...	TINDY Foreign, Inc	Delaware	20-4403403
...	J. Malucelli Controle de Riscos Ltda. (99.99%)	Brazil		...	Travelers Commercial Casualty Company (40282) *	Connecticut	95-3634110
...	J. Malucelli Seguros S.A. *	Brazil		...	Travelers Distribution Alliance, Inc.	Delaware	62-1657094
...	Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835	...	Travelers TLD, LLC	Delaware	06-0566050
...	Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266	...	Tiercel, LLC	Delaware	06-0566050
...	Travelers Casualty UK Investments LLC	Delaware	06-6033504	...	Redstart, LLC	Delaware	06-0566050
...	Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268	...	The Travelers Home and Marine Insurance Company (27998) *	Connecticut	35-1838079
...	Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698	...	The Travelers Lloyds Insurance Company (41262) *	Texas	76-0002592
...	Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040	...	Travelers Marine, LLC	Delaware	06-0566050
...	Travelers MGA, Inc.	Texas	75-2676034				
...	The Travelers Indemnity Company (25658) *	Connecticut	06-0566050				
...	Arch Street North LLC	Delaware	06-0566050				
...	The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290				
...	Countersignature Agency, Inc.	Florida	06-1345091				
...	First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141				
...	First Trenton Indemnity Company (29930) *	Connecticut	22-3129711				
...	Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361				
...	Select Insurance Company (22233) *	Texas	75-6013697				
...	Gulf Underwriting Limited *	United Kingdom					
...	Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom					
...	Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830				
...	Crystal Brook, LLC	Delaware	06-0566050				
...	Durham Holding, LLC	Delaware	06-0566050				
...	Sutton Holdco, LLC	Delaware	06-0566050				
...	Cadet Limited, LLC	Delaware	06-0566050				
...	Arrowhead Company, LLC	Delaware	06-0566050				
...	Eastern Asset, LLC	Delaware	06-0566050				
...	Jupiter Holdings, Inc.	Minnesota	41-1769846				
...	American Equity Insurance Company (43117) *	Arizona	86-0703220				
...	American Equity Specialty Insurance Company (10819) *	Connecticut	86-0868106				
...	Northland Insurance Company (24015) *	Connecticut	41-6009967				
...	Northfield Insurance Company (27987) *	Iowa	41-0983992				
...	Northland Casualty Company (24031) *	Connecticut	94-6051964				
...	Northland Risk Management Services, Inc.	Minnesota	41-1720288				
...	Travelers Indemnity U.K. Investments LLC	Connecticut	06-0566050				
...	TPC U.K. Investments LLC	Delaware	06-0566050				
...	The Phoenix Insurance Company (25623) *	Connecticut	06-0303275				
...	The Travelers Indemnity Company of America (25666) *	Connecticut	58-6020487				
...	The Travelers Indemnity Company of Connecticut (25682) *	Connecticut	06-0336212				
...	Travelers Property Casualty Company of America (25674) *	Connecticut	36-2719165				
...	American Marine Management Services, Inc. (47.5%)	New York	13-2743602				
...	American Marine Claims & Adjusting Services, Inc.	New York	30-0510298				
...	Constitution State Services, LLC	Delaware	06-1501229				

Notes:

* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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