

ANNUAL STATEMENT
For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
UNITED STATES FIDELITY AND
GUARANTY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 25887 Employer's ID Number 52-0515280
(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 19, 1896 COMMENCED BUSINESS, AUGUST 1, 1896

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: 385 Washington Street, St. Paul, MN, US 55102 (651) 310-7911
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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., and William Eugene Cunningham, Jr.

DIRECTORS

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

STATE OF MINNESOTA }
COUNTY OF RAMSEY } ss:

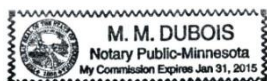
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

Handwritten signatures of Brian W. MacLean, Wendy C. Skjerven, and Douglas K. Russell.
Brian W. MacLean, President
Wendy C. Skjerven, Secretary
Douglas K. Russell, Controller

Subscribed and sworn to before me this

22nd day of January, 2013

M. M. Dubois Notary Public
My Commission Expires January 31, 2015



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).....	4,203,266,156	0	4,203,266,156	4,064,655,203
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	119,535,799	0	119,535,799	117,371,076
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
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 (\$.....20,093, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....11,272,898, Schedule DA).....	11,292,990	0	11,292,990	33,468,353
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	18,927	0	18,927	1,205,561
9. Receivables for securities.....	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	7,644,982	0	7,644,982	7,392,631
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	4,341,758,854	0	4,341,758,854	4,224,092,824
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	53,336,274	0	53,336,274	52,514,791
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	101,778,939	6,943,995	94,834,944	94,062,825
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....4,970,409 earned but unbilled premiums).....	177,511,807	1,630,669	175,881,138	167,611,891
15.3 Accrued retrospective premiums.....	5,114,354	77,059	5,037,295	8,210,467
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	20,413,420	0	20,413,420	19,283,154
16.2 Funds held by or deposited with reinsured companies.....	1,554,085	0	1,554,085	2,690,261
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	3,337,463
18.2 Net deferred tax asset.....	92,984,704	0	92,984,704	62,302,446
19. Guaranty funds receivable or on deposit.....	182,495	0	182,495	222,270
20. Electronic data processing equipment and software.....	86,202	0	86,202	200,191
21. Furniture and equipment, including health care delivery assets (\$.....0).....	79,746	79,746	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.....	0	0	0	0
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	11,628,736	482,473	11,146,264	12,271,389
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	4,806,429,615	9,213,941	4,797,215,673	4,646,799,971
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	4,806,429,615	9,213,941	4,797,215,673	4,646,799,971

DETAILS OF WRITE-INS

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Equities and deposits in pools and associations.....	5,883,074	0	5,883,074	7,795,126
2502. Amounts receivable under high deductible policies.....	3,237,169	393,569	2,843,600	2,161,113
2503. State surcharges receivable.....	2,082,578	0	2,082,578	2,114,110
2598. Summary of remaining write-ins for Line 25 from overflow page.....	425,915	88,904	337,011	201,040
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	11,628,736	482,473	11,146,264	12,271,389

UNITED STATES FIDELITY AND GUARANTY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,320,121,453	1,312,376,801
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	58,460,275	57,324,362
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	286,979,550	294,496,550
4. Commissions payable, contingent commissions and other similar charges.....	25,050,467	23,904,513
5. Other expenses (excluding taxes, licenses and fees).....	24,714,063	21,088,887
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	15,033,443	16,030,198
7.1 Current federal and foreign income taxes (including \$.....22,193,515 on realized capital gains (losses)).....	377,533	0
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 \$.....37,063,706 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).....	383,580,881	375,946,854
10. Advance premium.....	678,732	678,732
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	2,291,456	2,039,079
12. Ceded reinsurance premiums payable (net of ceding commissions).....	15,532,936	16,406,462
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	7,728,457	6,765,526
15. Remittances and items not allocated.....	(2,410,838)	(7,140,958)
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	0	0
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.....	13,084,057	18,757,763
20. Derivatives.....	0	0
21. Payable for securities.....	1,498,638	0
22. Payable for securities lending.....	7,644,982	7,392,631
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.....	9,382,016	12,043,305
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	2,169,748,101	2,158,110,704
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	2,169,748,101	2,158,110,704
29. Aggregate write-ins for special surplus funds.....	4,946,584	22,452,518
30. Common capital stock.....	35,214,075	35,214,075
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.....	2,087,805,261	2,197,805,261
35. Unassigned funds (surplus).....	499,501,651	233,217,412
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).....	2,627,467,572	2,488,689,267
38. TOTALS (Page 2, Line 28, Col. 3).....	4,797,215,673	4,646,799,971

DETAILS OF WRITE-INS

2501. Investment real estate liability.....	13,533,314	13,716,400
2502. Escheat liability.....	865,086	865,086
2503. Retroactive reinsurance reserve assumed.....	99,841	100,312
2598. Summary of remaining write-ins for Line 25 from overflow page.....	(5,116,226)	(2,638,492)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	9,382,016	12,043,305
2901. Special surplus from retroactive reinsurance.....	4,946,584	4,631,186
2902. Special surplus for deferred taxes.....	0	17,821,332
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).....	4,946,584	22,452,518
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

UNITED STATES FIDELITY AND GUARANTY COMPANY

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4).....	855,340,381	836,898,504
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	489,048,972	543,120,509
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	95,635,079	100,301,210
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	269,850,845	265,598,798
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	854,534,895	909,020,517
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	805,485	(72,122,014)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	173,111,722	176,975,262
10. Net realized capital gains (losses) less capital gains tax of \$....490,470 (Exhibit of Capital Gains (Losses)).....	66,518,916	570,268
11. Net investment gain (loss) (Lines 9 + 10).....	239,630,638	177,545,530
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....(2,001,209) amount charged off \$....110,207).....	(2,111,416)	(2,583,626)
13. Finance and service charges not included in premiums.....	3,884,651	4,020,154
14. Aggregate write-ins for miscellaneous income.....	603,962	(316,090)
15. Total other income (Lines 12 through 14).....	2,377,197	1,120,439
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	242,813,320	106,543,956
17. Dividends to policyholders.....	1,774,691	1,536,840
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).....	241,038,629	105,007,116
19. Federal and foreign income taxes incurred.....	24,322,900	1,824,489
20. Net income (Line 18 minus Line 19) (to Line 22).....	216,715,729	103,182,626
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	2,488,689,267	2,457,948,934
22. Net income (from Line 20).....	216,715,729	103,182,626
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....68,146.....	2,427,683	(5,855,496)
25. Change in net unrealized foreign exchange capital gain (loss).....	0	3,914,626
26. Change in net deferred income tax.....	(28,693,753)	532,631
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	59,553,293	4,494,780
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
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.....	(1,224,647)	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.....	(110,000,000)	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.....	0	(77,100,000)
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	1,571,166
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	138,778,305	30,740,333
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	2,627,467,572	2,488,689,267
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. Retroactive reinsurance gain/loss.....	709,267	(215,177)
1402. Fines and penalties of regulatory authorities.....	(15,843)	(34,516)
1403. Profit and loss, miscellaneous.....	(89,462)	(66,397)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	603,962	(316,090)
3701. Change in special surplus from deferred taxes.....	0	1,571,210
3702. Prior period adjustment.....	0	(44)
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	1,571,166

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	856,268,250	756,586,062
2. Net investment income.....	196,240,992	197,903,417
3. Miscellaneous income.....	2,377,197	1,120,439
4. Total (Lines 1 through 3).....	1,054,886,438	955,609,918
5. Benefit and loss related payments.....	480,162,496	506,751,340
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	369,265,065	366,285,039
8. Dividends paid to policyholders.....	1,522,314	1,146,210
9. Federal and foreign income taxes paid (recovered) net of \$.....(758,876) tax on capital gains (losses).....	21,098,373	17,176,139
10. Total (Lines 5 through 9).....	872,048,248	891,358,728
11. Net cash from operations (Line 4 minus Line 10).....	182,838,190	64,251,190
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	299,431,784	489,085,768
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	171,504
12.4 Real estate.....	0	0
12.5 Other invested assets.....	64,103,794	1,134,840
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	1,498,638	7,865,369
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	365,034,216	498,257,481
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	459,684,285	562,211,053
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	27,838
13.6 Miscellaneous applications.....	252,351	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	459,936,636	562,238,891
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(94,902,419)	(63,981,410)
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.....	(110,000,000)	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.....	0	77,100,000
16.6 Other cash provided (applied).....	(111,134)	66,846,658
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(110,111,134)	(10,253,343)
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).....	(22,175,363)	(9,983,562)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	33,468,353	43,451,915
19.2 End of year (Line 18 plus Line 19.1).....	11,292,990	33,468,353
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Exchange of bonds.....	1,377,344	0

UNITED STATES FIDELITY AND GUARANTY COMPANY 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.....	20,940,091	9,125,012	9,622,200	20,442,903
2. Allied lines.....	22,182,387	10,045,957	10,147,192	22,081,152
3. Farmowners multiple peril.....	7,297,787	3,451,022	3,483,379	7,265,429
4. Homeowners multiple peril.....	142,213,536	75,175,290	75,312,915	142,075,912
5. Commercial multiple peril.....	131,721,457	59,829,445	59,510,244	132,040,658
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	11,534,357	4,872,859	4,765,921	11,641,295
9. Inland marine.....	26,426,298	12,716,229	12,850,035	26,292,492
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	(7)	(198)	(122)	(83)
11.2 Medical professional liability - claims-made.....	(473)	41	0	(432)
12. Earthquake.....	4,790,227	2,109,566	2,129,411	4,770,383
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	151,528,477	49,794,102	57,724,346	143,598,233
17.1 Other liability - occurrence.....	71,841,434	30,561,453	30,717,442	71,685,445
17.2 Other liability - claims-made.....	24,416,434	14,113,867	13,931,584	24,598,718
17.3 Excess workers' compensation.....	877,311	301,715	242,268	936,758
18.1 Products liability - occurrence.....	5,937,833	2,177,227	2,290,881	5,824,179
18.2 Products liability - claims-made.....	873,534	469,948	440,779	902,704
19.1, 19.2 Private passenger auto liability.....	88,534,966	31,255,203	30,784,757	89,005,412
19.3, 19.4 Commercial auto liability.....	66,014,941	30,326,533	29,500,161	66,841,312
21. Auto physical damage.....	71,589,204	26,648,104	26,749,406	71,487,902
22. Aircraft (all perils).....	4,323	0	0	4,323
23. Fidelity.....	2,567,560	1,763,130	1,668,512	2,662,179
24. Surety.....	474,603	(204,625)	(225,578)	495,556
26. Burglary and theft.....	341,507	182,254	173,273	350,488
27. Boiler and machinery.....	7,777,226	3,414,417	3,512,876	7,678,767
28. Credit.....	1,365	652	600	1,417
29. International.....	206,989	8,670	49,418	166,241
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	1,281,631	594,641	658,483	1,217,789
32. Reinsurance - nonproportional assumed liability.....	962,406	484,192	419,802	1,026,797
33. Reinsurance - nonproportional assumed financial lines.....	86,998	68,603	55,109	100,492
34. Aggregate write-ins for other lines of business.....	137,858	101,241	93,139	145,961
35. TOTALS.....	862,562,260	369,386,552	376,608,431	855,340,381

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	137,858	101,241	93,139	145,961
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).....	137,858	101,241	93,139	145,961

UNITED STATES FIDELITY AND GUARANTY COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	9,585,864	118,808	(82,472)	.0	9,622,200
2. Allied lines.....	9,958,360	189,568	(737)	.0	10,147,192
3. Farmowners multiple peril.....	3,569,166	(85,787)	.0	.0	3,483,379
4. Homeowners multiple peril.....	75,334,830	(21,915)	.0	.0	75,312,915
5. Commercial multiple peril.....	60,167,935	(95,725)	(561,966)	.0	59,510,244
6. Mortgage guaranty.....	.0	.0	.0	.0	.0
8. Ocean marine.....	4,899,621	65,002	(198,702)	.0	4,765,921
9. Inland marine.....	10,675,267	2,328,028	(153,260)	.0	12,850,035
10. Financial guaranty.....	.0	.0	.0	.0	.0
11.1 Medical professional liability - occurrence.....	(122)	.0	.0	.0	(122)
11.2 Medical professional liability - claims-made.....	.0	.0	.0	.0	.0
12. Earthquake.....	2,076,725	52,700	(15)	.0	2,129,411
13. Group accident and health.....	.0	.0	.0	.0	.0
14. Credit accident and health (group and individual).....	.0	.0	.0	.0	.0
15. Other accident and health.....	.0	.0	.0	.0	.0
16. Workers' compensation.....	62,538,269	38,635	(2,992,389)	(1,860,169)	57,724,346
17.1 Other liability - occurrence.....	31,206,926	4,728	(554,434)	60,222	30,717,442
17.2 Other liability - claims-made.....	11,916,245	2,005,557	9,781	.0	13,931,584
17.3 Excess workers' compensation.....	245,267	.0	(2,999)	.0	242,268
18.1 Products liability - occurrence.....	2,393,328	4,272	(116,468)	9,749	2,290,881
18.2 Products liability - claims-made.....	504,291	(66,466)	2,955	.0	440,779
19.1, 19.2 Private passenger auto liability.....	30,784,757	.0	.0	.0	30,784,757
19.3, 19.4 Commercial auto liability.....	29,706,012	15,139	.0	(220,990)	29,500,161
21. Auto physical damage.....	26,735,841	4,419	.0	9,146	26,749,406
22. Aircraft (all perils).....	.0	.0	.0	.0	.0
23. Fidelity.....	995,745	672,783	(17)	.0	1,668,512
24. Surety.....	61,881	32,225	(319,684)	.0	(225,578)
26. Burglary and theft.....	118,493	54,783	(2)	.0	173,273
27. Boiler and machinery.....	3,220,186	292,690	(0)	.0	3,512,876
28. Credit.....	600	.0	.0	.0	600
29. International.....	49,418	.0	.0	.0	49,418
30. Warranty.....	.0	.0	.0	.0	.0
31. Reinsurance - nonproportional assumed property.....	505,067	153,416	.0	.0	658,483
32. Reinsurance - nonproportional assumed liability.....	381,193	38,609	.0	.0	419,802
33. Reinsurance - nonproportional assumed financial lines.....	55,109	.0	.0	.0	55,109
34. Aggregate write-ins for other lines of business.....	93,139	.0	.0	.0	93,139
35. TOTALS.....	377,779,413	5,801,468	(4,970,409)	(2,002,042)	376,608,431
36. Accrued retrospective premiums based on experience.....					2,002,042
37. Earned but unbilled premiums.....					4,970,409
38. Balance (sum of Lines 35 through 37).....					383,580,881

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	93,139	.0	.0	.0	93,139
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).....	93,139	.0	.0	.0	93,139

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

UNITED STATES FIDELITY AND GUARANTY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	0	20,940,091	0	0	0	20,940,091
2. Allied lines.....	0	22,182,387	0	0	0	22,182,387
3. Farmowners multiple peril.....	0	7,297,787	0	0	0	7,297,787
4. Homeowners multiple peril.....	0	142,213,536	0	0	0	142,213,536
5. Commercial multiple peril.....	0	131,721,457	0	0	0	131,721,457
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	0	11,534,357	205	205	0	11,534,357
9. Inland marine.....	0	26,426,298	0	0	0	26,426,298
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	(7)	0	0	0	(7)
11.2 Medical professional liability - claims-made.....	0	(473)	0	0	0	(473)
12. Earthquake.....	0	4,790,227	0	0	0	4,790,227
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	66,835,375	162,721,559	(1,419,792)	76,608,665	0	151,528,477
17.1 Other liability - occurrence.....	153,588	72,023,265	(251,236)	84,183	0	71,841,434
17.2 Other liability - claims-made.....	0	24,416,434	0	0	0	24,416,434
17.3 Excess workers' compensation.....	4,791,868	877,311	0	4,791,868	0	877,311
18.1 Products liability - occurrence.....	(153,326)	5,937,833	0	(153,326)	0	5,937,833
18.2 Products liability - claims-made.....	0	873,534	0	0	0	873,534
19.1, 19.2 Private passenger auto liability.....	0	88,534,966	0	0	0	88,534,966
19.3, 19.4 Commercial auto liability.....	(89,302)	66,532,651	94,033	522,441	0	66,014,941
21. Auto physical damage.....	1,176	71,591,194	0	3,166	0	71,589,204
22. Aircraft (all perils).....	0	4,323	(1,818)	(1,818)	0	4,323
23. Fidelity.....	11,906	2,567,560	0	11,906	0	2,567,560
24. Surety.....	1,067,822	493,113	0	1,086,332	0	474,603
26. Burglary and theft.....	0	341,507	0	0	0	341,507
27. Boiler and machinery.....	0	7,777,226	0	0	0	7,777,226
28. Credit.....	0	1,365	(16,086)	(16,086)	0	1,365
29. International.....	0	206,989	0	0	0	206,989
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	1,281,631	(225,421)	(225,421)	0	1,281,631
32. Reinsurance - nonproportional assumed liability.....	XXX	962,406	30,786	30,786	0	962,406
33. Reinsurance - nonproportional assumed financial lines.....	XXX	86,998	0	0	0	86,998
34. Aggregate write-ins for other lines of business.....	0	137,858	0	0	0	137,858
35. TOTALS.....	72,619,107	874,475,383	(1,789,329)	82,742,901	0	862,562,260

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	137,858	0	0	0	137,858
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	137,858	0	0	0	137,858

(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.....	(39,999)	11,068,150	658,077	10,370,073	8,752,973	8,965,097	10,157,950	49.7
2. Allied lines.....	(47,096)	15,245,235	(351,389)	15,549,528	16,343,764	16,495,598	15,397,695	69.7
3. Farmowners multiple peril.....	0	3,709,574	0	3,709,574	2,184,023	2,212,140	3,681,457	50.7
4. Homeowners multiple peril.....	14,000	85,268,751	72,991	85,209,760	38,974,177	41,018,677	83,165,260	58.5
5. Commercial multiple peril.....	8,232,801	71,415,453	9,616,249	70,032,005	111,608,331	112,439,708	69,200,629	52.4
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	6,060,315	(4,400)	6,064,714	11,859,182	7,576,352	10,347,544	88.9
9. Inland marine.....	(3,621)	13,263,308	18,459	13,241,228	10,918,747	11,847,925	12,312,050	46.8
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	0	335,463	0	335,463	1,114,010	1,477,587	(28,114)	33,746.8
11.2 Medical professional liability - claims-made.....	0	382,295	0	382,295	3,036,022	4,054,356	(636,038)	147,227.7
12. Earthquake.....	0	131,705	0	131,705	1,585,633	1,016,288	701,049	14.7
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	673	673	0	0	0	0	0.0
16. Workers' compensation.....	80,074,934	111,506,621	119,004,342	72,577,213	535,445,603	522,928,268	85,094,549	59.3
17.1 Other liability - occurrence.....	15,167,771	31,325,455	17,300,560	29,192,666	205,206,434	206,259,074	28,140,025	39.3
17.2 Other liability - claims-made.....	18,759	14,114,623	19,134	14,114,248	70,823,388	69,868,751	15,068,885	61.3
17.3 Excess workers' compensation.....	9,778,120	636,981	9,778,120	636,981	22,431,557	22,375,786	692,751	74.0
18.1 Products liability - occurrence.....	3,494,383	7,237,775	4,660,192	6,071,966	62,622,732	64,252,059	4,442,638	76.3
18.2 Products liability - claims-made.....	0	40,273	0	40,273	1,098,068	1,083,263	55,078	6.1
19.1, 19.2 Private passenger auto liability.....	3,441,264	58,526,091	4,569,959	57,397,397	69,215,771	68,227,610	58,385,558	65.6
19.3, 19.4 Commercial auto liability.....	3,719,760	42,527,451	4,157,891	42,089,320	87,474,349	83,705,094	45,858,574	68.6
21. Auto physical damage.....	(2,142)	47,208,955	49,160	47,157,653	3,954,315	4,459,710	46,652,258	65.3
22. Aircraft (all perils).....	86,072	331,720	389,337	28,455	574,276	618,813	(16,083)	(372.0)
23. Fidelity.....	(48,617)	2,204,652	3,185	2,152,850	5,326,293	4,990,162	2,488,980	93.5
24. Surety.....	4,758,237	144,112	4,522,742	379,607	7,119,070	8,273,035	(774,358)	(156.3)
26. Burglary and theft.....	4,274	(11,626)	4,274	(11,626)	582,043	493,083	77,334	22.1
27. Boiler and machinery.....	0	2,421,514	0	2,421,514	1,598,347	1,546,713	2,473,148	32.2
28. Credit.....	0	41,341	36,164	5,176	390,665	395,842	(0)	(0.0)
29. International.....	0	271,775	0	271,775	776,553	773,878	274,449	165.1
30. Warranty.....	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	478,393	26,348	452,045	2,311,163	2,263,732	499,476	41.0
32. Reinsurance - nonproportional assumed liability.....	XXX	12,992,292	11,752,631	1,239,661	35,903,404	41,936,753	(4,793,688)	(466.9)
33. Reinsurance - nonproportional assumed financial lines.....	XXX	12,553	0	12,553	736,137	717,138	31,551	31.4
34. Aggregate write-ins for other lines of business.....	0	48,248	0	48,248	154,425	104,309	98,364	67.4
35. TOTALS.....	128,648,899	538,940,120	186,284,700	481,304,320	1,320,121,453	1,312,376,801	489,048,971	57.2

DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	48,248	0	48,248	154,425	104,309	98,364	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	48,248	0	48,248	154,425	104,309	98,364	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.....	358	6,752,895	531,968	6,221,285	598,105	2,635,849	702,266	8,752,973	661,594
2. Allied lines.....	0	11,495,613	0	11,495,613	732,663	5,791,608	1,676,120	16,343,764	1,653,179
3. Farmowners multiple peril.....	0	1,194,866	0	1,194,866	1,041	989,157	1,041	2,184,023	434,868
4. Homeowners multiple peril.....	0	16,624,533	15,242	16,609,292	0	22,364,885	0	38,974,177	5,749,476
5. Commercial multiple peril.....	3,601,422	64,153,206	5,469,137	62,285,490	21,852,925	58,635,184	31,165,268	111,608,331	41,205,045
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	8,819,865	181,165	8,638,700	467,220	3,219,940	466,678	11,859,182	1,901,464
9. Inland marine.....	3,000	7,108,225	14,582	7,096,644	7,362,182	4,051,997	7,592,075	10,918,747	984,349
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	577,638	0	577,638	0	536,371	0	1,114,010	283,262
11.2 Medical professional liability - claims-made.....	0	1,864,298	0	1,864,298	0	1,171,725	0	3,036,022	454,684
12. Earthquake.....	0	50,201	0	50,201	757	1,535,502	827	1,585,633	50,510
13. Group accident and health.....	0	0	0	0	0	0	0	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	54,608	54,608	0	123,735	0	123,735	(a).....0	0
16. Workers' compensation.....	351,872,676	597,249,790	670,095,762	279,026,704	292,740,005	524,045,087	560,366,192	535,445,603	70,179,149
17.1 Other liability - occurrence.....	22,675,296	51,286,587	30,433,749	43,528,134	79,115,543	174,827,836	92,265,079	205,206,434	69,796,613
17.2 Other liability - claims-made.....	411,388	23,869,880	418,228	23,863,041	1,899,595	47,002,399	1,941,646	70,823,388	27,824,237
17.3 Excess workers' compensation.....	155,733,537	8,619,391	155,733,537	8,619,391	99,842,272	64,973,603	151,003,709	22,431,557	1,143,385
18.1 Products liability - occurrence.....	10,510,126	11,435,732	11,278,031	10,667,828	4,922,316	52,954,543	5,921,955	62,622,732	30,287,802
18.2 Products liability - claims-made.....	0	308,448	0	308,448	1,913	789,635	1,928	1,098,068	828,735
19.1, 19.2 Private passenger auto liability.....	125,391,743	88,632,769	167,178,142	46,846,371	(227,155)	22,369,400	(227,155)	69,215,771	11,991,817
19.3, 19.4 Commercial auto liability.....	47,308,867	48,402,638	49,350,620	46,360,885	28,981,429	47,164,218	35,032,184	87,474,349	13,735,279
21. Auto physical damage.....	4,773	6,654,517	3,132,830	3,526,460	274,787	1,035,595	882,527	3,954,315	1,881,760
22. Aircraft (all perils).....	87,819	1,877,433	1,740,129	225,123	1,374,344	351,424	1,376,615	574,276	256,463
23. Fidelity.....	303,606	1,222,510	321,137	1,204,978	756,353	4,144,654	779,692	5,326,293	2,146,693
24. Surety.....	96,256,628	4,786,775	97,028,950	4,014,453	(5,163,188)	3,887,225	(4,380,580)	7,119,070	1,396,117
26. Burglary and theft.....	0	297	0	297	180,666	605,421	204,341	582,043	244,695
27. Boiler and machinery.....	0	645,740	0	645,740	196	952,836	426	1,598,347	408,955
28. Credit.....	0	255,987	80,077	175,910	0	214,755	0	390,665	(23,834)
29. International.....	0	284,996	0	284,996	0	491,557	0	776,553	11,010
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	2,230,569	474,925	1,755,643	XXX	555,519	0	2,311,163	169,718
32. Reinsurance - nonproportional assumed liability.....	XXX	166,329,461	145,669,268	20,660,193	XXX	15,243,211	0	35,903,404	1,270,747
33. Reinsurance - nonproportional assumed financial lines.....	XXX	712,644	253,533	459,112	XXX	277,025	0	736,137	12,850
34. Aggregate write-ins for other lines of business.....	0	26,409	0	26,409	0	128,015	0	154,425	38,930
35. TOTALS.....	814,161,239	1,133,528,522	1,339,455,618	608,234,143	535,837,703	1,062,946,176	886,896,568	1,320,121,453	286,979,550
DETAILS OF WRITE-INS									
3401. Tribal workers' compensation.....	0	26,409	0	26,409	0	128,015	0	154,425	38,930
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	26,409	0	26,409	0	128,015	0	154,425	38,930

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

UNITED STATES FIDELITY AND GUARANTY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	34,359,001	0	0	34,359,001
1.2 Reinsurance assumed.....	52,940,121	0	0	52,940,121
1.3 Reinsurance ceded.....	35,691,604	0	0	35,691,604
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	51,607,518	0	0	51,607,518
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	3,306,692	0	3,306,692
2.2 Reinsurance assumed, excluding contingent.....	0	125,397,732	0	125,397,732
2.3 Reinsurance ceded, excluding contingent.....	0	4,046,599	0	4,046,599
2.4 Contingent - direct.....	0	0	0	0
2.5 Contingent - reinsurance assumed.....	0	2,468,584	0	2,468,584
2.6 Contingent - reinsurance ceded.....	0	0	0	0
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	127,126,409	0	127,126,409
3. Allowances to manager and agents.....	0	140,490	0	140,490
4. Advertising.....	295	6,585,849	11	6,586,155
5. Boards, bureaus and associations.....	225,555	3,531,340	0	3,756,895
6. Surveys and underwriting reports.....	15	2,841,220	0	2,841,235
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	26,253,530	58,962,382	1,048,807	86,264,719
8.2 Payroll taxes.....	1,955,306	3,979,897	45,836	5,981,039
9. Employee relations and welfare.....	4,990,288	10,047,726	106,290	15,144,304
10. Insurance.....	3,140,904	777,143	779	3,918,826
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	1,736,794	3,143,083	17,473	4,897,350
13. Rent and rent items.....	1,500,741	3,829,002	18,131	5,347,874
14. Equipment.....	333,140	1,244,028	10,950	1,588,118
15. Cost or depreciation of EDP equipment and software.....	927,829	11,640,939	12,506	12,581,274
16. Printing and stationery.....	149,249	507,542	2,668	659,459
17. Postage, telephone and telegraph, exchange and express.....	504,426	3,637,015	4,616	4,146,057
18. Legal and auditing.....	1,334,463	1,324,866	59,410	2,718,739
19. Totals (Lines 3 to 18).....	43,052,535	112,192,522	1,327,477	156,572,534
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....171,105.....	0	22,678,612	0	22,678,612
20.2 Insurance department licenses and fees.....	0	2,235,589	0	2,235,589
20.3 Gross guaranty association assessments.....	0	(40,768)	0	(40,768)
20.4 All other (excluding federal and foreign income and real estate).....	0	943,696	0	943,696
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	25,817,129	0	25,817,129
21. Real estate expenses.....	0	0	36,003	36,003
22. Real estate taxes.....	0	0	0	0
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	975,026	4,714,785	153,506	5,843,317
25. Total expenses incurred.....	95,635,079	269,850,845	1,516,986	(a) 367,002,910
26. Less unpaid expenses - current year.....	286,979,550	64,357,523	440,450	351,777,524
27. Add unpaid expenses - prior year.....	294,496,550	60,659,440	364,158	355,520,148
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).....	103,152,078	266,152,761	1,440,694	370,745,533

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	2,213,159	12,062,949	153,506	14,429,614
2402. Service reimbursements.....	(279,522)	(2,747,434)	0	(3,026,956)
2403. Costs of computer software developed for internal use.....	(958,611)	(4,600,730)	0	(5,559,341)
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).....	975,026	4,714,785	153,506	5,843,317

(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).....3,137,924	.....2,989,712
1.1 Bonds exempt from U.S. tax.....	(a).....111,824,530	.....113,883,515
1.2 Other bonds (unaffiliated).....	(a).....53,332,911	.....52,243,736
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....1,125,765	.....1,125,765
2.21 Common stocks of affiliates.....	.....3,300,000	.....3,300,000
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....156,350	.....156,350
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....875,178	.....875,178
9. Aggregate write-ins for investment income.....	.....54,451	.....54,451
10. Total gross investment income.....	.....173,807,110	.....174,628,708
11. Investment expenses.....		(g).....1,516,986
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....1,516,986
17. Net investment income (Line 10 minus Line 16).....		.....173,111,722

DETAILS OF WRITE-INS

0901. Securities lending income.....	.....55,006	.....55,006
0902. Miscellaneous income.....	.....255	.....255
0903. Property and wind plans.....	.....(809)	.....(809)
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).....	.....54,451	.....54,451
1501. ....		.....0
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).....		.....0

- (a) Includes \$.....2,204,996 accrual of discount less \$.....26,041,461 amortization of premium and less \$.....874,908 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....0	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....94,639	.....0	.....94,639	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....1,993,624	.....(384,637)	.....1,608,987	.....491,291	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....(132,883)	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....2,297,605	.....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	.....0	.....0	.....0	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....63,558,689	.....(451,989)	.....63,106,700	.....(189,650)	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....2,199,059	.....2,199,059	.....29,466	.....0
10. Total capital gains (losses).....	.....65,646,952	.....1,362,433	.....67,009,386	.....2,495,829	.....0

DETAILS OF WRITE-INS

0901. Foreign exchange.....	.....0	.....(20,827)	.....(20,827)	.....29,466	.....0
0902. Release Afianzadora Liability Reserve.....	.....0	.....2,219,886	.....2,219,886	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....2,199,059	.....2,199,059	.....29,466	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	6,943,995	7,328,191	384,197
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	1,630,669	1,217,298	(413,371)
15.3 Accrued retrospective premiums.....	77,059	141,796	64,736
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.....	0	59,444,157	59,444,157
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.....	79,746	81,343	1,597
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.....	482,473	554,450	71,977
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	9,213,941	68,767,234	59,553,293
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	9,213,941	68,767,234	59,553,293

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. Amounts receivable under high deductible policies.....	393,569	461,663	68,094
2502. Other assets nonadmitted.....	88,904	92,787	3,883
2503.....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	482,473	554,450	71,977

NOTES TO FINANCIAL STATEMENTS**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. United States Fidelity and Guaranty 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.

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.

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'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).

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.

At adoption, the Company reported a cumulative effect adjustment that resulted in an increase in its liability for current tax liabilities of \$1,224,647, 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 \$2,290,772 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).

NOTES TO FINANCIAL STATEMENTS**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:

- 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.

- 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	\$ -	\$ -	\$ -
(OTTI recognized in the quarter ending June 30, 2012)			
Present value of Cash flows is less than Amortized cost	\$ -	\$ -	\$ -
(OTTI recognized in the quarter ending September 30, 2012)			
Present value of Cash flows is less than Amortized cost	\$16,063,090	\$122,419	\$17,833,708
(OTTI recognized in the quarter ending December 31, 2012)			
Present value of Cash flows is less than Amortized cost	\$15,138,616	\$193,316	\$16,804,082

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.

- 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
32051GB79	\$ 20,408,345	\$ 20,348,438	\$ 59,908	\$ 20,348,438	\$ 15,170,864	Q3 - 2009
07386YAE4	24,514,159	23,668,871	845,287	23,668,871	16,670,356	Q3 - 2009
05530NAV9	8,260,250	7,507,813	752,437	7,507,813	6,348,739	Q3 - 2009
12544WAG2	15,868,218	15,027,264	840,954	15,027,264	11,162,713	Q3 - 2009
74958TAJ2	20,331,865	18,087,677	2,244,188	18,087,677	11,205,842	Q3 - 2009
32051GB79	20,360,590	19,679,063	681,528	19,679,063	14,801,852	Q4 - 2009
74958TAJ2	16,074,882	15,171,227	903,654	15,171,227	12,103,517	Q4 - 2009
07386YAE4	22,817,552	22,548,830	268,723	22,548,830	15,968,563	Q4 - 2009
05530NAV9	7,509,600	7,217,188	292,413	7,217,188	6,128,597	Q4 - 2009

NOTES TO FINANCIAL STATEMENTS

74958TAJ2	14,641,706	14,437,714	203,993	14,437,714	11,877,533	Q1 - 2010
05530NAV9	7,216,100	6,840,540	375,560	6,840,540	6,330,643	Q1 - 2010
12544WAG2	13,245,990	12,820,548	425,442	12,820,548	13,011,390	Q3 - 2010
12544WAG2	12,044,870	11,865,368	179,502	11,865,368	12,440,946	Q1 - 2011
94983FAA8	2,652,110	2,651,179	931	2,651,179	2,717,728	Q2 - 2011
07386YAE4	17,388,549	16,753,637	634,912	16,753,637	15,933,121	Q2 - 2011
23321PJF6	80,177	79,147	1,030	79,147	75,858	Q2 - 2011
94983FAA8	2,408,424	2,400,960	7,464	2,400,960	2,417,917	Q3 - 2011
07386YAE4	16,063,621	14,721,793	1,341,827	14,721,793	14,824,713	Q3 - 2011
32051GB79	17,862,355	17,459,204	403,151	17,459,204	16,690,213	Q4 - 2011
32051GB79	16,063,090	15,940,671	122,419	15,940,671	17,833,708	Q3 - 2012
32051GB79	15,138,616	14,945,300	193,316	14,945,300	16,804,082	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	\$ -
2. 12 Months or Longer	\$ 375,802

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

1. Less than 12 Months	\$ -
2. 12 Months or Longer	\$8,079,736

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>	<u>Amortized Cost</u>	<u>Fair Value</u>
30 Days or Less	\$7,644,982	\$7,644,982

F. Real Estate

Not applicable.

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

Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. Not applicable.

- 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 \$451,989 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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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	\$ 153,666,140	\$ 4,191,363	\$ 157,857,503
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	<u>153,666,140</u>	<u>4,191,363</u>	<u>157,857,503</u>
d) Deferred tax assets nonadmitted	-	-	-
e) Subtotal (net deferred tax assets)	<u>153,666,140</u>	<u>4,191,363</u>	<u>157,857,503</u>
f) Deferred tax liabilities	<u>59,678,498</u>	<u>5,194,301</u>	<u>64,872,799</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 93,987,642</u>	<u>\$ (1,002,938)</u>	<u>\$ 92,984,704</u>

<u>December 31, 2011</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Gross deferred tax assets	\$ 159,594,633	\$ 11,060,329	\$ 170,654,962
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	<u>159,594,633</u>	<u>11,060,329</u>	<u>170,654,962</u>
d) Deferred tax assets nonadmitted	<u>55,443,473</u>	<u>4,000,684</u>	<u>59,444,157</u>
e) Subtotal (net deferred tax assets)	<u>104,151,160</u>	<u>7,059,645</u>	<u>111,210,805</u>
f) Deferred tax liabilities	<u>41,994,346</u>	<u>6,914,013</u>	<u>48,908,359</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 62,156,814</u>	<u>\$ 145,632</u>	<u>\$ 62,302,446</u>

<u>Change</u>			
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Gross deferred tax assets	\$ (5,928,493)	\$ (6,868,966)	\$ (12,797,459)
b) Statutory valuation allowance adjustment	-	-	-
c) Adjusted gross deferred tax assets	<u>(5,928,493)</u>	<u>(6,868,966)</u>	<u>(12,797,459)</u>
d) Deferred tax assets nonadmitted	<u>(55,443,473)</u>	<u>(4,000,684)</u>	<u>(59,444,157)</u>
e) Subtotal (net deferred tax assets)	<u>49,514,980</u>	<u>(2,868,282)</u>	<u>46,646,698</u>
f) Deferred tax liabilities	<u>17,684,152</u>	<u>(1,719,712)</u>	<u>15,964,440</u>
g) Net admitted deferred tax asset (liability)	<u>\$ 31,830,828</u>	<u>\$ (1,148,570)</u>	<u>\$ 30,682,258</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	\$ 9,692,467	\$ 919,822	\$ 10,612,289
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)	103,568,024	257,789	103,825,813
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	103,568,024	257,789	103,825,813
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	380,159,500
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	40,405,649	3,013,752	43,419,401
d) Deferred tax assets admitted as the result of application of SSAP No. 101			
Total 2(a) + 2(b)+ 2(c))	<u>153,666,140</u>	<u>4,191,363</u>	<u>157,857,503</u>
DTLs netted against deferred tax assets	<u>59,678,498</u>	<u>5,194,301</u>	<u>64,872,799</u>
Total	<u>\$ 93,987,642</u>	<u>\$ (1,002,938)</u>	<u>\$ 92,984,704</u>

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	\$ 38,760,722	\$ 145,632	\$ 38,906,354
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)	23,396,092	-	23,396,092
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	23,396,092	-	23,396,092
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	368,544,184
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	41,994,346	6,914,013	48,908,359
d) Deferred tax assets admitted as the result of application of SSAP No. 101			

NOTES TO FINANCIAL STATEMENTS

Total (2(a) + 2(b)+ 2(c))	<u>104,151,160</u>	<u>7,059,645</u>	<u>111,210,805</u>
DTLs netted against deferred tax assets	<u>41,994,346</u>	<u>6,914,013</u>	<u>48,908,359</u>
Total	<u>\$ 62,156,814</u>	<u>\$ 145,632</u>	<u>\$ 62,302,446</u>

Admission Calculation Components SSAP No. 101:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ (29,068,255)	\$ 774,190	\$ (28,294,065)
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)	80,171,932	257,789	80,429,721
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	80,171,932	257,789	80,429,721
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	11,615,316
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	(1,588,697)	(3,900,261)	(5,488,958)
d) Deferred tax assets admitted as the result of application of SSAP No. 101			
Total (2(a) + 2(b)+ 2(c))	<u>49,514,980</u>	<u>(2,868,282)</u>	<u>46,646,698</u>
DTLs netted against deferred tax assets	<u>17,684,152</u>	<u>(1,719,712)</u>	<u>15,964,440</u>
Total	<u>\$ 31,830,828</u>	<u>\$ (1,148,570)</u>	<u>\$ 30,682,258</u>

	<u>2012</u>	<u>2011</u>
3. a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount.	1,861%	1,849%
b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above.	2,534,396,666	2,456,961,228

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

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	\$ 24,322,900	\$ 1,824,489	\$ 22,498,411
Foreign	-	-	-
Subtotal	<u>24,322,900</u>	<u>1,824,489</u>	<u>22,498,411</u>
Federal income taxes on net capital gains	490,470	451,960	38,510
Federal and foreign income taxes incurred	<u>\$ 24,813,370</u>	<u>\$ 2,276,449</u>	<u>\$ 22,536,921</u>

NOTES TO FINANCIAL STATEMENTS

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:			
<u>Ordinary:</u>			
Discounting of unpaid losses	\$ 38,873,754	\$ 40,996,125	\$ (2,122,371)
Unearned premium reserve	26,898,173	26,363,792	534,381
Investments	76,838,467	80,942,067	(4,103,600)
Other	<u>11,055,746</u>	<u>11,292,649</u>	<u>(236,903)</u>
Total DTA - ordinary	153,666,140	159,594,633	(5,928,493)
Statutory valuation allowance adjustment	-	-	-
Nonadmitted DTA	<u>-</u>	<u>55,443,473</u>	<u>(55,443,473)</u>
Admitted ordinary DTA	<u>\$ 153,666,140</u>	<u>\$ 104,151,160</u>	<u>\$ 49,514,980</u>
<u>Capital:</u>			
Investments	<u>\$ 4,191,363</u>	<u>\$ 11,060,329</u>	<u>\$ (6,868,966)</u>
Total DTA – capital	4,191,363	11,060,329	(6,868,966)
Statutory valuation allowance adjustment	-	-	-
Nonadmitted DTA	<u>-</u>	<u>4,000,684</u>	<u>(4,000,684)</u>
Admitted capital DTA	4,191,363	7,059,645	(2,868,282)
Total admitted DTA	<u>\$ 157,857,503</u>	<u>\$ 111,210,805</u>	<u>\$ 46,646,698</u>
DTL:			
<u>Ordinary:</u>			
Investments	\$ 59,081,356	\$ 36,424,165	\$ 22,657,191
Guaranty fund assessments	-	2,379,986	(2,379,986)
Other	<u>597,142</u>	<u>3,190,195</u>	<u>(2,593,053)</u>
Total ordinary DTL	<u>59,678,498</u>	<u>41,994,346</u>	<u>17,684,152</u>
<u>Capital:</u>			
Investments	<u>\$ 5,194,301</u>	<u>\$ 6,914,013</u>	<u>\$ (1,719,712)</u>
Total capital DTL	5,194,301	6,914,013	(1,719,712)
Total DTL	<u>64,872,799</u>	<u>48,908,359</u>	<u>15,964,440</u>
Net admitted DTA/(DTL)	<u>\$ 92,984,704</u>	<u>\$ 62,302,446</u>	<u>\$ 30,682,258</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	\$ 157,857,503	\$ 170,654,962	\$ (12,797,459)
Total DTL	<u>64,872,799</u>	<u>48,908,359</u>	<u>15,964,440</u>
Net DTA/(DTL)	<u>\$ 92,984,704</u>	<u>\$ 121,746,603</u>	<u>(28,761,899)</u>
Tax effect of unrealized gains (losses)			68,146
Change in net deferred income tax			<u>\$ (28,693,753)</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)	\$ 241,529,099
Taxes at statutory rate	\$ 84,535,185
Increase (decrease) attributable to:	
Nontaxable investment income	(35,303,035)
Other	<u>4,274,973</u>
	<u>\$ 53,507,123</u>
Federal and foreign taxes incurred	\$ 24,813,370
Change in net deferred taxes	<u>28,693,753</u>
Total statutory income tax	<u>\$ 53,507,123</u>
Effective tax rate	22.2%

E. 1. The Company has no net operating loss carryforward. The Company has an alternative minimum tax credit of \$4,342,288 that originated in 2011 and can be carried forward indefinitely.

2. The Company has \$17,967,918, \$9,753,586, and \$79,643,327 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

NOTES TO FINANCIAL STATEMENTS

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 believes it is reasonably possible that the liability related to any federal or foreign tax loss contingencies may significantly increase within the next 12 months. However, an estimate of the reasonably possible increase cannot be made at this time.

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

- A-C. (1) On December 26, 2012, the Company returned capital of \$110.0 million to its sole shareholder, St. Paul Fire and Marine Insurance Company (Fire and Marine).

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 Travelers Indemnity Company (Indemnity). 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 Indemnity. 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 \$13,084,057 and \$18,757,763 payable to 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	\$ 48,907,096	\$ 52,024,572
Amounts recoverable from reinsurers	20,413,420	19,283,154
Reinsurance payable on paid losses and loss adjustment expenses	57,575,211	56,556,879

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

- E. The Company is a partner in a real estate joint venture. TRV is the guarantor of certain debt of the real estate joint venture. The Company entered into an agreement to reimburse TRV in the event that TRV is required to make payments under the guarantee. Please see Note 14F for additional detail.
- 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
Expense Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C ¹

¹ "Travelers P&C¹" 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 Fire and Marine, an insurance company domiciled in Connecticut. The Company is a member of TRV, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.

11. DEBT

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 \$6,005,426 and \$5,008,239 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 \$386,164 and \$447,881 for 2012 and 2011, respectively.

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 \$3,623,990 and \$3,508,767 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 2,000,000 shares of common capital stock authorized and 1,408,563 shares of common stock issued and outstanding with a par value of \$25 per share.

The Company paid ordinary dividends of \$77.1 million to its parent company, Fire and Marine, in 2011.

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 \$262,746,000.

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 \$16,596,208.

14. CONTINGENCIES

A. Contingent Commitments:

Not applicable.

NOTES TO FINANCIAL STATEMENTS**B. Assessments:**

1. The Company has accrued liabilities of \$13.1 million for guaranty fund and other insurance-related assessments and related recoverables of \$301 thousand 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

	\$	222,270
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 - b. Decreases current year:

Premium tax offset charged off		-
Premium tax offset applied		4,989
Premium tax offset refund		52,417
 - c. Increases current year:

Premium tax offset accrued		17,631
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 - d. Assets recognized from paid and accrued premium tax offsets December 31, 2012

	\$	182,495
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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 the Company 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 the Company \$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 the Company'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. The Company 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 the Company 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 the Company 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, Indemnity 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 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. Indemnity anticipates that its allocation from the settlement fund, in the event the settlement becomes final, will be approximately \$90 million.

As Indemnity 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	\$10,000

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.

NOTES TO FINANCIAL STATEMENTS

F. All Other Contingencies:

1. 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.

The Company is a partner in a real estate joint venture. TRV is the guarantor of certain debt of the real estate joint venture. The Company entered into an agreement to reimburse TRV in the event that TRV is required to make payments under the guarantee. The Company has recorded a liability of \$13,533,314 on the balance sheet as of December 31, 2012 under this reimbursement agreement.

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	\$25,000,000	The Company has assessed the performance risk as remote under these guarantees
Real Estate Joint Venture	\$13,533,314	Dividend to stockholders	\$58,420,000	The Company's performance risk is reasonably probable based on operating results of this joint venture.

- a. Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees \$ 83,420,000
- b. Current liability recognized in financial statements:

Noncontingent liabilities	13,533,314
Contingent liabilities	-
- c. Ultimate financial statement impact if action under the guarantee is required:

Investment in SCA	-
Joint venture	-
Dividends to stockholders	58,420,000
Expense	25,000,000
Other	-
Total	<u><u>\$ 83,420,000</u></u>

2. 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.
3. 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.
4. For a discussion of contingencies related to asbestos and environmental reserves, see Note 33.

15. LEASES

A. Lessee Leasing Arrangements:

1. At December 31, 2012, the Company is a party to various lease agreements for office space that expire during 2013. Total rental expense under operating leases for the Company for 2012 and 2011 was \$112,448 and \$1,032,224, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.
2. Aggregate future minimum rental payments for leases having initial noncancelable lease terms in excess of one year for the Company totaled \$55,198 at December 31, 2012.

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

Year Ending <u>December 31</u> 2013	<u>Operating Leases</u> \$ 55,198
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3. Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

Not applicable.

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

Not applicable.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**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.
- 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	\$ -	\$ 1,892,780	\$ -	\$ 1,892,780
Common stock	18,813	-	1,044,877	1,063,690
Total assets at fair value	\$ 18,813	\$ 1,892,780	\$ 1,044,877	\$ 2,956,470

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	\$ 1,182,387	\$ -	\$ -	\$ -	\$ (137,510)	\$ -	\$ -	\$ -	\$ -	\$ 1,044,877
Total	\$ 1,182,387	\$ -	\$ -	\$ -	\$ (137,510)	\$ -	\$ -	\$ -	\$ -	\$ 1,044,877

(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.

NOTES TO FINANCIAL STATEMENTS

(At December 31, 2012)	Aggregate	Admitted				Not
<u>Description</u>	<u>Fair Value</u>	<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Practicable (Carrying Value)</u>
Short term bonds	\$ 11,272,898	\$ 11,272,898	\$ 4,631,310	\$ 6,608,422	\$ 33,166	\$ -
Long term bonds	4,578,679,673	4,203,266,156	34,328,962	4,541,881,827	2,468,884	-
Common stock	1,063,690	1,063,690	18,813	-	1,044,877	-

(At December 31, 2011)	Aggregate	Admitted				Not
<u>Description</u>	<u>Fair Value</u>	<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Practicable (Carrying Value)</u>
Short term bonds	\$ 33,424,312	\$ 33,424,312	\$ 23,943,807	\$ 8,019,693	\$ 1,460,812	\$ -
Long term bonds	4,383,322,054	4,064,655,203	47,858,895	4,335,463,159	-	-
Common stock	1,196,572	1,196,572	14,185	-	1,182,387	-

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.

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	\$ 12	\$ 13	\$ 93	\$ 2	\$ 152
Part 1B	41	30	9	8	10,771
Part 1C	569	638	433	298	2,101
Part 1D	16,528	19,372	17,658	14,673	166,051
Part 1E	1,923	2,064	1,469	1,246	13,117
Part 1F - Section 1	599	113	168	83	206
Part 1F - Section 2	353	373	841	622	1,053
Part 1G	(2)	217	263	85	1,654
Part 1H - Section 1	5,099	6,340	4,873	5,342	95,581
Part 1H - Section 2	2,075	2,549	675	472	5,005
Part 1M	-	33	84	18	7
Part 1N	87	820	143	199	279
Part 1O	852	4,473	1,782	1,557	27,419
Part 1P	47	277	39	113	44
Part 1R - Section 1	2,431	1,431	1,824	1,761	61,459
Part 1R - Section 2	70	23	3	30	453

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	\$ (15)	\$ (115)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(142)	(176)	(21)	(2,313)	-	(38)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	(564)	-	-	-	-	-	-
Special Liability	-	-	-	-	-	-	-	-	-
Other Liability - Occ	(114)	-	-	-	-	-	-	-	-
Other Liability - CM	-	(1,029)	-	-	-	-	-	-	-
Special Property	(2)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Reinsurance A	(25)	-	-	-	-	-	-	-	-
Reinsurance B	(232)	-	-	-	-	-	-	-	-

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. State Transferable and Non-Transferable Tax Credits:

Not applicable.

NOTES TO FINANCIAL STATEMENTS**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.

Direct exposure through other investments:

	Actual <u>Cost</u>	Book/Adjusted Carrying Value (<u>excluding interest</u>)	Fair <u>Value</u>	Other Than Temporary Impairment Losses <u>Recognized</u>
Residential mortgage-backed securities:	\$ 5,931,616	\$ 5,205,389	\$ 7,164,444	\$ 1,420,410

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>

NOTES TO FINANCIAL STATEMENTS

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
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	1,592,661
Total		<u>\$ 45,505,241,398</u>

2. Unaffiliated Company Recoverables:

Not applicable.

B. Reinsurance Recoverable in Dispute:

Not applicable.

C. Reinsurance Assumed and Ceded:

	<u>Assumed</u>		<u>Ceded</u>		<u>Net</u>	
	<u>Reinsurance</u>		<u>Reinsurance</u>		<u>Reinsurance</u>	<u>Commission</u>
	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Equity</u>
	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>
Affiliates	\$ 385,873,109	\$ 59,128,477	\$ 37,063,706	\$ 5,679,381	\$ 348,809,403	\$ 53,449,096
All Other	<u>117,567</u>	<u>18,015</u>	-	-	<u>117,567</u>	<u>18,015</u>
Total	<u>\$ 385,990,676</u>	<u>\$ 59,146,492</u>	<u>\$ 37,063,706</u>	<u>\$ 5,679,381</u>	<u>\$ 348,926,970</u>	<u>\$ 53,467,111</u>

Direct Unearned Premium Reserve \$ 34,653,911

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$3,296,646 at December 31, 2012. This balance represents the Company's 4.41% 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	\$ -	\$ 3,296,646	\$ -	\$3,296,646
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. Total	<u>\$ -</u>	<u>\$3,296,646</u>	<u>\$ -</u>	<u>\$3,296,646</u>

D. Uncollectible Reinsurance:

Not applicable.

E. Commutation of Ceded Reinsurance:

Not applicable.

F. Retroactive Reinsurance:

	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
(1) Initial Reserves	\$ 414,540	\$ 21,403,169
(2) Adjustments - Prior Year(s)	(132,300)	7,825,404
(3) Adjustments - Current Year	-	<u>772,475</u>
(4) Current Total	<u>\$ 282,240</u>	<u>\$ 30,001,048</u>

NOTES TO FINANCIAL STATEMENTS

b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 461,069	\$ 18,965,659
(2) Adjustments - Prior Year(s)	-	1,600,540
(3) Adjustments - Current Year	-	-
(4) Current Total	<u>\$ 461,069</u>	<u>\$ 20,566,199</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 181,929	\$ 24,340,961
(2) Current Year	471	516,599
(3) Current Total	<u>\$ 182,400</u>	<u>\$ 24,857,560</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 46,529	\$ 2,437,510
(2) Adjustments - Prior Year(s)	132,300	6,224,864
(3) Adjustments - Current Year	-	772,475
(4) Current Year Restricted Surplus	<u>178,829</u>	<u>4,767,755</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ 4,667,094</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)	\$ 282,240	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	564,480
General Reinsurance Corporation (22039)	-	13,230,000
nSpire Re Limited (AA-1784124)	-	3,516,267
Platinum Underwriters Reinsurance Inc. (10357)	-	4,058,529
Various	-	8,631,772
Total	<u>\$ 282,240</u>	<u>\$ 30,001,048</u>

f. Paid Loss/LAE Recoverable:

1. Authorized Reinsurers

<u>Company</u>	Total Paid/Loss/LAE Recoverable	Amount Over 90 Days Past Due
Platinum Underwriters Reinsurance Inc. (10357)	\$ 1,902	\$ -
General Reinsurance Corporation (22039)	7,464	7,464
Various	9,990	961
Total	<u>\$ 19,356</u>	<u>\$ 8,425</u>

2. Unauthorized Reinsurers

<u>Company</u>	Total Paid/Loss/LAE Recoverable	Amount Over 90 Days Past Due	Collateral Held
nSpire Re Limited (AA-178412)	\$ -	\$ -	\$ 1,141,564
Various	15,731	10,514	-
Total	<u>\$ 15,731</u>	<u>\$ 10,514</u>	<u>\$ 1,141,564</u>

G. Reinsurance Accounted for as a Deposit:

Not applicable.

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.

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	\$ 5,114,354
2. Unsecured amount	770,593
3. Less: Nonadmitted amount (10%)	77,059
4. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
5. Admitted amount (1) - (3) - (4)	<u>\$ 5,037,295</u>

NOTES TO FINANCIAL STATEMENTS**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 \$34,804,000, 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 Indemnity. 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 Indemnity. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity 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 Indemnity 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
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 \$11,805,304 receivable from 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

NOTES TO FINANCIAL STATEMENTS

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>
\$139,235,470		\$139,235,470
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	\$41,233,607
MetLife Insurance Company of Connecticut, Bloomfield, CT	Yes	17,119,293
Genworth Life and Annuity Insurance Company, Richmond, VA	Yes	10,837,050
Symetra Life Insurance Company, Bellevue, WA	Yes	10,369,695
Genworth Life Insurance Company, Richmond, VA	Yes	8,542,320
All other companies		51,133,505

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 \$301,179,273 and the amount billed and outstanding on paid claims was \$2,431,903. 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 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 \$71,933,536 and \$5,512,253 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		\$16,241,236	\$19,679,825
2. Other Liability-Occurrence		<u>620,002</u>	<u>6,026,071</u>
3. Total		<u>\$16,861,238</u>	<u>\$25,705,896</u>

NOTES TO FINANCIAL STATEMENTS

* 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. ABESTOS/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 4.41%.

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 \$8,731,800 and the Company's 2008 asbestos assumed incurred losses decreased by \$1,499,400.

<u>1. Direct Basis - Asbestos:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 166,251,000	\$ 136,830,000	\$ 128,408,000	\$ 120,717,000	\$ 112,693,000
b. Incurred losses and LAE:	2,766,000	7,056,000	9,128,000	6,175,000	5,658,000
c. Calendar year payments for losses and LAE:	<u>32,187,000</u>	<u>15,478,000</u>	<u>16,819,000</u>	<u>14,199,000</u>	<u>10,171,000</u>
d. Ending reserves:	<u>\$ 136,830,000</u>	<u>\$ 128,408,000</u>	<u>\$ 120,717,000</u>	<u>\$ 112,693,000</u>	<u>\$ 108,180,000</u>
<u>2. Assumed Reinsurance Basis - Asbestos:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 21,027,000	\$ 8,568,000	\$ 8,046,000	\$ 8,896,000	\$ 9,832,000
b. Incurred losses and LAE:	(1,156,000)	1,102,000	2,426,000	2,425,000	1,442,000
c. Calendar year payments for losses and LAE:	<u>11,303,000</u>	<u>1,624,000</u>	<u>1,576,000</u>	<u>1,489,000</u>	<u>1,362,000</u>
d. Ending reserves:	<u>\$ 8,568,000</u>	<u>\$ 8,046,000</u>	<u>\$ 8,896,000</u>	<u>\$ 9,832,000</u>	<u>\$ 9,912,000</u>
<u>3. 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:	\$ 164,554,000	\$ 128,406,000	\$ 121,516,000	\$ 112,268,000	\$ 107,479,000
b. Incurred losses and LAE:	1,609,000	8,159,000	6,173,000	7,718,000	7,277,000
c. Calendar year payments for losses and LAE:	<u>37,757,000</u>	<u>15,049,000</u>	<u>15,421,000</u>	<u>12,507,000</u>	<u>10,405,000</u>
d. Ending reserves:	<u>\$ 128,406,000</u>	<u>\$ 121,516,000</u>	<u>\$ 112,268,000</u>	<u>\$ 107,479,000</u>	<u>\$ 104,351,000</u>

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

B. Ending loss and LAE reserves for unreported claims included in Part A above:

1. Direct Basis:	\$ 90,311,000
2. Assumed Reinsurance Basis:	\$ 4,504,000
3. Net of Ceded Reinsurance Basis:	\$ 85,105,000

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

1. Direct Basis:	\$ 29,101,000
2. Assumed Reinsurance Basis:	\$ 115,000
3. Net of Ceded Reinsurance Basis:	\$ 27,495,000

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

NOTES TO FINANCIAL STATEMENTS

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 \$1,234,800 and the Company's 2008 environmental assumed incurred losses decreased by \$220,500.

1. <u>Direct Basis - Environmental:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 15,886,000	\$ 14,805,000	\$ 14,676,000	\$ 13,290,000	\$ 12,763,000
b. Incurred losses and LAE:	3,740,000	3,705,000	1,755,000	2,911,000	3,491,000
c. Calendar year payments for losses and LAE:	<u>4,821,000</u>	<u>3,834,000</u>	<u>3,141,000</u>	<u>3,438,000</u>	<u>3,748,000</u>
d. Ending reserves:	<u>\$ 14,805,000</u>	<u>\$ 14,676,000</u>	<u>\$ 13,290,000</u>	<u>\$ 12,763,000</u>	<u>\$ 12,506,000</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:	\$ 4,826,000	\$ 2,815,000	\$ 2,485,000	\$ 2,322,000	\$ 2,525,000
b. Incurred losses and LAE:	(199,000)	44,000	229,000	618,000	875,000
c. Calendar year payments for losses and LAE:	<u>1,812,000</u>	<u>374,000</u>	<u>392,000</u>	<u>415,000</u>	<u>361,000</u>
d. Ending reserves:	<u>\$ 2,815,000</u>	<u>\$ 2,485,000</u>	<u>\$ 2,322,000</u>	<u>\$ 2,525,000</u>	<u>\$ 3,039,000</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:	\$ 21,605,000	\$ 18,246,000	\$ 17,337,000	\$ 15,458,000	\$ 15,053,000
b. Incurred losses and LAE:	3,542,000	3,088,000	1,543,000	3,351,000	3,969,000
c. Calendar year payments for losses and LAE:	<u>6,901,000</u>	<u>3,997,000</u>	<u>3,422,000</u>	<u>3,756,000</u>	<u>3,700,000</u>
d. Ending reserves:	<u>\$ 18,246,000</u>	<u>\$ 17,337,000</u>	<u>\$ 15,458,000</u>	<u>\$ 15,053,000</u>	<u>\$ 15,322,000</u>

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

1. Direct Basis:	\$ 12,315,000
2. Assumed Reinsurance Basis:	\$ 2,027,000
3. Net of Ceded Reinsurance Basis	\$ 14,276,000

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

1. Direct Basis:	\$ 3,016,000
2. Assumed Reinsurance Basis:	\$ 8,000
3. Net of Ceded Reinsurance Basis	\$ 2,943,000

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 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

NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

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 No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? 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
- 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?
Insurance Department of 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC 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
- 6.2 If yes, give full information: _____

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
- 7.21 State the percentage of foreign 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
- 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
- 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
- 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
- 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 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
 12.11 Name of real estate holding company
 Laurel Village Fidelity Realty, Inc.
-
- 12.12 Number of parcels involved8
 12.13 Total book/adjusted carrying value \$.....0
- 12.2 If yes, provide explanation.
 Holds 727 apartment units in downtown Minneapolis, MN
-
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 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
 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
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
-

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

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 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 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 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
 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
 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
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$.....0
 22.22 Amount paid as expenses \$.....0
 22.23 Other amounts paid \$.....0
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes No
 24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
 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 No N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....7,644,982

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....7,644,982

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....7,644,982

24.103 Total payable for securities lending reported on the liability page. \$.....7,644,982

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

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

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

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

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

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

25.25 Pledged as collateral \$.....133,904,511

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 \$.....180,231,829

25.29 Other \$.....800,324

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
The Bank of New York Mellon	One Wall Street, New York, NY 10286

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)
N/A		

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.....	4,214,539,054	4,589,952,571	375,413,517
30.2 Preferred stocks.....	0	0	0
30.3 Totals.....	4,214,539,054	4,589,952,571	375,413,517

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.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....2,306,931
- 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.	925,324

- 34.1 Amount of payments for legal expenses, if any? \$.....3,450,120
- 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? \$.....154,259
- 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	50,715

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.....	\$.....855,340,381	\$.....836,898,504
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....2,049,142,160	\$.....2,040,144,567
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies \$.....13,860,503
- 3.22 Non-participating policies \$.....848,701,757

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 uninsured 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 [X] 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 [X] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No []
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
-
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....4,167,365
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....735,417
- 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: \$.....4,132,190
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 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 [X] No []
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....256,876,258
- 12.62 Collateral and other funds \$.....70,268,342

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,532,475
- 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).....	491,878,280	473,412,418	532,015,636	534,491,140	544,496,643
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	146,272,879	146,537,984	148,501,759	149,289,695	154,896,785
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	300,547,073	298,983,685	287,234,765	273,734,820	267,837,384
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	4,470,528	5,418,986	6,139,779	6,603,698	6,775,495
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	2,136,400	2,168,477	821,162	987,327	(2,779,527)
6. Total (Line 35).....	945,305,161	926,521,550	974,713,102	965,106,679	971,226,781
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	410,024,450	392,698,875	374,668,205	371,253,418	377,260,908
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	146,269,713	146,539,483	148,412,645	149,217,868	153,988,623
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	300,548,686	298,976,544	287,228,711	273,719,799	267,808,084
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	3,388,376	4,123,201	4,333,390	4,148,681	3,753,107
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	2,331,035	2,164,276	859,061	1,079,143	(2,856,215)
12. Total (Line 35).....	862,562,260	844,502,378	815,502,013	799,418,910	799,954,508
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	805,485	(72,122,014)	46,699,754	77,188,657	58,130,245
14. Net investment gain (loss) (Line 11).....	239,630,638	177,545,530	304,187,133	184,790,193	152,255,956
15. Total other income (Line 15).....	2,377,197	1,120,439	1,435,895	899,541	5,059,587
16. Dividends to policyholders (Line 17).....	1,774,691	1,536,840	1,057,578	770,908	967,971
17. Federal and foreign income taxes incurred (Line 19).....	24,322,900	1,824,489	37,932,043	49,850,203	40,942,657
18. Net income (Line 20).....	216,715,729	103,182,626	313,333,161	212,257,280	173,535,160
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	4,797,215,673	4,646,799,971	4,599,086,294	4,627,074,603	4,192,651,577
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	94,834,944	94,062,825	41,258,299	40,501,265	38,286,677
20.2 Deferred and not yet due (Line 15.2).....	175,881,138	167,611,891	161,453,580	157,683,082	171,310,088
20.3 Accrued retrospective premiums (Line 15.3).....	5,037,295	8,210,467	8,618,785	21,321,491	14,191,608
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	2,169,748,101	2,158,110,704	2,141,137,360	2,161,318,953	2,126,759,112
22. Losses (Page 3, Line 1).....	1,320,121,453	1,312,376,801	1,277,299,854	1,302,562,430	1,332,835,185
23. Loss adjustment expenses (Page 3, Line 3).....	286,979,550	294,496,550	296,097,833	305,832,375	305,237,005
24. Unearned premiums (Page 3, Line 9).....	383,580,881	375,946,854	364,591,325	353,277,656	357,532,748
25. Capital paid up (Page 3, Lines 30 & 31).....	35,214,075	35,214,075	35,214,075	35,214,075	35,214,075
26. Surplus as regards policyholders (Page 3, Line 37).....	2,627,467,572	2,488,689,267	2,457,948,934	2,465,755,650	2,065,892,465
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	182,838,190	64,251,191	105,602,067	165,044,893	198,778,560
Risk-Based Capital Analysis					
28. Total adjusted capital.....	2,627,467,572	2,488,689,267	2,457,948,934	2,465,755,650	2,065,892,465
29. Authorized control level risk-based capital.....	136,203,769	133,614,130	135,896,625	147,546,024	141,660,953
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).....	96.8	96.2	95.6	87.8	92.5
31. Stocks (Lines 2.1 & 2.2).....	2.8	2.8	2.9	7.7	4.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5).....	0.3	0.8	1.0	4.4	2.8
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7).....	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8).....	0.0	0.0	0.1	0.1	0.2
38. Receivable for securities (Line 9).....	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10).....	0.2	0.2	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).....	118,472,108	116,174,504	120,273,535	74,462,726	71,211,947
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.....	0	0	0	0	0
48. Total of above lines 42 to 47.....	118,472,108	116,174,504	120,273,535	74,462,726	71,211,947
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).....	4.5	4.7	4.9	3.0	3.4

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	2,427,683	(5,855,496)	(150,938,656)	110,842,752	(6,012,780)
52. Dividends to stockholders (Line 35).....	0	(77,100,000)	(171,000,000)	0	0
53. Change in surplus as regards policyholders for the year (Line 38).....	138,778,305	30,740,333	(7,806,716)	399,863,185	137,389,411
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).....	382,328,019	363,383,378	378,621,527	387,000,115	461,514,900
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	86,817,142	92,987,875	77,140,315	76,735,401	81,102,193
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	177,540,201	215,505,804	155,958,225	154,241,095	168,911,706
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	7,420,421	(18,187)	11,262,236	(10,434,582)	12,959,534
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	13,483,237	14,211,135	13,201,140	12,768,699	25,531,322
59. Total (Line 35).....	667,589,020	686,070,004	636,183,442	620,310,727	750,019,655
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).....	222,837,822	205,101,620	203,306,163	186,743,110	196,880,701
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	86,438,561	92,390,870	77,637,891	77,429,632	76,009,032
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	167,466,023	204,820,674	141,077,177	127,701,425	125,578,340
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	2,857,656	2,987,963	2,771,953	3,326,087	2,881,536
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	1,704,258	2,742,434	4,944,455	4,145,249	20,821,279
65. Total (Line 35).....	481,304,320	508,043,561	429,737,638	399,345,503	422,170,888
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	64.9	50.4	46.1	48.3
68. Loss expenses incurred (Line 3).....	11.2	12.0	11.6	12.2	13.2
69. Other underwriting expenses incurred (Line 4).....	31.5	31.7	32.1	32.0	31.2
70. Net underwriting gain (loss) (Line 8).....	0.1	(8.6)	5.8	9.6	7.3
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).....	31.0	31.3	31.5	32.0	30.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	68.4	76.9	62.0	58.3	61.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	32.8	33.9	33.2	32.4	38.7
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).....	(25,646)	(13,987)	(41,178)	(47,343)	(60,994)
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).....	(1.0)	(0.6)	(1.7)	(2.3)	(3.2)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(46,399)	(72,720)	(85,584)	(111,937)	(75,779)
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).....	(1.9)	(2.9)	(4.1)	(5.8)	(3.4)

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....36,120	.....13,479	.....12,229	.....1,009	.....5,589	.....106	.....546	.....39,343	.....XXX.....
2. 2003.....	.....908,286	.....177,342	.....730,945	.....414,330	.....66,543	.....46,730	.....6,415	.....27,509	.....2,612	.....16,566	.....412,999	.....XXX.....
3. 2004.....	.....913,881	.....155,282	.....758,599	.....383,950	.....66,096	.....38,798	.....5,024	.....30,036	.....2,770	.....17,065	.....378,893	.....XXX.....
4. 2005.....	.....880,738	.....130,323	.....750,415	.....436,692	.....117,199	.....36,020	.....5,393	.....30,845	.....1,996	.....15,318	.....378,968	.....XXX.....
5. 2006.....	.....866,773	.....108,477	.....758,296	.....327,804	.....41,635	.....31,288	.....3,112	.....34,499	.....1,063	.....16,114	.....347,782	.....XXX.....
6. 2007.....	.....953,663	.....165,969	.....787,693	.....341,928	.....33,560	.....31,848	.....2,498	.....37,148	.....835	.....18,842	.....374,031	.....XXX.....
7. 2008.....	.....884,203	.....89,073	.....795,130	.....419,961	.....43,407	.....32,446	.....2,420	.....43,289	.....645	.....19,514	.....449,223	.....XXX.....
8. 2009.....	.....871,965	.....71,389	.....800,576	.....357,783	.....21,975	.....27,105	.....1,504	.....41,891	.....469	.....16,666	.....402,830	.....XXX.....
9. 2010.....	.....866,909	.....64,377	.....802,532	.....366,708	.....20,447	.....23,753	.....1,172	.....42,503	.....387	.....17,695	.....410,958	.....XXX.....
10. 2011.....	.....899,628	.....62,730	.....836,899	.....413,713	.....27,027	.....18,247	.....1,260	.....43,236	.....390	.....18,503	.....446,520	.....XXX.....
11. 2012.....	.....924,417	.....69,077	.....855,340	.....234,795	.....12,171	.....7,436	.....282	.....36,588	.....466	.....11,132	.....265,901	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....3,733,783	.....463,538	.....305,902	.....30,090	.....373,132	.....11,740	.....167,962	.....3,907,448	.....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.....	.....308,661	.....97,019	.....254,002	.....45,485	.....29,540	.....5,715	.....48,444	.....3,591	.....30,862	.....15	.....1,189	.....519,685	.....XXX.....
2. 2003.....	.....17,614	.....3,289	.....19,692	.....5,586	.....1,686	.....179	.....3,934	.....845	.....3,198	.....16	.....1,166	.....36,210	.....XXX.....
3. 2004.....	.....17,140	.....5,009	.....15,587	.....3,728	.....1,261	.....175	.....3,419	.....493	.....1,295	.....4	.....539	.....29,294	.....XXX.....
4. 2005.....	.....15,816	.....4,994	.....24,294	.....6,735	.....1,589	.....264	.....3,600	.....661	.....907	.....11	.....697	.....33,540	.....XXX.....
5. 2006.....	.....21,206	.....5,699	.....29,265	.....5,443	.....1,949	.....320	.....4,507	.....555	.....1,485	.....(0)	.....1,031	.....46,393	.....XXX.....
6. 2007.....	.....20,854	.....3,532	.....32,379	.....5,047	.....2,476	.....151	.....5,878	.....540	.....1,350	.....(5)	.....1,450	.....53,673	.....XXX.....
7. 2008.....	.....33,170	.....4,031	.....38,445	.....5,164	.....3,733	.....266	.....9,300	.....663	.....2,972	.....(1)	.....3,267	.....77,496	.....XXX.....
8. 2009.....	.....43,328	.....6,490	.....50,270	.....7,121	.....5,044	.....271	.....11,037	.....866	.....2,975	.....2	.....4,355	.....97,904	.....XXX.....
9. 2010.....	.....65,012	.....5,165	.....66,922	.....5,954	.....7,891	.....356	.....14,824	.....940	.....4,728	.....16	.....6,360	.....146,947	.....XXX.....
10. 2011.....	.....92,754	.....8,517	.....104,361	.....7,697	.....8,750	.....372	.....21,693	.....953	.....7,046	.....36	.....10,054	.....217,031	.....XXX.....
11. 2012.....	.....152,573	.....36,149	.....191,648	.....17,018	.....8,937	.....402	.....33,306	.....1,029	.....17,041	.....(22)	.....17,570	.....348,928	.....XXX.....
12. Totals.....	.....788,128	.....179,894	.....826,866	.....114,979	.....72,857	.....8,471	.....159,941	.....11,135	.....73,859	.....71	.....47,678	.....1,607,101	.....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.....	.....420,159	.....99,525
2. 2003.	.....534,694	.....85,485	.....449,208	.....58.9	.....48.2	.....61.5	.....0	.....0	.....4.41	.....28,431	.....7,779
3. 2004.	.....491,485	.....83,298	.....408,187	.....53.8	.....53.6	.....53.8	.....0	.....0	.....4.41	.....23,990	.....5,303
4. 2005.	.....549,762	.....137,254	.....412,508	.....62.4	.....105.3	.....55.0	.....0	.....0	.....4.41	.....28,381	.....5,159
5. 2006.	.....452,002	.....57,827	.....394,175	.....52.1	.....53.3	.....52.0	.....0	.....0	.....4.41	.....39,328	.....7,065
6. 2007.	.....473,862	.....46,158	.....427,704	.....49.7	.....27.8	.....54.3	.....0	.....0	.....4.41	.....44,654	.....9,019
7. 2008.	.....583,315	.....56,596	.....526,719	.....66.0	.....63.5	.....66.2	.....0	.....0	.....4.41	.....62,420	.....15,076
8. 2009.	.....539,434	.....38,699	.....500,734	.....61.9	.....54.2	.....62.5	.....0	.....0	.....4.41	.....79,988	.....17,917
9. 2010.	.....592,341	.....34,436	.....557,905	.....68.3	.....53.5	.....69.5	.....0	.....0	.....4.41	.....120,816	.....26,132
10. 2011.	.....709,801	.....46,249	.....663,551	.....78.9	.....73.7	.....79.3	.....0	.....0	.....4.41	.....180,901	.....36,130
11. 2012.	.....682,324	.....67,495	.....614,829	.....73.8	.....97.7	.....71.9	.....0	.....0	.....4.41	.....291,053	.....57,875
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....1,320,121	.....286,980

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.....	1,133,160	1,258,699	1,324,435	1,365,483	1,377,349	1,394,881	1,390,246	1,381,684	1,387,285	1,386,597	(688)	4,913
2. 2003.....	451,193	427,918	437,906	436,422	438,932	440,014	431,595	427,283	425,469	422,568	(2,901)	(4,716)
3. 2004.....	XXX	493,973	448,252	429,002	417,437	402,854	396,376	389,151	384,643	381,176	(3,467)	(7,975)
4. 2005.....	XXX	XXX	501,873	460,689	445,087	414,642	402,410	392,725	388,464	384,239	(4,225)	(8,486)
5. 2006.....	XXX	XXX	XXX	419,691	405,921	383,609	375,355	369,268	364,571	361,056	(3,515)	(8,212)
6. 2007.....	XXX	XXX	XXX	XXX	432,286	420,786	409,094	408,969	398,570	391,709	(6,861)	(17,260)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	496,960	501,327	499,082	488,276	482,851	(5,425)	(16,231)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	465,314	462,375	461,717	458,106	(3,612)	(4,269)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	497,155	514,711	512,992	(1,719)	15,837
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	609,131	615,897	6,766	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	564,067	XXX	XXX
12. Totals.....											(25,646)	(46,399)

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	204,891	382,720	512,958	608,335	703,961	754,734	802,208	839,322	873,183	XXX	XXX
2. 2003.....	130,993	224,825	285,505	321,354	348,989	364,483	373,534	379,845	385,017	388,102	XXX	XXX
3. 2004.....	XXX	130,830	223,213	268,139	301,814	321,633	334,862	343,441	348,512	351,628	XXX	XXX
4. 2005.....	XXX	XXX	139,888	242,546	282,456	310,423	328,329	340,741	346,469	350,119	XXX	XXX
5. 2006.....	XXX	XXX	XXX	134,031	207,644	247,024	275,498	297,076	306,990	314,345	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	145,845	227,675	273,128	305,133	325,878	337,718	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	191,064	291,513	345,736	381,746	406,580	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	178,971	276,947	327,325	361,408	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	201,465	311,852	368,842	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	278,826	403,674	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	229,779	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.....	564,089	515,804	469,121	442,417	412,863	375,014	346,706	310,983	284,404	265,266
2. 2003.....	225,067	111,813	76,351	53,589	44,585	42,238	31,680	25,185	22,402	17,940
3. 2004.....	XXX	264,758	143,810	93,786	66,232	46,658	35,140	25,936	20,397	15,633
4. 2005.....	XXX	XXX	230,987	143,604	108,952	65,711	47,491	32,880	27,756	21,574
5. 2006.....	XXX	XXX	XXX	197,029	130,525	85,049	61,073	45,364	35,390	29,026
6. 2007.....	XXX	XXX	XXX	XXX	190,340	119,607	82,065	63,597	45,789	34,045
7. 2008.....	XXX	XXX	XXX	XXX	XXX	199,805	123,303	88,194	58,195	43,192
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	188,725	109,486	78,587	54,838
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	183,507	116,059	76,415
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	201,630	119,266
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	209,202

UNITED STATES FIDELITY AND GUARANTY 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	128,691	145,673	0	3,854,420	2,052,303	34,410,816	103	0
2. Alaska.....AK	L	856,180	745,977	0	1,373,505	1,317,038	4,023,937	118	0
3. Arizona.....AZ	L	984,509	577,536	0	585,200	320,434	11,131,779	1,046	0
4. Arkansas.....AR	L	137,403	176,314	0	642,245	(275,463)	11,860,805	141	0
5. California.....CA	L	34,866,021	32,010,170	0	40,352,406	22,442,730	275,241,898	52,505	0
6. Colorado.....CO	L	239,556	339,520	0	807,731	1,546,016	10,914,560	322	0
7. Connecticut.....CT	L	2,275,958	1,536,281	0	1,032,434	1,207,231	8,959,213	5,066	0
8. Delaware.....DE	L	110,896	369,959	0	1,761,459	3,339,319	3,863,842	120	0
9. District of Columbia.....DC	L	52,015	55,288	0	(4,380)	(158,916)	937,290	24	0
10. Florida.....FL	L	179,469	340,517	0	5,235,356	23,827,103	61,756,965	219	0
11. Georgia.....GA	L	1,335,839	2,075,179	0	2,574,844	2,833,489	18,502,595	2,089	0
12. Hawaii.....HI	L	23,069	31,057	0	(168,463)	(401,441)	1,578,639	2	0
13. Idaho.....ID	L	257,236	354,887	0	38,181	(18,335)	1,749,195	544	0
14. Illinois.....IL	L	(862,168)	(560,328)	0	1,965,356	(1,314,080)	28,757,155	0	0
15. Indiana.....IN	L	838,830	863,730	0	2,099,000	627,902	13,582,034	520	0
16. Iowa.....IA	L	560,203	(869,067)	0	560,013	(1,228,320)	9,319,943	348	0
17. Kansas.....KS	L	129,926	423,856	0	41,359	(74,164)	7,258,197	116	0
18. Kentucky.....KY	L	222,200	225,533	0	474,380	118,431	21,953,215	182	0
19. Louisiana.....LA	L	318,336	378,795	0	2,013,230	(1,658,880)	22,181,443	251	0
20. Maine.....ME	L	27,298	92,997	0	971,641	974,908	5,001,133	44	0
21. Maryland.....MD	L	436,214	489,269	0	5,009,027	1,214,845	9,543,345	426	0
22. Massachusetts.....MA	L	187,260	269,110	0	289,196	(1,291,906)	23,817,739	495	0
23. Michigan.....MI	L	4,852,935	5,064,639	0	4,656,576	12,928,827	146,767,625	5,309	0
24. Minnesota.....MN	L	3,999,667	2,411,118	0	1,869,242	1,614,256	13,704,018	3,242	0
25. Mississippi.....MS	L	401,656	579,354	0	1,373,029	(3,835,759)	28,680,671	362	0
26. Missouri.....MO	L	140,953	623,731	0	2,228,934	3,310,059	19,465,390	170	0
27. Montana.....MT	L	234,180	372,280	0	805,619	337,979	5,880,845	461	0
28. Nebraska.....NE	L	1,539,105	1,338,563	0	197,282	997,761	6,609,242	1,217	0
29. Nevada.....NV	L	418,448	458,045	0	(102,693)	(598,826)	4,425,040	600	0
30. New Hampshire.....NH	L	808,478	701,780	0	110,191	118,899	2,089,233	1,462	0
31. New Jersey.....NJ	L	(44,983)	51,228	0	2,512,389	(17,567,287)	34,704,130	0	0
32. New Mexico.....NM	L	56,850	52,647	0	1,967,284	2,297,079	13,977,495	32	0
33. New York.....NY	L	1,796,516	2,000,533	0	11,994,450	839,433	42,542,762	2,843	0
34. North Carolina.....NC	L	1,102,553	1,338,041	0	1,860,984	1,125,622	16,725,146	1,427	0
35. North Dakota.....ND	L	8,590	12,613	0	(1,092)	36,006	435,315	0	0
36. Ohio.....OH	L	8,157	100,998	0	1,638,963	(12,596)	16,444,032	0	0
37. Oklahoma.....OK	L	284,257	242,879	0	1,006,675	1,954,874	20,053,025	13	0
38. Oregon.....OR	L	1,953,700	2,199,180	0	1,277,981	1,680,458	7,574,908	3,233	0
39. Pennsylvania.....PA	L	3,315,680	2,723,950	0	2,555,961	37,699,924	113,219,895	3,538	0
40. Rhode Island.....RI	L	6,285	15,414	0	49,637	(140,941)	2,060,043	15	0
41. South Carolina.....SC	L	697,594	703,085	0	1,085,107	(452,775)	12,518,157	964	0
42. South Dakota.....SD	L	213,252	390,481	0	423,816	583,081	1,482,741	189	0
43. Tennessee.....TN	L	439,928	457,224	0	1,734,931	595,687	22,214,068	385	0
44. Texas.....TX	L	446,302	540,029	0	8,261,959	1,521,763	45,779,164	522	0
45. Utah.....UT	L	391,167	611,146	0	63,753	388,036	4,342,544	749	0
46. Vermont.....VT	L	1,617,631	2,197,580	0	1,049,404	2,487,161	6,989,797	2,706	0
47. Virginia.....VA	L	568,769	480,906	0	2,385,642	(86,461)	28,832,862	754	0
48. Washington.....WA	L	83,313	88,434	0	186,999	(1,020,507)	4,459,914	204	0
49. West Virginia.....WV	L	93,401	103,453	0	272,919	111,205	2,164,975	33	0
50. Wisconsin.....WI	L	4,030,225	(2,649,301)	0	6,084,209	7,276,041	36,389,924	1,278	0
51. Wyoming.....WY	L	31,015	31,792	0	(899)	(155,843)	510,703	0	0
52. American Samoa.....AS	N	0	0	0	0	0	0	0	0
53. Guam.....GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	L	4,432	5,602	0	(408,493)	(3,357,746)	2,330,827	0	0
55. US Virgin Islands.....VI	L	400	400	0	0	(2,561)	23,592	0	0
56. Northern Mariana Islands.....MP	N	0	0	0	0	0	0	0	0
57. Canada.....CAN	N	0	0	0	0	36	1,813	0	0
58. Aggregate Other Alien.....OT	XXX	(186,290)	(186,290)	0	0	(2,135,733)	100,253,303	0	0
59. Totals.....(a) ..53		72,619,107	63,076,790	0	128,648,899	103,937,401	1,349,998,941	96,387	0

DETAILS OF WRITE-INS

58001. Brazil.....	XXX	0	0	0	0	(0)	90,854,888	0	0
58002. Egypt.....	XXX	0	0	0	0	(647)	824	0	0
58003. Norway.....	XXX	0	0	0	0	(314)	797	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	(186,290)	(186,290)	0	0	(2,134,771)	9,396,794	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	(186,290)	(186,290)	0	0	(2,135,733)	100,253,303	0	0

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

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

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

1. FIRE; 2. ALLIED LINES; 3. FARMOWNERS MULTIPLE PERIL; 4. HOMEOWNERS MULTIPLE PERIL; 5. COMMERCIAL MULTIPLE PERIL; 12. EARTHQUAKE; 26. BURGLARY AND THEFT; 27. BOILER AND MACHINERY-LOCATION OF PROPERTY INSURED; 8. OCEAN MARINE-LOCATION WHERE CONTRACT OF INSURANCE IS NEGOTIATED, EXCEPT BUILDERS RISKS WHICH ARE ALLOCATED ON LOCATIONS OF RISK; 9. INLAND MARINE-ADDRESS OF INSURED OR STATE OF PRINCIPAL EXPOSURE, BRIDGES AND TUNNELS-LOCATION OF PROPERTY; 10. FINANCIAL GUARANTY; 13. GROUP ACCIDENT AND HEALTH; 15. OTHER ACCIDENT AND HEALTH; 28. CREDIT-LOCATION OF INSURED; 11. MEDICAL MALPRACTICE; 16. WORKERS COMPENSATION; 17. OTHER LIABILITY; 18 PRODUCTS LIABILITY-LOCATION OF RISK; 19. AUTO LIABILITY; 21. AUTO PHYSICAL DAMAGE-LOCATION OF PRINCIPAL GARAGE OF INSURED; 22. AIRCRAFT (ALL PERILS)-LOCATION OF AIRPORT FROM WHICH INSURED AIRCRAFT PRINCIPALLY OPERATE; 23. FIDELITY-FORGERY-LOCATION OF INSURED, PUBLIC AND FEDERAL OFFICIAL-LOCATION OF OFFICIAL, ALL OTHER FIDELITY-LOCATION OF EMPLOYER; 24. SURETY-CONSTRUCTION CONTRACT-LOCATION OF WORK, SUPPLY CONTRACTS-LOCATION OF CONTRACTOR, JUDICIAL-LOCATION OF COURT, LICENSE-LOCATION OF OBLIGEE; ALL OTHER-LOCATION OF PRINCIPAL.

**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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