

ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL INSURANCE COMPANY

of **BOSTON**

in the state of **MASSACHUSETTS**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2016

PROPERTY AND CASUALTY

2016



23043201620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Insurance Company

NAIC Group Code 0111 0111 **NAIC Company Code** 23043 **Employer's ID Number** 04-1543470
(Current Period) (Prior Period)

Organized under the Laws of Massachusetts, **State of Domicile or Port of Entry** Massachusetts
Country of Domicile United States of America

Incorporated/Organized January 1, 1912 **Commenced Business** July 1, 1912

Statutory Home Office 175 Berkeley Street, Boston, MA, US 02116
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 175 Berkeley Street
(Street and Number)
Boston, MA, US 02116 617-357-9500
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 175 Berkeley Street, Boston, MA, US 02116
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 175 Berkeley Street Boston, MA, US 02116 617-357-9500
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.libertymutualgroup.com

Statutory Statement Contact Lindsey Pendergast 617-357-9500 x41177
(Name) (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com 857-224-1430
(E-Mail Address) (Fax Number)

OFFICERS

Chairman of the Board

David Henry Long

	Name	Title
1.	David Henry Long	President and Chief Executive Officer
2.	Mark Charles Touhey	Senior Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Senior Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Neeti Bhalla #	EVP and Chief Investment Officer	John Eric Brosius	EVP and Corporate Actuary
James Paul Condrin, III	Executive Vice President	Alison Brooke Erbig	Senior Vice President and Comptroller
Melanie Marie Foley	EVP-Chief Talent & Enterprise Services Off.	James Francis Kelleher	EVP and Chief Legal Officer
Dennis James Langwell	EVP and Chief Financial Officer	James Martin McGlennon	EVP and Chief Information Officer
Christopher Locke Peirce	Executive Vice President	Timothy Michael Sweeney	Executive Vice President

DIRECTORS OR TRUSTEES

Neeti Bhalla #	James Paul Condrin, III	James Francis Kelleher	Dennis James Langwell
David Henry Long	Christopher Locke Peirce	Timothy Michael Sweeney	Mark Charles Touhey

State of Massachusetts
County of Suffolk ss

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

_____ (Signature) David Henry Long _____ (Printed Name) 1. President and Chief Executive Officer _____ (Title)	_____ (Signature) Mark Charles Touhey _____ (Printed Name) 2. Senior Vice President and Secretary _____ (Title)	_____ (Signature) Laurance Henry Soyer Yahia _____ (Printed Name) 3. Senior Vice President and Treasurer _____ (Title)
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Subscribed and sworn to (or affirmed) before me this on this
31st day of January, 2017, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	12,786,680,493		12,786,680,493	12,635,775,991
2. Stocks (Schedule D):				
2.1 Preferred stocks	217,998,874		217,998,874	220,168,213
2.2 Common stocks	10,143,672,818	11,909,704	10,131,763,114	9,699,666,820
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	620,487,892		620,487,892	539,752,493
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	290,265,760		290,265,760	295,260,672
4.2 Properties held for the production of income (less \$ 0 encumbrances)				665,575
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (293,122,171), Schedule E - Part 1), cash equivalents (\$ 101,455,598, Schedule E - Part 2), and short-term investments (\$ 1,284,581,410, Schedule DA)	1,092,914,837		1,092,914,837	753,038,641
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)	9,774,118		9,774,118	24,246,932
8. Other invested assets (Schedule BA)	10,419,489,954	10,093,290	10,409,396,664	10,100,254,660
9. Receivables for securities	20,307,046		20,307,046	6,558,854
10. Securities lending reinvested collateral assets (Schedule DL)	163,507,789		163,507,789	228,615,998
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	35,765,099,581	22,002,994	35,743,096,587	34,504,004,849
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	112,757,395		112,757,395	120,872,424
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,251,908,261	49,896,324	1,202,011,937	1,193,023,397
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 18,679,652 earned but unbilled premiums)	3,310,168,918	1,867,966	3,308,300,952	3,097,481,861
15.3 Accrued retrospective premiums (\$ 199,664,574) and contracts subject to redetermination (\$ 0)	221,838,753	22,174,179	199,664,574	196,996,385
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	322,260,776		322,260,776	309,264,331
16.2 Funds held by or deposited with reinsured companies	31,089,175		31,089,175	28,669,235
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	32,897	229	32,668	14,558
18.1 Current federal and foreign income tax recoverable and interest thereon	203,076,831		203,076,831	144,184,440
18.2 Net deferred tax asset	1,665,501,000	133,916,378	1,531,584,622	1,472,175,057
19. Guaranty funds receivable or on deposit	11,177,406		11,177,406	9,865,562
20. Electronic data processing equipment and software	721,561,354	643,371,399	78,189,955	87,185,372
21. Furniture and equipment, including health care delivery assets (\$ 0)	578,271,488	578,271,488		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	572,978,465		572,978,465	548,198,478
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	766,246,820	80,586,476	685,660,344	631,280,557
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	45,533,969,120	1,532,087,433	44,001,881,687	42,343,216,506
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	45,533,969,120	1,532,087,433	44,001,881,687	42,343,216,506

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	449,217,121		449,217,121	421,276,653
2502. Other assets	151,260,442	80,572,538	70,687,904	40,296,182
2503. Equities and deposits in pools and associations	84,329,484		84,329,484	88,183,644
2598. Summary of remaining write-ins for Line 25 from overflow page	81,439,773	13,938	81,425,835	81,524,078
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	766,246,820	80,586,476	685,660,344	631,280,557

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	14,282,969,304	13,988,339,788
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	87,145,606	121,747,553
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	2,950,907,996	2,928,798,889
4. Commissions payable, contingent commissions and other similar charges	274,872,061	283,898,056
5. Other expenses (excluding taxes, licenses and fees)	488,747,133	465,024,944
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	124,363,465	122,376,225
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 150,000,000 and interest thereon \$ 547,865	150,547,865	150,547,865
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 7,729,202,631 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)	6,929,723,299	6,580,520,311
10. Advance premium	43,423,739	47,966,535
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	944,909	358,033
12. Ceded reinsurance premiums payable (net of ceding commissions)	847,157,701	840,244,201
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	208,362,823	210,794,503
14. Amounts withheld or retained by company for account of others	499,636,844	669,221,887
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)	39,649,905	29,659,093
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		432,921,542
19. Payable to parent, subsidiaries and affiliates	471,797,372	154,417,213
20. Derivatives	1,087,425	
21. Payable for securities	286,404,389	44,209,825
22. Payable for securities lending	163,507,789	228,615,998
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(377,573,431)	(771,713,568)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	27,473,676,194	26,527,948,893
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	27,473,676,194	26,527,948,893
29. Aggregate write-ins for special surplus funds	95,257,334	67,890,944
30. Common capital stock	10,000,000	10,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds	1,250,000	1,250,000
33. Surplus notes	623,557,748	623,491,467
34. Gross paid in and contributed surplus	8,604,442,356	8,204,442,356
35. Unassigned funds (surplus)	7,193,698,055	6,908,192,846
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	16,528,205,493	15,815,267,613
38. Totals (Page 2, Line 28, Col. 3)	44,001,881,687	42,343,216,506

DETAILS OF WRITE-IN LINES		
2501. Other liabilities	849,669,576	351,406,353
2502. Amounts held under uninsured plans	293,010,657	319,959,273
2503. Deposit liability	38,218,987	39,589,112
2598. Summary of remaining write-ins for Line 25 from overflow page	(1,558,472,651)	(1,482,668,306)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(377,573,431)	(771,713,568)
2901. Special surplus from retroactive reinsurance	95,257,334	67,890,944
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	95,257,334	67,890,944
3201. Guaranty funds	1,250,000	1,250,000
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	1,250,000	1,250,000

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	12,906,110,881	12,481,409,087
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	7,309,149,693	6,945,803,060
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,705,545,206	1,588,588,317
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	4,313,735,786	3,918,085,958
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	13,328,430,685	12,452,477,335
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(422,319,804)	28,931,752
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	507,309,532	616,628,717
10. Net realized capital gains (losses) less capital gains tax of \$ 20,548,553 (Exhibit of Capital Gains (Losses))	37,995,715	64,036,792
11. Net investment gain (loss) (Lines 9 + 10)	545,305,247	680,665,509
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,747,069 amount charged off \$ 47,826,445)	(45,079,376)	(42,411,746)
13. Finance and service charges not included in premiums	79,860,329	70,774,495
14. Aggregate write-ins for miscellaneous income	(23,561,222)	(34,651,948)
15. Total other income (Lines 12 through 14)	11,219,731	(6,289,199)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	134,205,174	703,308,062
17. Dividends to policyholders	8,884,883	9,677,688
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)	125,320,291	693,630,374
19. Federal and foreign income taxes incurred	(278,991,553)	(279,390,338)
20. Net income (Line 18 minus Line 19) (to Line 22)	404,311,844	973,020,712
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	15,815,267,613	16,569,299,988
22. Net income (from Line 20)	404,311,844	973,020,712
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 25,253,740	4,902,750	(1,281,553,202)
25. Change in net unrealized foreign exchange capital gain (loss)	19,804,566	(121,753,036)
26. Change in net deferred income tax	(32,523,036)	63,891,375
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	11,400,282	(321,349,242)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(9,990,812)	11,218,494
29. Change in surplus notes	66,281	66,281
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in	400,000,000	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(67,859,641)	(64,766,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(17,174,354)	(12,807,757)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	712,937,880	(754,032,375)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	16,528,205,493	15,815,267,613

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Retroactive reinsurance gain/(loss)	51,225,833	9,996,670
1402. Other income/(expense)	(74,787,055)	(44,648,618)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(23,561,222)	(34,651,948)
3701. Other changes in surplus	(17,174,354)	(12,807,757)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(17,174,354)	(12,807,757)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	13,011,654,103	12,450,220,588
2. Net investment income	652,128,541	752,278,152
3. Miscellaneous income	(184,145,924)	87,281,253
4. Total (Lines 1 through 3)	13,479,636,720	13,289,779,993
5. Benefit and loss related payments	7,073,653,680	6,691,826,887
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,994,703,309	5,506,540,072
8. Dividends paid to policyholders	8,298,007	10,566,202
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(200,536,793)	(271,329,735)
10. Total (Lines 5 through 9)	12,876,118,203	11,937,603,426
11. Net cash from operations (Line 4 minus Line 10)	603,518,517	1,352,176,567
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,632,096,291	2,672,533,611
12.2 Stocks	179,177,587	198,317,677
12.3 Mortgage loans	80,786,508	80,047,263
12.4 Real estate	4,137,737	
12.5 Other invested assets	1,232,497,035	1,262,122,102
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	33	8,242
12.7 Miscellaneous proceeds	(17,076,251)	58,678,311
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,111,618,940	4,271,707,206
13. Cost of investments acquired (long-term only):		
13.1 Bonds	4,690,694,318	2,699,748,087
13.2 Stocks	265,225,161	96,852,706
13.3 Mortgage loans	162,258,243	100,307,640
13.4 Real estate	22,059,524	35,629,745
13.5 Other invested assets	1,872,274,322	2,219,407,577
13.6 Miscellaneous applications	(242,138,020)	169,302,152
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,770,373,548	5,321,247,907
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(658,754,608)	(1,049,540,701)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	66,281	66,281
16.2 Capital and paid in surplus, less treasury stock	400,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	67,859,641	64,766,000
16.6 Other cash provided (applied)	62,905,647	(229,118,648)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	395,112,287	(293,818,367)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	339,876,196	8,817,499
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	753,038,641	744,221,142
19.2 End of year (Line 18 plus Line 19.1)	1,092,914,837	753,038,641

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

20.0001	2 - Net investment income	1,457,511	148,653
20.0002	7 - Commissions, expenses paid and aggregate write-ins for deductions	12,475,044	11,199,463
20.0003	12.1 - Proceeds from investments sold, matured or repaid - Bonds	3,483,297,328	3,059,570,507
20.0004	12.2 - Proceeds from investments sold, matured or repaid - Stocks	13,220,209	2,131,187
20.0005	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	117,042	79,237
20.0006	13.1 Cost of Investment Acquired - Bonds	3,501,400,229	3,033,989,443
20.0007	13.2 Cost of Investment Acquired - Stocks	745,165	13,330,181
20.0008	13.5 - Cost of Investment Acquired - Other invested assets	117,042	79,237
20.0009	16.6 - Other cash provided (applied)	16,645,390	25,432,638

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	297,237,243	133,771,261	136,472,811	294,535,693
2. Allied lines	190,661,151	97,967,660	100,721,324	187,907,487
3. Farmowners multiple peril	51,247,081	25,149,165	25,327,397	51,068,849
4. Homeowners multiple peril	2,898,817,990	1,510,642,542	1,554,956,776	2,854,503,756
5. Commercial multiple peril	1,109,056,253	560,237,207	562,500,797	1,106,792,663
6. Mortgage guaranty				
8. Ocean marine	42,784,832	34,582,153	28,388,895	48,978,090
9. Inland marine	398,794,965	83,626,963	89,349,978	393,071,950
10. Financial guaranty				
11.1 Medical professional liability—occurrence	38,818,857	16,977,463	17,779,012	38,017,308
11.2 Medical professional liability—claims-made	7,712,202	3,682,562	3,638,168	7,756,596
12. Earthquake	34,670,296	18,644,475	16,868,489	36,446,282
13. Group accident and health	1,624,185	1,568,752	(63,168)	3,256,105
14. Credit accident and health (group and individual)				
15. Other accident and health	867,758	97,106	111,048	853,816
16. Workers' compensation	986,995,834	42,069,325	72,710,050	956,355,109
17.1 Other liability—occurrence	872,462,563	374,863,098	434,108,641	813,217,020
17.2 Other liability—claims-made	315,081,802	172,012,803	195,828,829	291,265,776
17.3 Excess workers' compensation	20,356,588	12,776,478	10,999,944	22,133,122
18.1 Products liability—occurrence	89,235,201	51,001,660	49,703,841	90,533,020
18.2 Products liability—claims-made	4,334,130	2,013,185	2,041,307	4,306,008
19.1,19.2 Private passenger auto liability	3,088,210,684	1,451,057,850	1,548,197,129	2,991,071,405
19.3,19.4 Commercial auto liability	637,033,002	283,659,866	308,511,197	612,181,671
21. Auto physical damage	1,567,732,236	1,157,600,525	1,205,778,923	1,519,553,838
22. Aircraft (all perils)	28,666,328	7,783,212	11,671,976	24,777,564
23. Fidelity	21,895,628	12,309,703	9,483,658	24,721,673
24. Surety	375,513,447	252,627,263	258,154,940	369,985,770
26. Burglary and theft	339,616	198,674	188,878	349,412
27. Boiler and machinery	20,749,038	8,351,544	8,777,860	20,322,722
28. Credit	576,943	1,218,930	1,315,647	480,226
29. International				
30. Warranty	(81,611)	1,116,991	247,164	788,216
31. Reinsurance-nonproportional assumed property	89,574,298	19,048,996	15,347,613	93,275,681
32. Reinsurance-nonproportional assumed liability	53,823,846	12,818,831	18,655,464	47,987,213
33. Reinsurance-nonproportional assumed financial lines	4,640,278		4,255,804	384,474
34. Aggregate write-ins for other lines of business				
35. TOTALS	13,249,432,664	6,349,476,243	6,692,030,392	12,906,878,515

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	130,859,926	5,612,885			136,472,811
2. Allied lines	97,181,089	3,540,236			100,721,325
3. Farmowners multiple peril	25,177,179	150,218			25,327,397
4. Homeowners multiple peril	1,551,948,048	3,008,728			1,554,956,776
5. Commercial multiple peril	546,766,539	23,184,926	(7,450,667)		562,500,798
6. Mortgage guaranty					
8. Ocean marine	14,552,894	13,836,001			28,388,895
9. Inland marine	79,218,881	10,131,096			89,349,977
10. Financial guaranty					
11.1 Medical professional liability—occurrence	16,976,970	802,042			17,779,012
11.2 Medical professional liability—claims-made	1,978,357	1,659,812			3,638,169
12. Earthquake	16,468,465	400,024			16,868,489
13. Group accident and health	(7,774)	(55,394)			(63,168)
14. Credit accident and health (group and individual)					
15. Other accident and health	84,560	26,487			111,047
16. Workers' compensation	286,821,176	22,434,975	(7,728,396)	(228,817,704)	72,710,051
17.1 Other liability—occurrence	385,018,022	47,848,515	(472,618)	1,714,722	434,108,641
17.2 Other liability—claims-made	149,651,412	46,274,838	(22,950)	(74,471)	195,828,829
17.3 Excess workers' compensation	10,366,645	633,299			10,999,944
18.1 Products liability—occurrence	28,017,555	20,635,744	(179,519)	1,230,062	49,703,842
18.2 Products liability—claims-made	1,915,502	125,805			2,041,307
19.1,19.2 Private passenger auto liability	1,530,084,943	18,112,186			1,548,197,129
19.3,19.4 Commercial auto liability	298,567,265	5,835,298		4,108,634	308,511,197
21. Auto physical damage	1,205,450,480	328,443			1,205,778,923
22. Aircraft (all perils)	11,671,976				11,671,976
23. Fidelity	9,986,869	(503,211)			9,483,658
24. Surety	250,898,265	7,256,675			258,154,940
26. Burglary and theft	188,700	178			188,878
27. Boiler and machinery	8,253,832	524,029			8,777,861
28. Credit	322,621	993,026			1,315,647
29. International					
30. Warranty		247,164			247,164
31. Reinsurance-nonproportional assumed property	13,109,498	2,238,115			15,347,613
32. Reinsurance-nonproportional assumed liability	16,084,627	2,570,837			18,655,464
33. Reinsurance-nonproportional assumed financial lines	4,255,804				4,255,804
34. Aggregate write-ins for other lines of business					
35. TOTALS	6,691,870,326	237,852,977	(15,854,150)	(221,838,757)	6,692,030,396
36. Accrued retrospective premiums based on experience					221,838,753
37. Earned but unbilled premiums					15,854,151
38. Balance (Sum of Lines 35 through 37)					6,929,723,300

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

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

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	41,178,152	579,226,221	45,736,769	297,304,225	71,599,674	297,237,243
2. Allied lines	19,818,542	411,086,302	31,998,855	190,679,967	81,562,581	190,661,151
3. Farmowners multiple peril		105,599,113		51,253,998	3,098,034	51,247,081
4. Homeowners multiple peril	71,546,858	6,123,786,826	5,372,097	2,898,817,984	403,069,807	2,898,817,990
5. Commercial multiple peril	20,796,564	2,248,886,550	102,331,818	1,110,270,231	152,688,449	1,109,056,252
6. Mortgage guaranty						
8. Ocean marine	65,292,251	24,021,896	15,217,725	42,784,832	18,962,209	42,784,831
9. Inland marine	295,479,515	2,896,781,233	19,457,354	398,683,573	2,414,239,564	398,794,965
10. Financial guaranty						
11.1 Medical professional liability--occurrence	(48)	56,873,944	20,765,373	38,818,857	1,555	38,818,857
11.2 Medical professional liability--claims-made		10,568,259	5,065,701	7,712,202	209,555	7,712,203
12. Earthquake	49,035	70,338,523	5,262,189	34,866,466	6,112,984	34,670,297
13. Group accident and health	1,221,172	1,526,952	500,245	1,624,185		1,624,184
14. Credit accident and health (group and individual)						
15. Other accident and health	14,493	1,435,027	362,061	867,758	76,064	867,759
16. Workers' compensation	4,533,232	2,411,267,933	59,700,577	989,503,520	499,002,388	986,995,834
17.1 Other liability—occurrence	304,116,602	1,505,274,492	269,178,887	872,742,533	333,364,884	872,462,564
17.2 Other liability—claims-made	125,685,158	306,389,176	260,206,972	315,081,802	62,117,701	315,081,803
17.3 Excess workers' compensation	10,849,124	39,694,812	424,417	20,356,588	10,255,177	20,356,588
18.1 Products liability—occurrence	15,128,895	148,054,162	18,343,898	89,235,201	3,056,553	89,235,201
18.2 Products liability—claims-made	3,235,826	611,526	4,916,233	4,334,130	95,325	4,334,130
19.1,19.2 Private passenger auto liability	246,647,500	6,045,094,468	110,895,904	3,088,210,685	226,216,503	3,088,210,684
19.3,19.4 Commercial auto liability	16,711,114	1,253,419,476	27,052,904	637,109,213	23,041,279	637,033,002
21. Auto physical damage	233,388,694	4,663,723,153	84,791,658	3,295,459,898	118,711,372	1,567,732,235
22. Aircraft (all perils)	43,098,844	29,279,786	5,242,679	28,666,328	20,288,653	28,666,328
23. Fidelity	23,596,320	16,905,427	8,508,546	21,895,628	5,219,036	21,895,629
24. Surety	615,655,079	142,967,023	27,892,568	350,413,649	60,587,574	375,513,447
26. Burglary and theft	84,537	774,144	(29,456)	339,616	149,992	339,617
27. Boiler and machinery		40,118,906	1,819,069	19,816,369	1,372,569	20,749,037
28. Credit		1,153,886		576,943		576,943
29. International						
30. Warranty		(163,221)		(81,611)		(81,610)
31. Reinsurance-nonproportional assumed property	X X X	114,246,334	64,902,261	75,510,227	14,064,071	89,574,297
32. Reinsurance-nonproportional assumed liability	X X X	28,375,518	79,272,174	53,823,846		53,823,846
33. Reinsurance-nonproportional assumed financial lines	X X X		10,841,059	4,640,278	1,560,503	4,640,278
34. Aggregate write-ins for other lines of business						
35. TOTALS	2,158,127,459	29,277,317,847	1,286,030,537	14,941,319,121	4,530,724,056	13,249,432,666

DETAILS OF WRITE-IN LINES						
3401.						
3402.						
3403.						
3498. Sum of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

NONE

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

If yes: 1. The amount of such installment premiums \$ 1,015,958

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 966,679

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	7,797,519	338,499,568	193,273,471	153,023,616	184,317,417	123,712,698	213,628,335	72.531
2. Allied lines	13,934,499	328,875,559	232,497,331	110,312,727	48,424,216	49,735,920	109,001,023	58.008
3. Farmowners multiple peril	55,027,079	27,757,341	27,757,341	27,269,738	7,647,550	8,801,639	26,115,649	51.138
4. Homeowners multiple peril	36,866,243	3,051,801,880	1,615,007,942	1,473,660,181	592,399,469	554,859,744	1,511,199,906	52.941
5. Commercial multiple peril	29,105,833	968,347,664	510,748,829	486,704,668	977,882,724	960,996,928	503,590,464	45.500
6. Mortgage guaranty								
8. Ocean marine	28,707,383	8,705,776	23,522,369	13,890,790	51,395,890	38,138,386	27,148,294	55.429
9. Inland marine	161,856,933	1,505,381,121	1,426,700,829	240,537,225	47,164,461	49,008,581	238,693,105	60.725
10. Financial guaranty								
11.1 Medical professional liability—occurrence	22,025	8,215,395	4,490,215	3,747,205	50,269,872	49,892,821	4,124,256	10.848
11.2 Medical professional liability—claims-made		4,748,755	2,757,721	1,991,034	16,870,419	11,234,826	7,626,627	98.324
12. Earthquake	6,642	2,742,992	1,374,817	1,374,817	1,111,385	788,644	1,697,558	4.658
13. Group accident and health	633,435	3,722,763	2,270,701	2,085,497	1,819,495	1,827,727	2,077,265	63.796
14. Credit accident and health (group and individual)								
15. Other accident and health	33,876	3,082,743	1,874,358	1,242,261	7,427,912	9,848,210	(1,178,037)	(137.973)
16. Workers' compensation	89,683,317	1,628,594,514	1,058,961,441	659,316,390	6,022,422,412	6,139,028,710	542,710,092	56.748
17.1 Other liability—occurrence	238,827,300	821,812,259	626,398,970	434,240,589	1,725,728,869	1,759,450,575	400,518,883	49.251
17.2 Other liability—claims-made	81,937,655	141,310,744	145,408,250	77,840,149	494,005,112	426,024,862	145,820,399	50.064
17.3 Excess workers' compensation	2,873,090	32,301,380	20,481,766	14,692,704	283,913,700	285,540,170	13,066,234	59.035
18.1 Products liability—occurrence	13,863,304	94,587,950	78,738,166	29,713,088	182,155,415	165,551,983	46,316,520	51.160
18.2 Products liability—claims-made		771,902	385,951	385,951	7,943,441	11,262,094	(2,932,702)	(68.107)
19.1,19.2 Private passenger auto liability	175,931,257	3,770,544,376	2,048,245,931	1,898,229,702	2,432,698,727	2,280,873,569	2,050,054,860	68.539
19.3,19.4 Commercial auto liability	18,246,045	778,187,909	414,019,516	382,414,438	783,466,886	741,439,223	424,442,101	69.333
21. Auto physical damage	107,519,120	2,856,727,879	2,030,204,898	934,042,101	21,797,441	28,544,631	927,294,911	61.024
22. Aircraft (all perils)	21,452,134	2,011,207	12,172,527	11,290,814	17,755,715	17,709,573	11,336,956	45.755
23. Fidelity	1,612,421	3,099,116	2,557,302	2,154,235	29,713,661	24,224,552	7,643,344	30.918
24. Surety	17,400,321	(11,100,660)	2,968,328	3,331,333	102,622,702	42,899,734	63,054,301	17.042
26. Burglary and theft	1,016	122,267	61,642	61,641	103,791	76,359	89,073	25.492
27. Boiler and machinery		13,069,294	6,795,364	6,273,930	7,466,232	3,404,280	10,335,882	50.859
28. Credit		662,872	331,436	331,436	2,123,295	3,105,438	(650,707)	(135.500)
29. International								
30. Warranty					932,879	841,039	91,840	11.652
31. Reinsurance-nonproportional assumed property	X X X	43,597,391	21,797,776	21,799,615	77,259,882	81,841,952	17,217,545	18.459
32. Reinsurance-nonproportional assumed liability	X X X	33,127,476	16,563,738	16,563,738	101,908,526	115,800,127	2,672,137	5.568
33. Reinsurance-nonproportional assumed financial lines	X X X	2,487,139	1,359,679	1,127,460	2,219,809	1,874,792	1,472,477	382.985
34. Aggregate write-ins for other lines of business								
35. TOTALS	1,048,311,368	16,491,066,310	10,529,728,605	7,009,649,073	14,282,969,305	13,988,339,787	7,304,278,591	56.592

DETAILS OF WRITE-IN LINES								
3401.								
3402.								
3403.								
3498. Sum of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)								

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	2,244,337	224,338,286	114,878,911	111,703,712	19,279,353	132,877,181	79,542,829	184,317,417	10,135,668
2. Allied lines	17,436,907	106,329,657	90,275,198	33,491,366	3,546,920	34,288,995	22,903,065	48,424,216	5,217,662
3. Farmowners multiple peril		17,631,085	8,862,007	8,769,078		(2,243,055)	(1,121,528)	7,647,551	1,970,842
4. Homeowners multiple peril	10,093,755	676,208,241	360,116,412	326,185,584	3,686,984	560,863,155	298,336,254	592,399,469	119,756,506
5. Commercial multiple peril	27,663,138	904,339,522	480,098,690	451,903,970	7,686,943	1,060,942,101	542,650,291	977,882,723	338,319,181
6. Mortgage guaranty									
8. Ocean marine	52,153,921	17,467,431	47,507,948	22,113,404	36,468,557	33,086,358	40,272,429	51,395,890	7,049,110
9. Inland marine	46,286,897	30,585,705	53,720,193	23,152,409	22,380,966	195,323,331	193,692,244	47,164,462	8,168,228
10. Financial guaranty									
11.1 Medical professional liability—occurrence	143,794	12,129,392	6,474,989	5,798,197	(8,644,552)	99,385,630	46,269,403	50,269,872	4,606,982
11.2 Medical professional liability—claims-made		15,073,731	8,495,503	6,578,228	8,693,555	13,391,995	11,793,359	16,870,419	1,894,614
12. Earthquake		1,028,049	514,024	514,025		2,018,223	1,420,863	1,111,385	146,628
13. Group accident and health	1,574,224	1,041,154	1,678,183	937,195	453,635	1,364,965	936,301	(a) 1,819,494	140,320
14. Credit accident and health (group and individual)									
15. Other accident and health		40,790,494	36,880,411	3,910,083	106,240	20,899,307	17,487,718	(a) 7,427,912	2,786,997
16. Workers' compensation	769,537,721	6,459,729,272	4,413,816,909	2,815,450,084	477,758,471	7,688,721,089	4,959,507,232	6,022,422,412	900,616,665
17.1 Other liability—occurrence	372,088,295	1,324,314,711	1,008,964,767	687,438,239	389,293,392	2,596,916,905	1,947,919,668	1,725,728,868	528,645,876
17.2 Other liability—claims-made	124,030,444	209,426,648	225,657,506	107,799,586	220,617,834	701,344,782	535,757,090	494,005,112	106,698,759
17.3 Excess workers' compensation	30,303,785	300,681,201	203,325,059	127,659,927	46,916,251	382,920,983	273,583,461	283,913,700	33,107,909
18.1 Products liability—occurrence	29,400,737	97,813,130	75,084,501	52,129,366	96,639,209	176,023,475	142,636,635	182,155,415	130,162,257
18.2 Products liability—claims-made		204,635	114,818	89,817	2,184,019	14,488,614	8,819,009	7,943,441	3,849,287
19.1,19.2 Private passenger auto liability	113,448,782	3,412,632,867	2,065,318,637	1,460,763,012	113,466,874	1,891,711,727	1,033,242,886	2,432,698,727	556,146,396
19.3,19.4 Commercial auto liability	45,236,419	909,069,906	525,793,272	428,513,053	26,724,795	737,687,497	409,458,458	783,466,887	94,615,432
21. Auto physical damage	1,097,859	11,065,517	6,184,331	5,979,045	(2,374,892)	56,086,113	37,892,824	21,797,442	46,839,735
22. Aircraft (all perils)	37,212,030	8,745,234	37,471,292	8,485,972	8,029,583	13,061,919	11,821,759	17,755,715	3,611,263
23. Fidelity	12,471,515	5,098,694	11,980,494	5,589,715	32,885,965	21,815,101	30,577,121	29,713,660	3,527,588
24. Surety	125,041,335	(50,334,654)	37,298,088	37,408,593	100,008,905	39,624,890	74,419,686	102,622,702	31,515,821
26. Burglary and theft	14,895	35,003	24,950	24,948	237,234	(22,171)	136,220	103,791	48,031
27. Boiler and machinery		14,609,549	8,122,276	6,487,273	1	1,834,026	855,069	7,466,231	228,339
28. Credit		1,159,356	579,678	579,678		3,087,235	1,543,617	2,123,296	3,125
29. International									
30. Warranty					3,805,429	2,238,156	5,110,706	932,879	377,479
31. Reinsurance-nonproportional assumed property	X X X	57,454,533	28,739,156	28,715,377	X X X	97,108,840	48,564,335	77,259,882	1,404,882
32. Reinsurance-nonproportional assumed liability	X X X	62,513,185	31,256,593	31,256,592	X X X	141,303,866	70,651,933	101,908,525	9,284,494
33. Reinsurance-nonproportional assumed financial lines	X X X	4,131,293	2,073,399	2,057,894	X X X	4,204,288	4,042,373	2,219,809	31,928
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,817,480,790	14,875,312,827	9,891,308,195	6,801,485,422	1,609,851,671	16,722,355,521	10,850,723,310	14,282,969,304	2,950,908,004

10

DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	234,323,650			234,323,650
1.2 Reinsurance assumed	1,433,336,295			1,433,336,295
1.3 Reinsurance ceded	917,787,479			917,787,479
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	749,872,466			749,872,466
2. Commission and brokerage:				
2.1 Direct, excluding contingent		196,870,479		196,870,479
2.2 Reinsurance assumed, excluding contingent		2,726,011,325		2,726,011,325
2.3 Reinsurance ceded, excluding contingent		2,177,865,305		2,177,865,305
2.4 Contingent—direct		13,925,734		13,925,734
2.5 Contingent—reinsurance assumed		389,658,461		389,658,461
2.6 Contingent—reinsurance ceded		204,971,259		204,971,259
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		943,629,435		943,629,435
3. Allowances to manager and agents		131,359,009		131,359,009
4. Advertising	1,403,406	248,436,264	31,144	249,870,814
5. Boards, bureaus and associations	4,240,918	22,562,717	14,520	26,818,155
6. Surveys and underwriting reports	53,069	66,458,765	9	66,511,843
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	556,690,393	1,204,709,359	22,382,916	1,783,782,668
8.2 Payroll taxes	23,041,695	102,806,624	849,543	126,697,862
9. Employee relations and welfare	118,723,944	503,998,715	4,168,079	626,890,738
10. Insurance	32,024,312	(2,114,231)	2,242,837	32,152,918
11. Directors' fees	6	(7,507)		(7,501)
12. Travel and travel items	32,818,718	74,361,222	602,830	107,782,770
13. Rent and rent items	27,359,397	124,786,291	980,033	153,125,721
14. Equipment	18,538,708	63,548,229	1,033,921	83,120,858
15. Cost or depreciation of EDP equipment and software	20,351,473	55,543,366	1,052,997	76,947,836
16. Printing and stationery	3,046,074	11,711,766	86,788	14,844,628
17. Postage, telephone and telegraph, exchange and express	15,437,093	74,513,829	667,494	90,618,416
18. Legal and auditing	4,557,119	16,630,930	577,699	21,765,748
19. Totals (Lines 3 to 18)	858,286,325	2,699,305,348	34,690,810	3,592,282,483
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 1,676,857		306,972,205		306,972,205
20.2 Insurance department licenses and fees		35,110,336		35,110,336
20.3 Gross guaranty association assessments		2,779,281		2,779,281
20.4 All other (excluding federal and foreign income and real estate)		43,387,166		43,387,166
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		388,248,988		388,248,988
21. Real estate expenses			30,232,752	30,232,752
22. Real estate taxes			3,854,477	3,854,477
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	97,386,415	282,552,016	1,221,531	381,159,962
25. Total expenses incurred	1,705,545,206	4,313,735,787	69,999,570	(a) 6,089,280,563
26. Less unpaid expenses—current year	2,950,907,996	886,329,984	1,652,675	3,838,890,655
27. Add unpaid expenses—prior year	2,928,798,888	869,662,925	1,636,300	3,800,098,113
28. Amounts receivable relating to uninsured plans, prior year		14,558		14,558
29. Amounts receivable relating to uninsured plans, current year		32,668		32,668
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,683,436,098	4,297,086,838	69,983,195	6,050,506,131

DETAILS OF WRITE-IN LINES				
2401. Other expenses	97,386,415	282,552,016	1,221,531	381,159,962
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	97,386,415	282,552,016	1,221,531	381,159,962

(a) Includes management fees of \$ 2,015,158,595 to affiliates and \$ 131,328,066 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	24,489,954	24,215,208
1.1 Bonds exempt from U.S. tax	(a)	100,161,235	91,173,405
1.2 Other bonds (unaffiliated)	(a)	320,105,616	321,378,685
1.3 Bonds of affiliates	(a)	7,894,770	7,894,770
2.1 Preferred stocks (unaffiliated)	(b)	11,201,168	11,095,613
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)		5,871,720	5,873,828
2.21 Common stocks of affiliates			
3. Mortgage loans	(c)	29,656,114	29,715,164
4. Real estate	(d)	59,948,089	59,948,089
5. Contract loans			
6. Cash, cash equivalents and short-term investments	(e)	7,954,082	7,738,941
7. Derivative instruments	(f)		
8. Other invested assets		91,590,425	91,590,425
9. Aggregate write-ins for investment income		817,504	817,504
10. Total gross investment income		659,690,677	651,441,632
11. Investment expenses	(g)		69,999,568
12. Investment taxes, licenses and fees, excluding federal income taxes	(g)		
13. Interest expense	(h)		56,349,947
14. Depreciation on real estate and other invested assets	(i)		17,782,584
15. Aggregate write-ins for deductions from investment income			
16. Total deductions (Lines 11 through 15)			144,132,099
17. Net investment income (Line 10 minus Line 16)			507,309,533

DETAILS OF WRITE-IN LINES			
0901. Aggregate write-ins for investment income		817,504	817,504
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		817,504	817,504
1501.			
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

NONE

- (a) Includes \$ 11,928,057 accrual of discount less \$ 53,543,645 amortization of premium and less \$ 0 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 \$ 78,915 paid for accrued interest on purchases.
- (d) Includes \$ 58,541,788 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 699,727 accrual of discount less \$ 124,695 amortization of premium and less \$ 169,012 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 \$ 49,813,078 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	365,143	(119,415)	245,728		
1.1 Bonds exempt from U.S. tax	4,448,924		4,448,924		
1.2 Other bonds (unaffiliated)	16,475,692	(11,862,780)	4,612,912	83,430,371	5,402,434
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	77,000		77,000	7,955,661	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	21,634,063	(4,316,672)	17,317,391	(26,297,590)	1,473,340
2.21 Common stocks of affiliates				357,673,387	
3. Mortgage loans	(1,097,829)		(1,097,829)	478,534	
4. Real estate	3,495,180	(9,294,870)	(5,799,690)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	33		33	11,013,566	(67,582)
7. Derivative instruments	24,564,058		24,564,058	(12,770,874)	
8. Other invested assets	19,054,826	(149,468)	18,905,358	(401,333,722)	(201,548)
9. Aggregate write-ins for capital gains (losses)		(4,729,615)	(4,729,615)	10,008,563	
10. Total capital gains (losses)	89,017,090	(30,472,820)	58,544,270	30,157,896	6,606,644

DETAILS OF WRITE-IN LINES					
0901. Aggregate write-ins for capital gains (losses)		(4,729,615)	(4,729,615)	10,008,563	
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(4,729,615)	(4,729,615)	10,008,563	

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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	11,909,704		(11,909,704)
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)	10,093,290		(10,093,290)
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	22,002,994		(22,002,994)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	49,896,324	43,563,741	(6,332,583)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,867,966	1,467,987	(399,979)
15.3 Accrued retrospective premiums and contracts subject to redetermination	22,174,179	21,840,249	(333,930)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	229	1,076	847
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	133,916,378	251,001,943	117,085,565
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	643,371,399	597,802,840	(45,568,559)
21. Furniture and equipment, including health care delivery assets	578,271,488	532,123,346	(46,148,142)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates		49,224	49,224
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	80,586,476	95,660,197	15,073,721
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,532,087,433	1,543,510,603	11,423,170
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,532,087,433	1,543,510,603	11,423,170

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	80,572,538	95,543,139	14,970,601
2502. Amounts receivable under high deductible policies	13,938	117,058	103,120
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	80,586,476	95,660,197	15,073,721

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Massachusetts, the accompanying financial statements of Liberty Mutual Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

The Company does not have any prescribed or permitted accounting practices.

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
LMIC state basis		4	20	\$404,311,844	\$ 973,020,712
State Prescribed Practices: NONE				-	-
State Permitted Practices: NONE				-	-
NAIC SAP				\$404,311,844	\$ 973,020,712

	SSAP #	F/S Page	F/S Line #	2016	2015
SURPLUS					
LMIC state basis		3	37	\$ 16,528,205,493	\$ 15,815,267,613
State Prescribed Practices: NONE				-	-
State Permitted Practices: NONE				-	-
NAIC SAP				\$ 16,528,205,493	\$ 15,815,267,613

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company applies the following accounting policies, where applicable:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Investment Analysis Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).
4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are based on market expectations. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. Derivative Securities, refer to Note 8.
10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses and loss adjustment expenses incurred but not reported. Such

NOTES TO FINANCIAL STATEMENTS

liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2016.

13. The Company has no pharmaceutical rebate receivables.

D. Going Concern

The Company is not aware of any conditions that would impact its ability to continue as a going concern.

Note 2 - Accounting Changes and Correction of Errors

There were no material changes in accounting principles and/or correction of errors.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company (“LMFIC”), a Wisconsin insurance company; Peerless Insurance Company (“PIC”), a New Hampshire insurance company; and Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 78% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 22% (LMFIC 6%, PIC 8%, and EICOW 8%). The transaction was accounted for as a statutory purchase and the cost was \$2,168,405,460, resulting in goodwill in the amount of \$1,147,694,340. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was \$114,769,463 for year ended December 31, 2016; goodwill is being amortized over ten years.

On June 9, 2010, the Company purchased LMFIC’s 2.892% holdings of the shares of Liberty Insurance Holdings, Inc. (“LIH”), a non-insurance holding company, for \$249,957,350 in cash and securities and EICOW’s 4.048% holdings of shares of LIH for \$349,871,398 in cash and securities. The purchase price represented the estimated fair value of the LIH shares. The transaction resulted in \$288,195,370 of goodwill to LMIC. Goodwill amortization was \$28,819,537 for year ended December 31, 2016; goodwill is being amortized over ten years.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for mortgage loans during 2016 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.140% and 6.000%
Mezzanine	N/A

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75%

3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2016	2015
\$ 36,306	\$ 47,900

NOTES TO FINANCIAL STATEMENTS

4. Age Analysis of Mortgage Loans:

Farm	Residential		Commercial		Mezzanine	Total
	Insured	All Other	Insured	All Other		

a. Current Year

1. Recorded Investment (All)

(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 621,569,642	\$ -	\$ 621,569,642
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	35,209	-	35,209
(e) 180+ Days Past Due	-	-	-	-	218,687	-	218,687

2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	-	-	-	-	-	-	-

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	-	-	-	-	-	-	-

4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 15,401,290	\$ -	\$ 15,401,290
(b) Number of Loans	-	-	-	-	599	-	599
(c) Percent Reduced	-	-	-	-	1.872%	-	1.872%

b. Prior Year

1. Recorded Investment (All)

(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 541,057,667	\$ -	\$ 541,057,667
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	320,562	-	350,562
(d) 90-179 Days Past Due	-	-	-	-	15,779	-	15,779
(e) 180+ Days Past Due	-	-	-	-	172,666	-	172,666

2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	-	-	-	-	-	-	-

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Interest Accrued	-	-	-	-	-	-	-

4. Interest Reduced

(a) Recorded Investment	\$ -	\$ -	\$ -	\$ -	\$ 10,937,650	\$ -	\$ 10,937,650
(b) Number of Loans	-	-	-	-	516	-	516
(c) Percent Reduced	-	-	-	-	1.756%	-	1.756%

5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

Farm	Residential		Commercial		Mezzanine	Total
	Insured	All Other	Insured	All Other		

a. Current Year

1. With Allowance for Credit Losses	\$-	\$ -	\$ -	\$ -	\$ 3,110,590	\$-	\$ 3,110,590
2. No Allowance for Credit Losses	-	-	-	-	4,105,065	-	4,105,065

b. Prior Year

1. With Allowance for Credit Losses	\$-	\$ -	\$ -	\$ -	\$ 3,331,226	\$-	\$ 3,331,226
2. No Allowance for Credit Losses	-	-	-	-	2,640,628	-	2,640,628

NOTES TO FINANCIAL STATEMENTS

6. Investment in Impaired Loans - Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	\$-	\$-	\$-	\$-	\$6,593,755	\$-	\$6,593,755
2. Interest Income Recognized	-	-	-	-	399,402	-	399,402
3. Recorded Investments on Nonaccrual Status	-	-	-	-	218,687	-	218,687
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	393,153	-	393,153
b. Prior Year							
1. Average Recorded Investment	\$-	\$-	\$-	\$-	\$7,110,327	\$-	\$7,110,327
2. Interest Income Recognized	-	-	-	-	381,493	-	381,493
3. Recorded Investments on Nonaccrual Status	-	-	-	-	191,067	-	191,067
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	375,753	-	375,753

7. Allowance for Credit Losses:

	2016	2015
a. Balance at beginning of period	\$1,814,180	\$2,549,958
b. Additions charged to operations	538,225	252,282
c. Direct write-downs charged against the allowances	(1,016,759)	(988,060)
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	<u>\$1,335,646</u>	<u>\$1,814,180</u>

8. Mortgage Loans Derecognized as a Result of Foreclosure:

	2016	2015
a. Aggregate amount of mortgage loans derecognized	\$ 240,010	\$ 42,422
b. Real estate collateral recognized	117,042	47,058
c. Other collateral recognized	-	-
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	-	-

9. Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probably that the loan will continue to perform.

B. Debt Restructuring

	2016	2015
1. The total recorded investment in restructured loans, as of year end	\$7,989,470	\$7,344,639
2. The realized capital losses related to these loans	-	-
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	-	-
4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.		

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan Backed Securities

- Prepayment speed assumptions are based on market expectations.
- All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2016 as of December 31, 2016: None

NOTES TO FINANCIAL STATEMENTS

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2016:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
59023XAB2	81,484	64,631	16,854	64,631	46,261	3/31/2016
61749BAB9	110,762	108,736	2,025	108,736	72,541	3/31/2016
61749BAB9	43,180	40,205	2,976	40,205	36,801	3/31/2016
32056FAC6	6,494,708	6,477,991	16,716	6,477,991	6,479,521	3/31/2016
32056FAC6	3,865,897	3,855,947	9,950	3,855,947	3,856,858	3/31/2016
21075WBF1	22,876	22,519	357	22,519	20,751	3/31/2016
12545CAU4	335,032	329,850	5,182	329,850	329,543	3/31/2016
05539TAR6	68,730	57,832	10,898	57,832	48,280	6/30/2016
59023XAB2	63,557	46,289	17,268	46,289	46,374	6/30/2016
61749BAB9	106,691	104,955	1,736	104,955	69,408	6/30/2016
61749BAB9	40,565	36,266	4,299	36,266	35,212	6/30/2016
32056FAC6	6,031,937	5,981,117	50,820	5,981,117	5,967,890	6/30/2016
32056FAC6	3,590,439	3,560,189	30,250	3,560,189	3,552,315	6/30/2016
05539TAR6	50,467	48,593	1,874	48,593	40,605	9/30/2016
21075WBF1	22,224	20,210	2,014	20,210	19,676	9/30/2016
12545CAU4	289,883	278,872	11,011	278,872	278,009	9/30/2016
12544LAK7	2,786,454	2,707,218	79,236	2,707,218	2,701,556	9/30/2016
12544LAK7	348,307	338,402	9,905	338,402	337,695	9/30/2016
12544LAK7	326,919	322,910	4,010	322,910	322,425	12/31/2016
12544LAK7	2,615,355	2,583,278	32,077	2,583,278	2,579,402	12/31/2016
61749BAB9	101,722	101,221	501	101,221	72,644	12/31/2016
32056FAC6	5,292,199	5,255,080	37,119	5,255,080	5,233,007	12/31/2016
32056FAC6	3,150,118	3,128,024	22,095	3,128,024	3,114,885	12/31/2016
21075WBF1	19,958	18,820	1,138	18,820	18,818	12/31/2016
12545CAU4	263,420	260,517	2,904	260,517	259,646	12/31/2016

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2016:

- a. The aggregate amount of unrealized losses:
- | | |
|------------------------|---------------|
| 1. Less than 12 Months | \$ 27,480,385 |
| 2. 12 Months or Longer | \$ 3,167,626 |
- b. The aggregate related fair value of securities with unrealized losses:
- | | |
|------------------------|------------------|
| 1. Less than 12 Months | \$ 1,858,717,201 |
| 2. 12 Months or Longer | \$ 850,077,883 |

5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

1. On May 5, 2016, the Company extended the termination date of a \$1,000,000,000 two-year committed repurchase agreement for general corporate purposes, from July 3, 2017 to July 3, 2018, unless extended. The Company's practice is to obtain collateral that approximates 91-95% of the fair value of securities transferred to the counterparty, as of the transaction date. As of December 31, 2016, no borrowings were outstanding under the agreement.

On December 21, 2015 the Company renewed a \$1,000,000,000 committed repurchase agreement for general corporate purposes, which terminates on December 21, 2017. As of December 31, 2016, no borrowings were outstanding under the agreement.

NOTES TO FINANCIAL STATEMENTS

2. The Company has not pledged any of its assets as collateral as of December 31, 2016.

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	<u>Fair Value</u>
1. Repurchase Agreement	
(a) Open	
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	
2. Securities Lending	
(a) Open	\$163,507,789
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	\$ 163,507,789
(g) Securities Received	\$69,102,718
(h) Total Collateral Received	\$ 232,610,507

3. Dollar Repurchase Agreement

(a) Open	
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	

b. The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged) \$ 232,610,507

c. All collateral is received in the form of cash and/or securities equal to or in excess of 102% of the loaned value and are maintained in a separate custody account. Cash collateral is reinvested into short-term investments as outlined in the terms of the investment agreement. Per the terms of the investment agreement the Company has the right and ability to redeem any eligible securities on short notice.

4. Securities Lending Transactions Administered by an Affiliated Agent

The Company's security lending transactions are not administered by an affiliate agent.

5. Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

	<u>Amortized Cost</u>	<u>Fair Value</u>
1. Repurchase Agreement		
(a) Open		
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		
2. Securities Lending		
(a) Open	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

(b) 30 Days or Less	\$77,894,217	\$77,894,217
(c) 31 to 60 Days	\$67,395,243	\$67,395,243
(d) 61 to 90 Days	\$18,218,328	\$18,218,328
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	\$163,507,789	\$163,507,789
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$163,507,789	\$163,507,789

3. Dollar Repurchase Agreement

(a) Open		
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		

- b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent on the liquidity of the current market conditions. Under current conditions, the reporting entity could liquidate all or a portion of its cash collateral reinvestment securities in order to meet the collateral calls that could come due under a worst-case scenario.

6. The Company has not accepted collateral that it is not permitted by contract or custom to sell or re-pledge..
7. The Company has not accepted collateral that extends beyond one year from the reporting date for securities lending transactions.

F. Real Estate

- The Company recognized an impairment on its commercial real estate property located in Irving, TX in the amount of \$9,294,870 during the year. The property was deemed held for sale during the year and the impairment reflects the difference between net book value and the estimated sales price. The impairment is in the "Net realized capital gains" on the Statement of Income.
- The Company classified two commercial real estate properties as held for sale during the year located in Irving, TX and Lexington, MA. Of these two properties, the property located in Lexington, MA was sold during the year and recognized a gain of \$3,495,180. The gain is in the "Net realized capital gains" caption on the Statement of Income.
- The Company has not experienced any changes to a plan of sale for investment in real estate.
- The Company does not engage in retail land sale operations.
- The Company does not hold real estate investments with participating mortgage loan features.

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

- There are thirteen years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years
- There were \$50,976,123 of LIHTC and other tax benefits recognized during the year.
- The balance of the investment recognized in the statement of financial position for the current year is \$213,482,799.
- The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.
- The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.
- The Company did not recognize any impairment loss on its LIHTC investment during the year.
- The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6 Total From Prior Year	7 Increase / (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)		
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	\$-	\$-	\$-	\$-	\$-
b. Collateral held under security lending agreements	\$163,507,789	\$-	\$-	\$-	\$163,507,789	\$228,615,998	\$(65,108,209)
c. Subject to repurchase agreements	\$-	\$-	\$-	\$-	\$-	\$-	\$-
d. Subject to reverse repurchase agreements	\$-	\$-	\$-	\$-	\$-	\$-	\$-
e. Subjects to dollar repurchase agreements	\$-	\$-	\$-	\$-	\$-	\$-	\$-
f. Subject to dollar reverse repurchase agreements	\$-	\$-	\$-	\$-	\$-	\$-	\$-
g. Placed under option contracts	\$-	\$-	\$-	\$-	\$-	\$-	\$-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	\$-	\$-	\$-	\$-	\$-	\$-	\$-
i. FHLB capital stock	\$18,124,900	\$-	\$-	\$-	\$18,124,900	\$18,624,900	\$(500,000)
j. On deposit with states	\$1,392,326,939	\$-	\$-	\$-	\$1,392,326,939	\$1,343,917,180	\$48,409,759
k. On deposit with other regulatory bodies	\$798,152,063	\$-	\$-	\$-	\$798,152,063	\$752,852,800	\$45,299,263
l. Pledged collateral to FHLB (including assets backing funding agreements)	\$177,058,782	\$-	\$-	\$-	\$177,058,782	\$179,390,471	\$(2,331,689)
m. Pledged as collateral not captured in other categories	\$573,322,476	\$-	\$-	\$-	\$573,322,476	\$564,289,212	\$9,033,264
n. Other restricted assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-
o. Total Restricted Assets	\$3,122,492,949	\$-	\$-	\$-	\$3,122,492,949	\$3,634,400,461	\$(511,907,512)

(a) Subset of column 1

(b) Subset of column 3

Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted	Percentage	
			10 Gross Restricted to Total Assets(c)	11 Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$-	\$-	0%	0%
b. Collateral held under security lending agreements	\$-	\$163,507,789	0%	0%
c. Subject to repurchase agreements	\$-	\$-	0%	0%
d. Subject to reverse repurchase agreements	\$-	\$-	0%	0%

NOTES TO FINANCIAL STATEMENTS

e. Subjects to dollar repurchase agreements	\$-	\$-	0%	0%
f. Subject to dollar reverse repurchase agreements	\$-	\$-	0%	0%
g. Placed under option contracts	\$-	\$-	0%	0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	\$-	\$-	0%	0%
i. FHLB capital stock	\$-	\$18,124,900	0%	0%
j. On deposit with states	\$-	\$1,392,326,939	3%	3%
k. On deposit with other regulatory bodies	\$-	\$798,152,063	2%	2%
l. Pledged collateral to FHLB (including assets backing funding agreements)	\$-	\$177,058,782	0%	0%
m. Pledged as collateral not captured in other categories	\$-	\$573,322,476	1%	1%
n. Other restricted assets	\$-	\$-	0%	0%
o. Total Restricted Assets	\$-	\$3,122,492,949	7%	7%

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

Description of Asset	Gross Restricted							Percentage		
	Current Year					6	7	8	9	10
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Lloyds Syndicate LOC	\$573,322,476	\$-	\$-	\$-	\$573,322,476	\$564,289,212	\$9,033,264	\$573,322,476	1%	1%
Total	\$573,322,476	\$-	\$-	\$-	\$573,322,476	\$564,289,212	\$9,033,264	\$573,322,476	1%	1%

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

Not applicable

4. Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets **
a. Cash	\$-	\$-	%	%
b. Schedule D, Part 1	-	-	%	%
c. Schedule D, Part 2, Section 1	-	-	%	%
d. Schedule D, Part 2, Section 2	-	-	%	%
e. Schedule B	-	-	%	%
f. Schedule A	-	-	%	%
g. Schedule BA, Part 1	-	-	%	%
h. Schedule DL, Part 1	\$163,507,789	\$163,507,789	0.36%	0.37%
i. Other	-	-	%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$163,507,789	\$163,507,789	0.36%	0.37%

* Column 1 divided by Asset Page, Line 26 (Column 1)

** Column 1 divided by Asset Page, Line 26 (Column 3)

	1 Amount	2 % of Liability to Total Liabilities *
k. Recognized Obligation Return Collateral Asset	\$163,507,789	0.37%

* Column 1 divided by Asset Page, Line 26 (Column 1)

NOTES TO FINANCIAL STATEMENTS

I. Working Capital Finance Investments

The Company does not invest in Working Capital Finance Investments.

J. Offsetting and Netting of Assets and Liabilities

Not applicable.

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Yes/NO)
912810PZ5	6,015,376	6,789,720	5,913,340	NO
912810QF8	10,979,452	11,634,736	10,943,860	NO
912810QV3	5,877,876	5,063,721	5,851,093	NO
912810RA8	3,470,436	3,850,291	3,485,827	NO
Total	\$26,343,139.09	\$27,338,468.05	\$26,194,119.92	

L. 5* Securities

Note applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

B. Impairments on joint ventures, partnerships or limited liability companies

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company realized impairment losses of \$149,468 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2016.

Note 8 - Derivative Instruments

A. Market risk is defined as the risk of adverse financial impact due to fluctuations in foreign exchange rates and other market driven factors and prices. Credit/counterparty risk is defined as the risk of financial loss if a borrower or counterparty is either unable or unwilling to repay borrowings or settle a transaction in accordance with the underlying contractual terms. We manage credit and counterparty risk by performing credit reviews and requiring the receipt of collateral. Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty and the collateral requirements are monitored and adjusted as needed. Collateral is generally held in the form of cash. We may be required to provide collateral to the counterparty in connection with our entry into derivative financial instruments.

B. As part of its risk management strategy, the Company uses forward contracts to hedge market risk related to foreign exchange rates and option contracts and swap contracts to hedge changes in oil prices. At the inception of the contract, the Company may designate the derivative as: (1) a hedge of the fair value of a recognized asset or liability, or firm commitment, (2) a cash flow hedge of the variability in expected future cash flows, (3) a hedge of foreign currency exposure, or (4) a replication transaction. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and immaterial to the underlying investment portfolio.

C. All derivatives are recognized on the balance sheet at fair value and reported as derivative assets or derivative liabilities. Changes in fair value are recorded as unrealized gains or losses in surplus. Realized gains and losses are recognized upon termination or maturity of contracts and reported as net realized capital gains or losses in the statement of income.

D. Not applicable

E. The Company has entered into Euro FX forward contracts to hedge Euro denominated assets. As of December 31, 2016, the unrealized gain on the open contracts was \$9,774,118. Realized loss on the FX forward contracts was \$2,656,313 for the twelve months ended December 31, 2016. The Company has entered into oil commodity options to hedge oil commodity prices. As of December 31, 2016, the unrealized loss on the oil option contracts was \$1,087,425. The Company's oil swap

NOTES TO FINANCIAL STATEMENTS

agreement was terminated during 2016. Realized gain on the oil swap agreement was \$27,220,371 for the twelve months ended December 31, 2016.

F. Not applicable.

Note 9 - Income Taxes

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

1.

	12/31/2016		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 2,360,874,000	\$ 390,621,000	\$ 2,751,495,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,360,874,000	390,621,000	2,751,495,000
(d) Deferred Tax Assets Nonadmitted	133,916,378	-	133,916,378
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	2,226,957,622	390,621,000	2,617,578,622
(f) Deferred Tax Liabilities	517,123,117	568,870,883	1,085,994,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 1,709,834,505	\$(178,249,883)	\$ 1,531,584,622

	12/31/2015		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 2,377,763,000	\$ 406,790,000	\$ 2,784,553,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,377,763,000	406,790,000	2,784,553,000
(d) Deferred Tax Assets Nonadmitted	251,001,943	-	251,001,943
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	2,126,761,057	406,790,000	2,533,551,057
(f) Deferred Tax Liabilities	428,569,000	632,807,000	1,061,376,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 1,698,192,057	\$(226,017,000)	\$ 1,472,175,057

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (16,889,000)	\$ (16,169,000)	\$ (33,058,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(16,889,000)	(16,169,000)	(33,058,000)
(d) Deferred Tax Assets Nonadmitted	(117,085,565)	-	(117,085,565)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	100,196,565	(16,169,000)	84,027,565
(f) Deferred Tax Liabilities	88,554,117	(63,936,117)	24,618,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 11,642,448	\$ 47,767,117	\$ 59,409,565

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2016		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ -	\$ -	\$ -
(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)	1,530,800,777	783,845	1,531,584,622
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,530,800,777	783,845	1,531,584,622
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			2,196,513,321
(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	517,123,117	568,870,883	1,085,994,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 2,047,923,894	\$ 569,654,728	\$ 2,617,578,622

	12/31/2015		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ -	\$ 20,450,671	\$ 20,450,671
(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)	1,434,629,081	17,095,305	1,451,724,386
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,434,629,081	17,095,305	1,451,724,386
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			2,045,980,001
(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	428,569,000	632,807,000	1,061,376,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 1,863,198,081	\$ 670,352,976	\$ 2,533,551,057

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ -	\$ (20,450,671)	\$ (20,450,671)
(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)	96,171,696	(16,311,460)	79,860,236
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	96,171,696	(16,311,460)	79,860,236
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			150,533,320
(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	88,554,117	(63,936,117)	24,618,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 184,725,813	\$ (100,698,248)	\$ 84,027,565

3.

	2016	2015
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	442.5%	450.6%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	15,100,472,944	14,436,197,687

NOTES TO FINANCIAL STATEMENTS

4.

	12/31/2016		12/31/2015		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	\$2,360,874,000	\$390,621,000	\$2,377,763,000	\$406,790,000	\$(16,889,000)	\$(16,169,000)
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	\$2,226,957,622	\$390,621,000	\$2,126,761,057	\$406,790,000	\$100,196,565	\$(16,169,000)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance: Yes ___ No X

B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.

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

	(1) 12/31/2016	(2) 12/31/2015	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (296,490,363)	\$ (293,038,231)	\$ (3,452,132)
(b) Foreign	17,498,809	13,647,892	3,850,917
(c) Subtotal	(278,991,554)	(279,390,339)	398,785
(d) Federal income tax on net capital gains	20,548,553	34,520,405	(13,971,852)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ (258,443,001)	\$ (244,869,934)	\$ (13,573,067)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 254,507,000	\$ 295,928,000	\$ (41,421,000)
(2) Unearned premium reserve	503,287,000	479,229,000	24,058,000
(3) Policyholder reserves	-	-	-
(4) Investments	50,428,000	20,185,000	30,243,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	13,993,000	14,181,000	(188,000)
(8) Compensation and benefits accrual	382,319,000	368,828,000	13,491,000
(9) Pension accrual	129,801,000	124,943,000	4,858,000
(10) Receivables – nonadmitted	481,659,000	452,378,000	29,281,000
(11) Net operating loss carry-forward	144,601,000	132,608,000	11,993,000
(12) Tax credit carry-forward	317,629,000	277,104,000	40,525,000
(13) Other (including items <5% of total ordinary tax assets)	82,650,000	212,379,000	(129,729,000)
(99) Subtotal	2,360,874,000	2,377,763,000	(16,889,000)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	133,916,378	251,001,943	(117,085,565)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	2,226,957,622	2,126,761,057	100,196,565
(e) Capital			
(1) Investments	176,484,000	205,436,000	(28,952,000)

NOTES TO FINANCIAL STATEMENTS

(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	214,137,000	201,354,000	12,783,000
(99) Subtotal	390,621,000	406,790,000	(16,169,000)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	390,621,000	406,790,000	(16,169,000)
(i) Admitted deferred tax assets (2d + 2h)	2,617,578,622	2,533,551,057	84,027,565
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	32,935,000	34,334,000	(1,399,000)
(2) Fixed assets	118,967,000	52,153,000	66,814,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	365,221,117	342,082,000	23,139,117
(99) Subtotal	517,123,117	428,569,000	88,554,117
(b) Capital:			
(1) Investments	568,870,883	631,775,000	(62,904,117)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	1,032,000	(1,032,000)
(99) Subtotal	568,870,883	632,807,000	(63,936,117)
(c) Deferred tax liabilities (3a99 + 3b99)	1,085,994,000	1,061,376,000	24,618,000
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 1,531,584,622	\$ 1,472,175,057	\$ 59,409,565

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of excludable dividend income, section 78 gross-up, foreign dividends, intercompany eliminations, compensation adjustments, intercompany dividends, meals and entertainment, LP & LLC income, tax exempt income, 481(a) adjustments, utilization of prior year net operating losses, mark to market adjustments, accrued expenses, limits on unearned premium reserve deductions, discounting of unpaid losses and loss adjustment expenses, bond premium amortization, depreciation, amortization, abandonments, intangible drilling costs, impairments, derivatives, tax free exchanges, generation of AMT credit carry-forwards, utilization of foreign tax credits, general business credits, revisions to prior year estimates, audit settlements, and foreign branch tax.
- E. The Company has net operating loss carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2012	\$ 413,146,000	2032

The Company has foreign tax credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2009	\$ 7,891,000	2019
2011	\$ 12,349,000	2021
2012	\$ 5,996,000	2022
2013	\$ 10,091,000	2023
2014	\$ 29,965,000	2024
2015	\$ 11,586,000	2025

The Company has general business credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2010	\$ 27,000	2030
2011	\$ 2,420,000	2031
2012	\$ 1,520,000	2032
2013	\$ 9,614,000	2033
2014	\$ 32,375,000	2034
2015	\$ 37,375,000	2035
2016	\$36,774,000	2036

The Company has alternative minimum tax credit carry-forwards of \$94,834,000. The alternative minimum tax credit carry-forward does not expire.

NOTES TO FINANCIAL STATEMENTS

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and none from the preceding year.

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Code.

F. The Company's Federal income tax return is consolidated with the following entities:

All Set Works, Inc.	Liberty Mutual Personal Insurance Company
AMBCO Capital Corporation	Liberty Mutual Technology Group, Inc.
America First Insurance Company	Liberty Northwest Insurance Corporation
America First Lloyd's Insurance Company	Liberty Personal Insurance Company
American Economy Insurance Company	Liberty RE (Bermuda) Limited
American Fire and Casualty Company	Liberty Sponsored Insurance (Vermont), Inc.
American States Insurance Company	Liberty Surplus Insurance Corporation
American States Insurance Company of Texas	LIH-RE of America Corporation
American States Lloyds Insurance Company	LIU Specialty Insurance Agency Inc.
American States Preferred Insurance Company	LM General Insurance Company
Berkeley Holding Company Associates, Inc.	LM Insurance Corporation
Berkeley Management Corporation	LM Property and Casualty Insurance Company
Capitol Court Corporation	LMHC Massachusetts Holdings Inc.
Colorado Casualty Insurance Company	Mid-American Fire & Casualty Company
Consolidated Insurance Company	North Pacific Insurance Company
Copley Venture Capital, Inc.	Ocasco Budget, Inc.
Diversified Settlements, Inc.	OCI Printing, Inc.
Emerald City Insurance Agency, Inc.	Ohio Casualty Corporation
Employers Insurance Company of Wausau	Ohio Security Insurance Company
Excelsior Insurance Company	Open Seas Solutions, Inc.
F.B. Beattie & Co., Inc.	Oregon Automobile Insurance Company
First National Insurance Company of America	Peerless Indemnity Insurance Company
First State Agency Inc.	Peerless Insurance Company
General America Corporation	Pilot Insurance Services, Inc.
General America Corporation of Texas	Rianoc Research Corporation
General Insurance Company of America	S.C. Bellevue, Inc.
Golden Eagle Insurance Corporation	SAFECARE Company, Inc.
Gulf States AIF, Inc.	Safeco Corporation
Hawkeye-Security Insurance Company	Safeco General Agency, Inc.
Indiana Insurance Company	Safeco Insurance Company of America
Insurance Company of Illinois	Safeco Insurance Company of Illinois
LEXCO Limited	Safeco Insurance Company of Indiana
Liberty-USA Corporation	Safeco Insurance Company of Oregon
Liberty Assignment Corporation	Safeco Lloyds Insurance Company
Liberty Energy Canada, Inc.	Safeco National Insurance Company
Liberty Financial Services, Inc.	Safeco Properties, Inc.
Liberty Hospitality Group, Inc.	Safeco Surplus Lines Insurance Company
Liberty Insurance Corporation	San Diego Insurance Company
Liberty Insurance Holdings, Inc.	SCIT, Inc.
Liberty Insurance Underwriters Inc.	St. James Insurance Company Ltd.
Liberty International Europe Inc.	The First Liberty Insurance Corporation
Liberty International Holdings Inc.	The Midwestern Indemnity Company
Liberty Life Assurance Company of Boston	The National Corporation
Liberty Life Holdings Inc.	The Netherlands Insurance Company
Liberty Lloyds of Texas Insurance Company	The Ohio Casualty Insurance Company
Liberty Management Services, Inc.	Wausau Business Insurance Company
Liberty Mexico Holdings Inc.	Wausau General Insurance Company
Liberty Mutual Agency Corporation	Wausau Underwriters Insurance Company
Liberty Mutual Fire Insurance Company	West American Insurance Company
Liberty Mutual Group Asset Management Inc.	Winmar Company, Inc.
Liberty Mutual Group Inc.	Winmar of the Desert, Inc.
Liberty Mutual Holding Company Inc.	Winmar Oregon, Inc.
Liberty Mutual Insurance Company	Winmar-Metro, Inc.

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

G. The Company does not expect the Federal and Foreign income tax loss contingencies, as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10, to significantly increase within twelve months of the reporting date.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

NOTES TO FINANCIAL STATEMENTS

- C. For the year ended December 31, 2016, the Company had the following capital transactions with its parent and subsidiaries:
1. Received capital contributions of \$400,000,000 from its parent, Liberty Mutual Group Inc.
 2. Received return of capital distributions of \$192,381,632
 3. Contributed capital in the amount of \$927,381,892
 4. Received dividends in the amount of \$87,507,204
- D. At December 31, 2016 the Company reported a net \$384,181,093 due from affiliates, consisting of net intercompany receivables, \$101,181,093 and loans to Liberty International Netherlands VOF, amounting to \$283,000,000 with maturities ranging from October 26, 2023 to August 23, 2030. Interest is paid annually. As of December 31, 2016 interest accrued and paid on the loans was \$86,283 and \$7,894,770, respectively. The loans are reported on Schedule BA, Other Long Term Invested Assets Owned. The terms of the intercompany arrangements, in general, require settlement at least quarterly.
- E. The Company has entered into guarantees to or on behalf of the following affiliates, as described in Note 14A.
- America First Insurance Company
 - Liberty Corporate Capital Limited
 - Liberty Information Technology Limited
 - Liberty Insurance Company Limited
 - Liberty Insurance DAC
 - Liberty International Underwriters Limited
 - Liberty International Underwriters Pte. Limited
 - Liberty Life Assurance Company of Boston
 - Liberty Mutual Group Inc.
 - Liberty Mutual Insurance Europe
 - Liberty Personal Insurance Company
 - Liberty Re (Bermuda) Limited
 - Liberty Surplus Insurance Company
 - Safeco Insurance Company of Oregon
 - San Diego Insurance Company
 - Companies in the Liberty Mutual Group with custodial accounts with JP Morgan Chase Bank
- F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

The Company is a party to a Federal Tax Sharing Agreement between LMHC and affiliates (Refer to Note 9F).

The Company is party to service agreements with the following SCA companies -

- Berkeley/Columbus II LLC
- Berkeley/Columbus Real Estate LLC
- Cascade Disability Management, Inc.
- Helmsman Insurance Agency LLC
- Helmsman Management Services LLC
- Liberty Information Technology Limited
- Liberty Life Assurance Company of Boston
- Liberty Lloyd's of Texas Insurance Company
- Liberty Mutual Agency Corporation
- Liberty Mutual Auto and Home Services LLC
- Liberty Mutual Equity LLC
- Liberty Mutual Group Inc.
- Liberty Mutual Managed Care LLC
- LIU Specialty Insurance Agency Inc.
- LM Property and Casualty Insurance Company
- San Diego Insurance Company
- Wausau Signature Agency LLC

Under these agreements, the Company may provide the SCA companies with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company and through a management services agreement entered into by the Company and LMGI. Services include but are not limited to the following: claims handling, credit and collections, sales, policy production, underwriting and a variety of computer activities.

The Company is a party to a management services agreement with LMGI. Under the agreement, the Company may provide the SCA companies with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company and through a management services agreement entered into by the Company and LMGI. Services include but are not limited to the following: claims handling, credit and collections, sales policy production, underwriting and a variety of computer activities.

Pursuant to an Employee Benefit Plans Cost-Sharing Agreement, the Company has agreed to reimburse LMGI for certain costs related to one or more employee benefit or welfare plans covering current or past employees of the Company or its affiliates which have been transferred to LMGI or which may be transferred to LMGI in the future. The amount of the reimbursement is: (a) the required contributions to the pension plans and (b) with respect to other plans, the benefits incurred on the Company's behalf.

NOTES TO FINANCIAL STATEMENTS

The Company is a party to an investment management agreement with Liberty Mutual Investment Advisors LLC (“LMIA”). The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. (“LMGAM”). Under these agreements, LMIA and LMGAM provide services to the Company.

The Company is party to an account services agreement with Liberty Mutual Group Asset Management Inc. (“LMGAM”). Under the agreement LMGAM provides services to the Company with respect to the cash management account.

The Company is a party to an investment management agreement with the Liberty Mutual Retirement Plan Master Trust (the “Trust”). Under the agreement, the Company provides services to the Trust.

The Company is a party to an investment management agreement with LMGAM. Under the agreement, LMGAM provides sub-adviser services to the Company.

The Company is a party to revolving credit agreements under which the Company may lend funds to the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investment

Company	Credit Line
American States Insurance Company	\$50,000,000
Colorado Casualty Insurance Company	\$50,000,000
Employers Insurance Company of Wausau	\$150,000,000
General Insurance Company of America	\$50,000,000
Golden Eagle Insurance Corporation	\$50,000,000
Indiana Insurance Company	\$50,000,000
Liberty Corporate Capital Limited	\$100,000,000
Liberty Insurance Corporation	\$100,000,000
Liberty Insurance Underwriters Inc.	\$50,000,000
Liberty International Holdings Inc.	\$20,000,000
Liberty Life Assurance Company of Boston	\$150,000,000
	\$500,000,000
Liberty Mutual Fire Insurance Company	\$150,000,000
Liberty Mutual Group Inc.	\$1,150,000,000
Liberty Mutual Mid-Atlantic Insurance Company	\$50,000,000
Liberty Northwest Insurance Corporation	\$50,000,000
Liberty Surplus Insurance Corporation	\$50,000,000
Peerless Indemnity Insurance Company	\$100,000,000
Peerless Insurance Company	\$150,000,000
	\$500,000,000
Safeco Insurance Company of America	\$100,000,000
The Netherlands Insurance Company	\$50,000,000
The Ohio Casualty Insurance Company	\$130,000,000

There were no outstanding borrowings as of December 31, 2016.

The Company is a party to revolving credit agreements under which the Company may borrow funds from the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
American Economy Insurance Company	\$100,000,000
American States Insurance Company	\$100,000,000
Employers Insurance Company of Wausau	\$150,000,000
General Insurance Company of America	\$50,000,000
Golden Eagle Insurance Corporation	\$50,000,000
Indiana Insurance Company	\$50,000,000
Liberty Insurance Corporation	\$100,000,000
Liberty Mutual Fire Insurance Company ¹	\$450,000,000
Liberty Mutual Group Inc.	\$1,000,000,000
Peerless Insurance Company	\$150,000,000
	\$500,000,000
Safeco Insurance Company of America	\$100,000,000
The Ohio Casualty Insurance Company	\$140,000,000

There were no outstanding borrowings as of December 31, 2016.

¹Reference Note 11C for detail on 2016 short term borrowings.

There is an “Agent-Company Agreement” between the Company and Helmsman Insurance Agency, LLC (“Helmsman”) whereby Helmsman is appointed a property-casualty insurance agent of the Company and provides usual and customary services of an insurance agent on all insurance contracts placed by Helmsman with the Company.

The Company is a party to management service agreements (the “Agreements”) with the following SCA companies –

- America First Insurance Company
- America First Lloyds’ Insurance Company
- American Economy Insurance Company
- American Fire and Casualty Company

NOTES TO FINANCIAL STATEMENTS

American States Insurance Company
 American States Insurance Company of Texas
 American States Lloyds Insurance Company
 American States Preferred Insurance Company
 Colorado Casualty Insurance Company
 Consolidated Insurance Company
 Employers Insurance Company of Wausau
 Excelsior Insurance Company
 First National Insurance Company of America
 General Insurance Company of America
 Golden Eagle Insurance Corporation
 Hawkeye-Security Insurance Company
 Indiana Insurance Company
 Insurance Company of Illinois
 Liberty Insurance Corporation
 Liberty Insurance Underwriters Inc.
 Liberty Mutual Fire Insurance Company
 Liberty Mutual Mid-Atlantic Insurance Company
 Liberty Mutual Personal Insurance Company
 Liberty Northwest Insurance Corporation
 Liberty Personal Insurance Company
 Liberty Surplus Insurance Corporation
 LM General Insurance Company
 LM Insurance Corporation
 Mid-American Fire & Casualty Company
 Montgomery Mutual Insurance Company
 National Insurance Association
 North Pacific Insurance Company
 Ohio Security Insurance Company
 Oregon Automobile Insurance Company
 Peerless Indemnity Insurance Company
 Peerless Insurance Company
 Safeco Insurance Company of America
 Safeco Insurance Company of Illinois
 Safeco Insurance Company of Indiana
 Safeco Insurance Company of Oregon
 Safeco Lloyds Insurance Company
 Safeco National Insurance Company
 Safeco Surplus Lines Insurance Company
 The First Liberty Insurance Corporation
 The Midwestern Indemnity Company
 The Netherlands Insurance Company
 The Ohio Casualty Insurance Company
 Wausau Business Insurance Company
 Wausau General Insurance Company
 Wausau Underwriters Insurance Company
 West American Insurance Company

Under these Agreements, the Company may provide these subsidiaries with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company and LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. The Company is reimbursed for the cost of all services which it provides under these Agreements.

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. Liberty Mutual Insurance Company (LMIC) owns 100.00% of Liberty Insurance Holdings, Inc (“LIH, Inc.”), a downstream holding company. LIH, Inc. is carried at audited U.S Generally Accepted Accounting Principals (“GAAP”) equity, adjusted for statutory basis of accounting in accordance with SSAP No 97.

At December 31, 2016, the Company’s ownership interest in LIH, Inc.’s assets, liabilities and results of operations are as follows:

	Assets	Liabilities	Results of Operations
Total LIH, Inc.	\$6,067,954,247	-	\$4,270
Total LMIC unamortized admitted goodwill	\$99,187,240	-	-

- J. The Company did not recognize any impairment write down for its SCA companies during the statement period.
- K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.

NOTES TO FINANCIAL STATEMENTS

- L. The company utilizes the look-through approach for the valuation of the following downstream non-insurance holding companies:

	Carrying Value
Berkeley Management Corporation	\$18,683,896
LM Captive Holdings LLC	\$9,562,794
Liberty Mutual Mexico LLC	\$41,806,905
Berkeley/Columbus III, LLC	\$365,485,750

The company has limited the value of its investment in these companies to the value contained in the audited financial statements. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the company's determination of the carrying value of the investment in the downstream non-insurance holding company.

- M. All SCA investments

- (1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
N/A				
Total SSAP No. 97 8a Entities		\$-	\$-	\$-
b. SSAP No. 97 8b(ii) Entities				
Liberty Insurance Holdings, Inc.	100%	\$6,165,141,486	\$6,165,141,486	\$-
Ohio Casualty Corporation	78%	1,436,673,119	1,436,673,119	-
Berkeley Management Corporation	100%	18,683,896	6,759,100	11,924,796
Liberty Mutual Captive Holdings LLC	100%	9,562,794	8,499,004	1,063,790
Total SSAP No. 97 8b(ii) Entities		\$7,630,061,295	\$7,617,072,710	\$12,988,586
c. SSAP No. 97 8b(iii)				
St. James/Arlington Real Estate Limited Partnership	92%	\$344,806,561	\$344,806,561	\$-
Liberty Energy Holdings, LLC	100%	1,827,871,118	1,827,871,118	-
Liberty Metals & Mining Holdings, LLC	100%	605,937,051	605,937,051	-
Liberty Mutual Investment Holdings LLC	40%	1,018,333,202	1,018,333,202	-
Liberty Mutual Opportunistic Investments LLC	100%	498,828,415	498,828,415	-
Liberty Structured Holdings LLC	100%	535,683,127	535,683,127	-
Liberty Mutual Latam LLC	100%	2,320,961	-	2,320,961
Georgia Tax Credit Fund LM L.P.	0.01%	1,229	1,229	-
RBC State Credit Fund	100%	13,098,032	13,098,032	-
Liberty Mutual Personal Insurance Ventures, LLC	100%	9,591,096	9,591,096	-
Raymond James LM MA LP LIHTC S	100%	2,701,042	2,701,042	-
Berkeley/Columbus III LLC	100%	365,485,750	365,485,750	-
Liberty Mutual Equity LLC	100%	(625)	(625)	-
Solaria Labs, LLC	100%	6,683,170	6,683,170	-
Liberty Real Estate Holding LLC	100%	88,619,720	88,619,720	-
Total SSAP No. 97 8b(iii) Entities		\$5,319,959,849	\$5,317,638,888	\$2,320,961
d. SSAP No. 97 8b(iv)				
Liberty Re Bermuda Limited	100%	\$342,554,979	\$342,554,979	\$-
Liberty Sponsored Insurance Vermont	100%			

NOTES TO FINANCIAL STATEMENTS

		6,223,065	6,223,065	-
Liberty Insurance Company Limited	100%	16,694,182	16,694,182	-
Liberty Brasil Investimentos e Participacoes Ltda.	100%	6,243,527	-	6,243,527
Liberty Mutual Mexico LLC	100%	41,806,905	41,341,892	465,013
Liberty International Holdings LLC	100%	3,858,635,750	3,858,635,750	-
Liberty International Netherlands V.O.F.	100%	283,000,000	283,000,000	-
Total SSAP No. 97 8b(iv) Entities		\$4,555,669,713	\$4,548,914,881	\$6,754,832
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)		\$17,505,690,858	\$17,483,626,478	\$22,002,994
f. Aggregate Total (a+e)		\$17,505,690,858	\$17,483,626,478	\$22,002,994

(2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	2015 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities						
N/A						
Total SSAP No. 97 8a Entities			\$ -			
b. SSAP No. 97 8b(ii) Entities						
Liberty Insurance Holdings, Inc.	S2	12/7/2016	\$5,826,720,184	Yes	No	N/A
Ohio Casualty Corporation	S2	12/7/2016	1,485,396,057	Yes	No	N/A
Berkeley Management Corporation	S2	12/6/2106	6,689,691	Yes	No	N/A
Liberty Mutual Captive Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(ii) Entities			\$7,318,805,932			
c. SSAP No. 97 8b(iii)						
St. James/Arlington Real Estate Limited Partnership	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Energy Holdings, LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Metals & Mining Holdings, LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Opportunistic Investments LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Structured Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Latam LLC	N/A	N/A	N/A	N/A	N/A	N/A
Georgia Tax Credit Fund LM L.P.	N/A	N/A	N/A	N/A	N/A	N/A
RBC State Credit Fund	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Personal Insurance Ventures, LLC	N/A	N/A	N/A	N/A	N/A	N/A
Raymond James LM MA LP LIHTC S	N/A	N/A	N/A	N/A	N/A	N/A
Berkeley/Columbus III LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Equity LLC	N/A	N/A	N/A	N/A	N/A	N/A
Solaria Labs, LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Real Estate Holding LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities			\$-			

NOTES TO FINANCIAL STATEMENTS

d. SSAP No. 97 8b(iv)						
Liberty Re Bermuda Limited	S2	12/6/2016	\$318,755,465	Yes	No	N/A
Liberty Sponsored Insurance Vermont	S2	12/6/2016	6,370,720	Yes	No	N/A
Liberty Insurance Company Limited	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Brasil Investimentos e Participacoes Ltda.	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Mexico LLC	N/A	N/A	N/A	N/A	N/A	N/A
Escritorio De Representacao No Brasil LTDA	N/A	N/A	N/A	N/A	N/A	N/A
Liberty International Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty International Netherlands V.O.F.	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iv) Entities			\$325,126,185			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			\$7,643,932,117			
f. Aggregate Total (a+e)			\$7,643,932,117			

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

N. Investment in Insurance SCAs

The company does not hold investments in Insurance SCAs for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company maintains two \$1,000,000,000 committed repurchase agreements for general corporate purposes (See Note 5E). There were no outstanding borrowings as of December 31, 2016.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. On March 23, 2012, the Company borrowed \$127,000,000 under the agreement with a maturity date of March 23, 2032. On April 2, 2012, the Company borrowed \$23,000,000 under the agreement with a maturity date of April 2, 2032. The borrowings are fully collateralized. Interest on the March 23, 2012 borrowing accrues at an annual rate of 4.24%. Interest on the April 2, 2012 borrowing accrues at an annual rate of 4.25%. For December year-to-date, the Company has incurred and paid interest expense of \$6,468,338. It is part of the Company's strategy to utilize these funds as backup liquidity. The Company has determined the actual maximum borrowing capacity as \$2,000,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	11,374,829	11,374,829	-
Activity Stock	6,750,071	6,750,071	-
Excess Stock	-	-	-
Aggregate Total	\$ 18,124,900	\$ 18,124,900	-
Actual Borrowing Capacity as Determined by the Insurer	\$2,000,000,000	XXX	XXX

NOTES TO FINANCIAL STATEMENTS

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	\$ -	\$ -	\$ -
Membership Stock – Class B	11,874,900	11,874,900	-
Activity Stock	6,750,000	6,750,000	-
Excess Stock	-	-	-
Aggregate Total	\$ 18,624,900	\$ 18,624,900	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	\$ 2,000,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Class A	-	-	-	-	-	-
Class B	\$ -	\$11,374,829	-	-	-	-

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 178,214,133	\$ 177,058,782	\$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 178,214,133	\$ 177,058,782	\$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ -	\$ -	\$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	\$ 179,390,471	\$ 177,255,112	\$ 150,000,000

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ 186,395,487	\$ 182,026,268	\$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ 186,395,487	\$ 182,026,268	\$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	\$ 179,390,471	\$ 177,255,112	\$ 150,000,000

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	\$ 150,000,000	\$ 150,000,000	\$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	\$ 150,000,000	\$ 150,000,000	\$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	\$ 150,000,000	\$ 150,000,000	\$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	\$ 150,000,000	\$ 150,000,000	\$ -

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	N/A
Other	N/A

- C. The Company maintains a \$650,000,000 revolving line of credit with Peerless Insurance Company (“PIC”) (see Note 10F). On April 14, 2016 the Company borrowed \$200,000,000 under the agreement with an annual interest rate of 1.923% and a maturity date of June 14, 2016. The loan was paid off on May 10, 2016. For December year-to-date 2016, the Company has incurred and paid interest expense of \$243,307. There were no outstanding borrowings as of December 31, 2016.

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

A. Defined Benefit Plan

Eligible employees may participate in the Liberty Mutual Retirement Benefit Plan for U.S. Employees, the Supplemental Income at Retirement Plan (SIRP) which has both a defined benefit component and defined contribution savings component, the Liberty Mutual 401(k) plan (defined contribution savings) and the U.S. postretirement health and life insurance benefit plans sponsored by the Holding Company, Liberty Mutual Group Inc. (LMGI). Accordingly, the plan assets and obligations are not included in the Company’s summary of assets and obligations below.

The Company continues to sponsor non-contributory defined benefit pension and contributory defined contribution savings plans covering substantially all Canadian employees and certain U.S. employees. Also, the Company continues to provide certain health care and life insurance postretirement benefits for Canadian and certain U.S. employees. The pension and postretirement benefits and eligibility are based on age, years of service and the employee’s compensation as more fully defined in the plan documents. As of December 31, the Company accrued pension and postretirement cost in accordance with actuarially determined amounts.

A summary of assets, obligations, and assumptions of the Company sponsored Pension Plans and Postretirement Benefit Plans are as follows as of December 31, 2016 and December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

(1) Change in Benefit Obligation

a. Pension Benefits

	Overfunded		Underfunded	
	2016	2015	2016	2015
1. Benefit obligation at beginning of year	\$ -	\$ -	\$ 168,388,772	\$ 179,724,646
2. Service cost	-	-	2,269,752	2,407,008
3. Interest cost	-	-	6,647,027	7,502,316
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain) loss	-	-	13,863,427	(1,727,176)
6. Foreign currency exchange rate changes	-	-	2,459,824	(13,651,830)
7. Benefits paid	-	-	(9,814,081)	(7,289,850)
8. Plan amendments	-	-	(2,589,252)	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	1,423,658
10. Benefit obligation at end of year	\$ -	\$ -	\$ 181,225,469	\$ 168,388,772

b. Postretirement Benefits

	Overfunded		Underfunded	
	2016	2015	2016	2015
1. Benefit obligation at beginning of year	\$ -	\$ -	\$ 180,678,446	\$ 195,612,031
2. Service cost	-	-	2,687,052	3,452,181
3. Interest cost	-	-	8,585,759	8,884,321
4. Contribution by plan participants	-	-	-	-
5. Actuarial (gain) loss	-	-	14,917,432	(24,792,402)
6. Foreign currency exchange rate changes	-	-	209,070	(1,146,597)
7. Benefits paid	-	-	(1,457,497)	(1,331,088)
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
10. Benefit obligation at end of year	\$ -	\$ -	\$ 205,620,262	\$ 180,678,446

c. Special or Contractual Benefits per SSAP No. 11

	Overfunded		Underfunded	
	2016	2015	2016	2015
1. Benefit obligation at beginning of year	N/A	N/A	N/A	N/A
2. Service cost	N/A	N/A	N/A	N/A
3. Interest cost	N/A	N/A	N/A	N/A
4. Contribution by plan participants	N/A	N/A	N/A	N/A
5. Actuarial (gain) loss	N/A	N/A	N/A	N/A
6. Foreign currency exchange rate changes	N/A	N/A	N/A	N/A
7. Benefits paid	N/A	N/A	N/A	N/A
8. Plan amendments	N/A	N/A	N/A	N/A
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	N/A	N/A	N/A	N/A
10. Benefit obligation at end of year	N/A	N/A	N/A	N/A

(2) Change in Plan Assets

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2016	2015	2016	2015	2016	2015
	a. Fair value of plan assets at beginning of year	\$ 51,419,675	\$ 61,546,468	\$ -	\$ -	N/A
b. Actual return on plan assets	4,448,049	564,131	-	-	N/A	N/A
c. Foreign currency exchange rate changes	1,760,294	(10,236,079)	-	-	N/A	N/A
d. Reporting entity contribution	3,795,322	2,198,811	-	-	N/A	N/A
e. Plan participants' contributions	-	-	-	-	N/A	N/A
f. Benefits paid	(2,594,962)	(2,653,656)	-	-	N/A	N/A
g. Business combinations, divestitures and settlements	-	-	-	-	N/A	N/A
h. Fair value of plan assets at end of year	\$ 58,828,378	\$ 51,419,675	\$ -	\$ -	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

(3) Funded Status

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	\$ 14,122,058	\$ 13,206,855	\$ -	\$ -
2. Overfunded plan assets	(14,122,058)	(13,206,855)	-	-
3. Total assets (nonadmitted)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Underfunded:				
b. Liabilities recognized				
1. Accrued benefit costs	\$ 79,406,165	\$ 79,201,827	\$ 96,497,419	\$ 78,998,694
2. Liability for pension benefits	42,990,926	37,767,269	49,578,143	24,843,021
3. Total liabilities recognized	<u>\$ 122,397,091</u>	<u>\$ 116,969,097</u>	<u>\$ 146,075,562</u>	<u>\$ 103,841,715</u>
c. Unrecognized liabilities	\$ -	\$ -	\$ 59,544,700	\$ 76,836,731

(4) Components of Net Periodic Costs

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2016	2015	2016	2015	2016	2015
a. Service cost	\$ 2,269,752	\$ 2,407,008	\$ 2,687,052	\$ 3,452,181	N/A	N/A
b. Interest cost	6,647,027	7,502,316	8,585,759	8,884,321	N/A	N/A
c. Expected return on plan assets	(2,321,050)	(2,347,552)	-	-	N/A	N/A
d. Transition asset or obligation	117,092	106,090	5,936,041	5,936,041	N/A	N/A
e. Gains and losses	3,821,799	3,909,154	(1,740,034)	718,927	N/A	N/A
f. Prior service cost or credit	102,405	103,772	3,358,271	3,364,712	N/A	N/A
g. Gain or loss recognized due to a settlement or curtailment	-	-	-	-	N/A	N/A
h. Total net periodic benefit cost	<u>\$ 10,637,025</u>	<u>\$ 11,680,788</u>	<u>\$ 18,827,089</u>	<u>\$ 22,356,182</u>	N/A	N/A

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
a. Items not yet recognized as a component of net periodic benefit cost - prior year	\$ 50,974,127	\$ 60,560,849	\$ 101,679,751	\$ 136,955,197
b. Net transition asset or obligation recognized	(117,092)	(106,090)	(5,936,041)	(5,936,041)
c. Net prior service cost or credit arising during the period	(2,589,252)	-	-	-
d. Net prior service cost or credit recognized	(102,405)	(103,772)	(3,358,271)	(3,364,712)
e. Net gain and loss arising during the period	12,769,405	(5,467,706)	14,997,370	(25,255,766)
f. Net gain and loss recognized	<u>(3,821,799)</u>	<u>(3,909,154)</u>	<u>1,740,034</u>	<u>(718,927)</u>
g. Items not yet recognized as a component of net period benefit cost - current year	<u>\$ 57,112,984</u>	<u>\$ 50,974,127</u>	<u>\$ 109,122,843</u>	<u>\$ 101,679,751</u>

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
a. Net transition asset or obligation	\$ 123,462	\$ 138,402	\$ 5,936,041	\$ 5,936,041
b. Net prior service cost or credit	\$ (205,838)	\$ 99,755	\$ 3,354,541	\$ 3,345,795
c. Net recognized gains and losses	\$ 4,582,095	\$ 3,540,595	\$ 1,114,144	\$ (1,440,311)

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
a. Net transition asset or obligation	\$ 1,789,871	\$ 1,943,201	\$ 94,976,646	\$ 100,912,687
b. Net prior service cost or credit	\$ (2,112,673)	\$ 563,483	\$ 9,954,652	\$ 13,265,101
c. Net recognized gains and losses	\$ 57,435,786	\$ 48,467,443	\$ 4,191,545	\$ (12,498,036)

NOTES TO FINANCIAL STATEMENTS

- (8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
a. Weighted-average discount rate	4.60%	4.47%	5.25%	4.82%
b. Interest cost effective interest rate	3.97%	4.47%	4.82%	4.82%
c. Service cost discount rate	4.30%	4.47%	5.33%	4.82%
d. Expected return on plan assets	4.25%	4.25%	N/A	N/A
e. Rate of compensation increase	3.57%	3.77%	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
d. Weighted-average discount rate	4.34%	4.60%	4.94%	5.25%
e. Rate of compensation increase	3.63%	3.57%	N/A	N/A

For measurement purposes, a 6.33% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2016. The rate was assumed to decrease gradually to 4.50% in 2032.

- (9) The amount of the accumulated benefit obligation for the defined benefit pension plans was \$170,582,283 for the current year and \$154,906,824 for the prior year.
- (10) Not Applicable
- (11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage Point			
		Increase		Decrease
a. Effect on total of service and interest cost components	\$	197,084	\$	(81,876)
b. Effect on postretirement benefit obligation	\$	1,388,613	\$	(1,025,166)

- (12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	Amount
a. 2017	\$ 12,204,728
b. 2018	\$ 13,046,018
c. 2019	\$ 13,589,100
d. 2020	\$ 14,557,589
e. 2021	\$ 15,480,359
f. 2022 to 2026	\$ 91,743,251

- (13) The Company currently intends to make a contribution of \$3,728,420 to the defined benefit pension plan in 2017 as required by regulation.
- (14) – (19) Not Applicable
- (20) See Items 1 – 9
- (21) The Company elected to apply the transition guidance to record the surplus impact of adopting SSAP No. 92 - Accounting for Postretirement Benefits Other Than Pensions, SSAP No. 102 Accounting for Pensions, and EITF 06-04 Accounting for Split-Dollar Life Insurance Arrangements in 2013. The full transition surplus impact as of January 1, 2016 was \$76,836,731. During 2016, \$17,292,031 was recognized resulting in an end of year transition liability of \$59,544,700. It is expected that the remaining surplus impact will be recognized over the next six years.

B. Information about Plan Assets

The Company recognizes that, based on historical data, the asset classes most likely to produce the greatest return in excess of inflation over time are also likely to exhibit the most volatility. Conversely, the asset classes likely to be the least volatile are likely to produce the lowest return over time. Therefore, the investment philosophies and strategies must take into account both return and risk objectives.

Based on the following considerations, the Company can tolerate a moderate amount of risk while striving to maximize investment returns:

- i. The Company is responsible for financing any unfunded liabilities emerging because of poor investment returns. Therefore, the Company has a direct exposure to risk. While it is important to avoid excessive volatility in investment returns, the Company can tolerate some volatility risk;
- ii. The Company contributes to the Plan in compliance with regulatory requirements and at a level sufficient to finance the defined benefits. The Company will establish these contributions based on the advice of an actuary.

NOTES TO FINANCIAL STATEMENTS

However, periodic increases in pension contributions, to finance unfunded liabilities emerging from poorer than expected investment performance, should not significantly affect the Company's overall cash flow. Therefore, the Company can tolerate some volatility of investment returns; and,

- iii. The Plan is managed on a going concern basis, including management of the assets. In the foreseeable future, it is unlikely that there will be any special liquidity demands on the Plan. Thus, shorter-term fluctuations in security values will not have a significant adverse impact on the financial stability of the Plan. Therefore, the Company can tolerate some volatility of investment returns.

Taking into consideration the investment risk and philosophy of the Plan, the Canada Pension Plan weighted-average asset allocation and target allocation for each major category of plan assets is as follows:

	<u>2016</u>	<u>2015</u>	<u>Target Allocation</u>
Debt Securities	55%	55%	55% - 80%
Equity Securities	40%	37%	20% - 45%
Other	5%	8%	0% - 10%
Total	100%	100%	

The investment strategy for each category of Plan assets is as follows:

Fixed maturities: To achieve superior performance against the DEX Universe Bond Index over a longer time horizon.

Equities: To achieve superior performance against a composite benchmark of Standard & Poor's/Toronto Stock Exchange and MSCI World over a longer time horizon.

The Plans' assets are administered by the Liberty Mutual Retirement Board who has the fiduciary responsibility for management of the Plans' assets in accordance with the Liberty Mutual Retirement Benefit Plan Investment Policy. This policy has been approved by the Liberty Mutual Retirement Board.

C. Fair Value of Plan Assets

All of the Plan's assets' fair value measurements are based on quoted prices in active markets for identical assets and deemed Level 1 or 2. Fair value measurements of the Plans' assets as of December 31, 2016 and 2015 are as follows:

(1) Fair Value Measurement of Plan Assets at December 31, 2016

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Cash, cash equivalents and short-term investments	\$ 289,745	\$ 2,448,184	\$ -	\$ 2,737,929
Fixed maturities:				
Corporate and other	-	5,989,846	-	5,989,846
Foreign Government Securities	-	26,490,303	-	26,490,303
Equities:				
U.S large cap equities	4,090,937	-	-	4,090,937
U.S. mid and small cap equities	271,922	-	-	271,922
European equities	2,805,942	-	-	2,805,942
Asian equities	771,485	-	-	771,485
Canadian Equities	15,670,015	-	-	15,670,015
Other Equities	-	-	-	-
Total Plan Assets	<u>\$ 23,900,045</u>	<u>\$ 34,928,333</u>	<u>\$ -</u>	<u>\$ 58,828,378</u>

(2) Fair Value Measurement of Plan Assets at December 31, 2015

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Cash, cash equivalents and short-term investments	\$ 287,902	\$ 3,678,801	\$ -	\$ 3,966,703
Fixed maturities:				
Corporate and other	-	4,719,741	-	4,719,741
Foreign Government Securities	-	23,878,564	-	23,878,564
Equities:				
U.S large cap equities	3,472,083	-	-	3,472,083
U.S. mid and small cap equities	455,854	-	-	455,854
European equities	2,762,867	-	-	2,762,867
Asian equities	612,466	-	-	612,466
Canadian Equities	11,435,178	-	-	11,435,178
Other Equities	116,219	-	-	116,219
Total Plan Assets	<u>\$ 19,142,569</u>	<u>\$ 32,277,106</u>	<u>\$ -</u>	<u>\$ 51,419,675</u>

D. Narrative description of expected long term rate of return assumption

NOTES TO FINANCIAL STATEMENTS

The expected long-term rate of return is estimated based on many factors including the expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies.

E. Defined Contribution Plans

The Company continues to sponsor various contributory defined contribution savings plans for Canadian and certain U.S. employees. The Company's expense charged to operations amounted to approximately \$267,351 and \$359,296 in 2016 and 2015, respectively. The Company's contribution to the contributory defined contribution savings plans is based on the employee contribution amounts and company performance.

F. Multi-employer Plans

Not Applicable

G. Consolidated/Holding Company Plans

The Company participates in noncontributory defined benefit pension plans and contributory defined contribution savings plans sponsored by LMGI, a Holding Company. In addition, the Company provides certain other postretirement benefits to retired employees through a postretirement health and life insurance plan sponsored by LMGI. The Company has no legal obligation for benefits under these plans subsequent to September 24, 2003 except for the minimum required contributions described in Note 14.

The Holding Company allocates costs to the Company pursuant to the Employee Benefits Plans Cost-Sharing Agreement disclosed in Note 10. The Company's cost allocation for the noncontributory defined benefit pension plans was \$810,153,471 and \$342,281,961 for 2016 and 2015, respectively. The Company's cost allocation for the contributory defined contribution savings plans was \$97,860,953 and \$129,696,973 for 2016 and 2015, respectively. The Company's cost allocation for the other postretirement benefit plans was \$27,940,859 and \$35,862,783 for 2016 and 2015, respectively.

H. Postemployment benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

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

Not Applicable

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

- The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2016. All shares have a stated par value of \$100.

The Company has 100,000 shares authorized of Series A Preferred Stock, 7,468 shares issued and outstanding as of December 31, 2016. All shares have a stated par value of \$0.01.

- On December 31, 2008, the Company issued 7,468 preferred shares, at an issuance price of \$647,660,000, to its parent, LMGI. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.
- There are no dividend restrictions.
- The Company paid ordinary dividends to its parent in 2016 of:

	Ordinary	Total Dividends
March	\$16,191,500	\$16,191,500
June	16,191,500	16,191,500
September	16,191,500	16,191,500
December	19,282,141	19,282,141
Total	\$67,859,641	\$67,859,641

- The maximum amount of dividends which can be paid by Massachusetts-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2017 is \$1,652,820,549
- As of December 31, 2016, the Company has pre-tax restricted surplus of \$95,257,334 resulting from retroactive reinsurance contracts.
- The Company had no advances to surplus.
- The Company does not hold stock for special purposes.
- The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2016.

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is (\$4,234,351,423) after applicable deferred taxes of \$1,337,982.

11. Surplus Notes

(1) Date Issued	(2) Interest Rate	(3) Amount of Note(s)	(4) Carrying Value	(5) Interest Paid Current Year	(6) Total Interest Paid	(7) Unapproved Interest	(8) Date of Maturity
May 18, 1995	8.500%	140,000,000	139,920,050	11,900,000	268,030,972	0	5/15/2025
Oct 21, 1996	7.875%	227,085,000	226,960,576	17,882,944	380,818,633	0	10/15/2026
Oct 15, 1997	7.697%	260,233,000	256,677,122	20,030,134	635,239,331	0	10/15/2097
Total		\$627,318,000	\$623,557,748	\$49,813,078	\$1,284,088,936	\$0	

The 8.50% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by Merrill Lynch & Co., Goldman Sachs & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$150,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$10,000,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

The 7.875% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Morgan Stanley & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$250,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$22,915,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

The 7.697% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Goldman Sachs & Co. and Merrill Lynch & Co. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$500,000,000. In 2009 and 2012, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$64,917,000 and \$174,850,000, respectively, of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

12. Quasi-reorganization (dollar impact)

Not applicable

13. Quasi-reorganization (effective date)

Not applicable

Note 14 - Contingencies

A. Contingent Commitments

- The Company has made no material commitments or contingent commitments on behalf of affiliates.
- The Company has made guarantees on behalf of its affiliates as follows:

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of the agreement	Liability recognition of the guarantee	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted)	Current status of payment or performance risk of the guarantee
The Company is contingently liable for the performance of Liberty Corporate Capital Limited's obligations under standby letters of credit in the aggregate amount of £435,901,104 that have been collateralized. As of December 31, 2016, there have been no drawings under the standby letters of credit.	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$538,621,202	Guaranteed affiliate is in compliance with the terms of guaranteed contract.

NOTES TO FINANCIAL STATEMENTS

The Company guarantees obligations of Liberty Corporate Capital Limited's obligation under Barclays Letter of Credit Facilities Agreement up to €7,882,700 and £43,000,000.	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$61,447,228	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations under a Subscription Agreement between Liberty Mutual Ireland Investment Holdings, Ltd. (the Subscriber) and Liberty Insurance DAC for shares/monies owed by the Subscriber up to €40,000,000 (40,000,000 shares x €1.00).	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$42,190,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees any undisputed obligations of Liberty International Underwriters Ltd. (Hong Kong) arising out of or in connection with any policy of insurance, contract of reinsurance or surety bond.	Wholly-owned indirect subsidiary Guarantee is considered unlimited	Increase in investment in SCA	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the future non-cancellable lease obligations of Liberty Information Technology Ltd. in the amount of \$4,910,058. This guarantee was executed on March 13, 2007. The lease expires in March 2022.	No liability at inception of the guarantee	Increase in investment in SCA	\$4,910,058	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Insurance Company Limited for tax liabilities and other indebtedness prior to and arising from the conversion to a limited liability subsidiary. The amount of these obligations as of December 31, 2016 was \$7,520.	Wholly-owned subsidiary	Increase in investment in SCA	\$7,520	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the full and punctual payment when due of any undisputed obligations of Liberty International Underwriters Pte Limited to an obligee arising out of or in connection with any policy of insurance, contract of reinsurance or Surety Bond issued to the obligee by Liberty International Underwriters Pte Limited. The liability of the Company shall not be limited to any specific sum other than as set forth as an Obligation under the obligee's contract.	Wholly-owned indirect subsidiary Guarantee is considered unlimited	Increase in investment in SCA	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Life Assurance Company of Boston on policies and contracts issued and is obligated to provide additional capital to that company necessary at any time to raise its Best's Capital Adequacy Ratio to at least 150%. This guarantee was executed in February of 1998 and shall continue until terminated.	Guarantee is considered unlimited	Increase in investment in SCA	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.

NOTES TO FINANCIAL STATEMENTS

The Company guarantees the performance of its Parent, LMGI, under a \$1,000,000,000 Commercial Paper (CP) program. The amount outstanding as of December 31, 2016 was \$0.	No liability at inception of the guarantee	Dividend to Stockholder	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Mutual Insurance Europe ("LMIE") Limited on policies and contracts issued until such time as LMIE can achieve a Standard & Poor's rating as specified in the guarantee. This guarantee was executed April 13, 2006 and shall continue until terminated.	Wholly-owned indirect subsidiary; Guarantee is considered unlimited	Increase in investment in SCA	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees that, if America First Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.823, the Company shall pay America First Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding \$5,000,000. As of December 31, 2016, \$7,977,536 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer holds "qualifying Louisiana investments".	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$5,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees that, if Liberty Personal Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.823, the Company shall pay Liberty Personal Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding \$7,000,000. As of December 31, 2016, \$7,449,978 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer holds "qualifying Louisiana investments".	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$7,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees that, if Safeco Insurance Company of Oregon, should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment", as defined in Louisiana Revised Statutes 22.832, the Company shall pay Safeco Insurance Company of Oregon a sufficient amount to reimburse it for such reduction, not exceeding \$15,000,000. As of December 31, 2016, \$8,157,849 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer owns or controls Safeco Insurance Company of Oregon.	Wholly-owned indirect subsidiary	Increase in investment in SCA	\$8,157,849	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of San Diego Insurance Company ("SDIC") under a reinsurance agreement with Golden Eagle Insurance Company (in liquidation) and the California Insurance Commissioner, providing reinsurance of \$190,000,000 in excess of SDIC's existing obligations under an August 21, 1997 agreement, and further guarantees obligations of SDIC under an Aggregate Excess of Loss Reinsurance Agreement dated as of November 30, 2006. These agreements shall continue until there are no longer outstanding liabilities under the reinsurance agreements.	Wholly-owned subsidiary	Increase in investment in SCA	\$36,422,519	Guaranteed affiliate is in compliance with the terms of guaranteed contract.

NOTES TO FINANCIAL STATEMENTS

The Company guarantees obligations of Liberty Re (Bermuda) Limited under certain reinsurance policies issued. The guarantee was executed on December 23, 1999 and shall continue until there are no longer outstanding obligations under reinsurance policies.	Wholly-owned subsidiary	Increase in investment in SCA	\$169,481,801	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company unconditionally guarantees that in order for Liberty Surplus Insurance Company (LSI) to operate as an insurance company in the state of Maine, LSI will maintain capital and surplus levels each in the amount of \$500,000. This guarantee was executed on October 14, 1998 and shall continue until terminated.	Wholly-owned subsidiary	Increase in investment in SCA	\$1,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees to cover any overdraft of funds, not exceeding \$500,000,000, in the custodial accounts of any Liberty Mutual Group company with JPMorgan Chase Bank. This guarantee was executed on February 19, 2003 and shall continue until terminated.	No liability at inception of the guarantee	Dividend to Stockholder	\$-	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
Total:			\$874,238,177	

3. Aggregate compilation of guarantee obligations:

- a. Maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees.

1. Investments in SCA	874,238,177
2. Joint Venture	-
3. Dividends to Stockholders (capital contribution)	-
4. Expense	-
5. Other	-

Aggregate maximum potential of future payments	874,238,177
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- b. Ultimate liability recognized in the financial statements
1. Noncontingent liabilities
 1. Contingent liabilities

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.

The Company has accrued a liability for guaranty funds and other assessments of \$60,947,513 that is offset by future premium tax credits of \$2,450,403. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2016. During 2016 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

Reconciliation of paid and accrued premium tax offsets and policy surcharges at prior year-end to current year-end:

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 3,158,489
b. Decreases current year:	
Premium tax offset applied	1,828,217
c. Increases current year:	
Premium tax offset increase	1,120,131
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 2,450,403

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations 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	\$3,542,191

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

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

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

(f) Per Claim [X]

(g) Per Claimant []

E. Product Warranties

The Company does not write product warranty business.

F. Joint and Several Liabilities

The Company is not a participant in any joint and several liabilities.

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. ("LMGI"). LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe the amounts in excess of non-admitted amounts are material.

Note 15 - Leases

A. Lessee Leasing Arrangements

- The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements. The Company's minimum lease obligations, including sales-leaseback transactions, under these agreements are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2016	76,216,472
2017	61,166,058
2018	44,303,102
2019	32,879,340
2020	33,457,045
2021 & thereafter	159,614,554
Total	<u>407,636,571</u>

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is \$844,385.

- The Company's sales-leaseback transactions are included in the operating lease obligations.

B. Leasing as a Significant Part of Lessor's Business Activities

Leasing is not a significant part of the Company's business activities.

NOTES TO FINANCIAL STATEMENTS

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

The Company is not exposed to financial instruments with off-balance sheet risk or concentration of credit risk.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

The Company did not have any transfers of receivables reported as sales.

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2016 the total fair value of securities on loan was \$226,241,675, with corresponding collateral value of \$232,610,507 of which \$163,507,789 represents cash collateral that was reinvested.

C. Wash Sales

- 1) The Company did not have any wash sale transactions during the year.
- 2) Not applicable.

Note 18 - Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

The Company has no direct premiums written or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

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

1. Fair Value Measurements by Levels 1, 2 and 3

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain fixed maturities and preferred stock, when carried at the lower of cost or market.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access.

NOTES TO FINANCIAL STATEMENTS

- Level 2 — Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2016:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	\$-	\$226,363,964	\$24,088,176	\$250,452,140
Non-Issuer Obligations	-	-	-	-
Total Bonds	-	226,363,964	24,088,176	250,452,140
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	\$-	\$210,778,874	\$1,800,000	212,578,874
Total Preferred Stocks	-	210,778,874	1,800,000	212,578,874
Common Stocks				
Industrial and Miscellaneous	\$260,923,279	\$-	\$18,126,993	279,050,272
Total Common Stocks	260,923,279	-	18,126,993	279,050,272
Derivative Assets		9,774,118		9,774,118
Total assets at fair value	\$260,923,279	\$446,916,956	\$44,015,169	\$751,855,404
Liabilities at fair value				
Derivative Liabilities			(1,087,425)	(1,087,425)
Total liabilities at fair value	\$-	\$-	(\$1,087,425)	(\$1,087,425)

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2016.

2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets classified as Level 3 within the fair value hierarchy::

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2015	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2016
Bonds	\$9,366,168	\$-	(\$50)	\$-	\$5,533	\$14,824,032	\$-	(\$194,498)	\$86,991	\$24,088,176
Preferred Stock	\$1,800,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,800,000
Common Stock	\$18,626,993	\$-	\$-	\$-	\$-	\$-	\$-	(\$500,000)	\$-	\$18,126,993
Total	\$29,793,161	\$-	(\$50)	\$-	\$5,533	\$14,824,032	\$-	(\$694,498)	\$86,991	\$44,015,169
Derivative Liabilities	\$-	\$-	\$-	\$-	(1,087,425)	\$-	\$-	\$-	\$-	(\$1,087,425)
Total	\$-	\$-	\$-	\$-	(\$1,087,425)	\$-	\$-	\$-	\$-	(\$1,087,425)

3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 3-6 fixed maturity securities at the lower of amortized cost or fair value as defined by SSAP No. 26, Bonds and NAIC designated 3-6 preferred stocks at the lower of cost or fair value as defined by SSAP No. 32, Investments in Preferred Stock. Market fluctuations cause securities to change from being held at cost to fair value or vice versa. These changes result in a transfer in or out of Level 3. In addition, the Company also transfers securities into or out of level 3 as a result of re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote

NOTES TO FINANCIAL STATEMENTS

or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. Government and Agency Securities

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on active markets and unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipals Securities

The Company's municipal portfolio is comprised of bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities include bonds issued or guaranteed by foreign governments. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Common and Preferred Stocks

Common stocks are recorded at fair value and preferred stocks are reported at cost or fair value, depending on their NAIC designation. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

Other Invested Assets

Other invested assets include limited partnership investments, other equity method investments and other alternative investments, which are not subject to these disclosures and therefore are excluded from the table in this note.

NOTES TO FINANCIAL STATEMENTS

5. Derivative Fair Values

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Assets	9,774,118	9,774,118		9,774,118		\$ -
Derivative Liabilities	(1,087,425)	(1,087,425)			(1,087,425)	-
Total	\$8,686,693	\$8,686,693	\$-	\$9,774,118	(\$1,087,425)	\$ -

Derivatives can be exchange-traded or traded over-the-counter (“OTC”). OTC derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be corroborated by observable market data by correlation or other means, and model selection does not involve significant management judgment. The fair value of derivatives using models with observable inputs are classified as Level 2 within the fair value hierarchy and the fair value of derivatives using models with unobservable inputs are classified as Level 3 within the fair value hierarchy.

B. Other Fair Value Disclosures

Not applicable

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$1,092,914,837	\$1,092,914,837	\$1,092,914,837	\$-	\$-	\$ -
Bonds	12,891,012,165	12,786,680,493	406,419,092	12,414,043,872	70,549,201	-
Preferred Stock	218,506,874	217,998,874	-	216,706,874	1,800,000	-
Common Stock	279,050,273	279,050,274	260,923,279	-	18,126,994	-
Securities Lending	163,543,366	163,507,789	-	163,543,366	-	-
Mortgage Loans	633,849,427	620,487,892	-	-	633,849,427	-
Surplus Notes	17,929,454	14,726,539	-	17,929,454	-	-
Total	\$15,296,806,396	\$15,175,366,698	\$1,760,257,208	\$12,812,223,566	\$724,325,622	\$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The Company took a credit in the determination of its loss reserves of \$9,777,054 in 2016 and \$10,038,563 in 2015.
- b) The Company received payments from the Special Disability Trust Fund of \$280,818 in 2016 and \$1,116,582 in 2015.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$562 in 2016 and \$1,740 in 2015.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

NOTES TO FINANCIAL STATEMENTS

- (1) Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Film Credit	AK	1,303,601	1,303,601
<u>Total</u>		<u>1,303,601</u>	<u>1,303,601</u>

- (2) Method of estimating utilization of remaining transferable and non-transferable state tax credits

The Company estimated the utilization of the remaining transferable and non-transferable State Tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits

- (3) Impairment amount recognized by the reporting period, if any.

The Company has not recognized any impairment losses associate with its transferable and non-transferable state tax credits during the reporting period.

- (4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	1,303,601	
Non-transferable		

F. Subprime-Mortgage-Related Risk Exposure

- The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.
- The Company does not have any direct exposure through investments in subprime mortgage loans.
- The Company has direct exposure through their investment in residential mortgage-backed securities.

<u>Actual Cost</u>	<u>Book Adjusted Carrying Value</u>	<u>Fair Value</u>	<u>Other-Than-Temporary Impairments Recognized</u>
\$ 2,491,218	\$ 3,573,706	\$ 3,978,918	\$ 1,595,768

- The Company does not have any underwriting exposure to sub-prime mortgage risk.

G. Insurance Linked Securities

	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
Management of Risk Related To:		
(1) Directly Written Insurance Risks		
a. ILS Contracts as Issuer		
b. ILS Contracts as Ceding Insurer	2	\$58,000,000
c. Contracts as Counterparty		
(2) Assumed Insurance Risks		
d. ILS Contracts as Issuer		
e. ILS Contracts as Ceding Insurer		
f. Contracts as Counterparty		

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 20, 2017, the date the annual statement was available to be issued.

On January 1, 2017, the Company entered into an intercompany service agreement with Liberty Mutual Technology Group.

The Company did not receive any assessments under the Affordable Care Act.

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
National Workers Compensation Reinsurance Pool		AA-9992118	\$1,355,272,000
Total			\$1,355,272,000

B. Reinsurance Recoverable in Dispute

There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.

C. Reinsurance Assumed & Ceded

- The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2016.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$13,288,448,000	\$1,417,839,207	\$7,001,568,631	\$735,921,524	\$6,286,879,369	\$681,917,683
b. All Other	290,761,034	80,296,967	727,634,000	145,907,879	(436,872,966)	(65,610,912)
c. TOTAL	\$13,579,209,034	\$1,498,136,174	\$7,729,202,631	\$881,829,403	\$5,850,006,403	\$616,306,771
d. Direct Unearned Premium Reserve	\$1,079,716,897					

- Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2016 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$14,145,412	\$420,751,609	\$217,448,511	\$217,448,510
b. Sliding Scale Adjustments	-	1,696,499	1,114,742	581,757
c. Other Profit Commission Arrangements	-	-	21,102	(21,102)
d. TOTAL	\$14,145,412	\$422,448,108	\$218,584,355	\$218,009,165

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

D. Uncollectible Reinsurance

During the current year, the Company wrote off reinsurance balances of \$564,992. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	\$153,574
b. Loss adjustment expenses incurred	411,418
c. Premiums earned	-
d. Other Income/(Expense)	-
TOTAL	\$564,992
e. <u>Company</u>	
Excess & Casualty Reinsurance Association	\$499,013
English and American Insurance Company	34,920
Highland Insurance Company	24,734
All Other	6,325
TOTAL	\$564,992

E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of \$31,485. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	(\$1,179,575)
b. Loss adjustment expenses incurred	(296,560)
c. Premiums earned	(1,584,985)
d. Other Income/(Expense)	77,365
TOTAL	\$31,485
e. <u>Company</u>	
Arlington Insurance Company	\$225,679

NOTES TO FINANCIAL STATEMENTS

The Stuart Insurance Group Ltd.	102,354
First Allmerica Financial Life Insurance Company	(214,949)
One Beacon Insurance Company	(92,304)
All Other	10,705
TOTAL	\$31,485

F. Retroactive Reinsurance

The Company has external assumed and ceded retroactive contracts that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown.

	<u>Reported Company</u>	
	<u>As:</u>	
	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
1. Initial Reserves	\$506,207,795	\$1,743,196,311
2. Adjustments – Prior Year (s)	(442,755,051)	(197,075,261)
3. Adjustments – Current Year	(11,422,403)	64,381,942
4. Current Total	\$52,030,341	\$1,610,502,992
b. Consideration Paid or Received:		
1. Initial Consideration	\$534,962,142	\$1,775,970,508
2. Adjustments – Prior Year (s)	14,829,212	42,461,762
3. Adjustments – Current Year	-	170,395
4. Current Total	\$549,791,354	\$1,818,602,665
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$524,546,648	\$361,315,585
2. Current Year	43,307,034	23,311,021
3. Current Total	\$567,853,682	\$384,626,606
d. Discount Unwind on Reserves:		
1. Prior Year (s)	-	\$14,664,066
2. Current Year	-	6,137,578
3. Current Total	-	\$20,801,644
e. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$45,206,365	\$31,459,634
2. Adjustments – Prior Year (s)	(83,414,403)	(105,799,933)
3. Adjustments – Current Year	(31,884,631)	(81,384,990)
4. Current Year Restricted Surplus	251,909	(95,005,425)
5. Cumulative Total Transferred to Unassigned Funds	\$(70,344,578)	\$(60,719,864)
f. All cedents and reinsurers involved in all transactions included in summary totals above:		
	<u>Assumed</u>	<u>Ceded</u>
<u>Company</u>	<u>Amount</u>	<u>Amount</u>
Great American Insurance Company, 16691	\$52,190,597	-
Wetereau Insurance Co LTD., AA-3191047	91,433	-
Employers Insurance Company of Wausau, 21458	(251,689)	-
National Indemnity Co, 20087	-	\$3,081,343,461
Federal Insurance Company, 20281	-	52,371,190
Munich Reinsurance America Inc., 10227	-	24,240,758
Swiss Reinsurance America Corporation, 25364	-	4,853,368
Westport Insurance Corporation, 39845	-	2,784,602
American National Insurance Company, 60739	-	1,339,575
Everest Reinsurance Co., 22-2005057	-	1,112,809
Legion Insurance Co., 23-1892289	-	326,391
Reliastar Life Insurance Company, 67105	-	258,624
Nokatus Insurance Co Limited, AA-0000000	-	204,756
American United Life Insurance Company, 60895	-	78,697
Continental Casualty Co, 20443	-	51,725
Other	-	9,686
Peerless Insurance Company, 24198	-	(623,389,060)
Employers Insurance Company of Wausau, 21458	-	(249,355,624)
Liberty Mutual Fire Insurance Company, 23035	-	(249,355,624)
The Ohio Casualty Insurance Company, 24074	-	(249,355,624)
Safeco Insurance Company of America, 24740	-	(187,016,718)
Total	\$52,030,341	\$1,610,502,992

- g. List total Paid Loss/Loss Adjustment Expense amounts recoverable and amounts more than 90 days overdue, and collateral held as respects amounts recoverable from unauthorized reinsurers:

NOTES TO FINANCIAL STATEMENTS

1. Authorized Reinsurers

<u>Company</u>	Total Paid/Loss/LAE <u>Recoverable</u>	Amounts Over 90 <u>Days Overdue</u>
Munich Reinsurance America Inc., 10227	\$52,367	-
Federal Insurance Company, 20281	4,503	-
Total	\$56,870	-

2. Unauthorized Reinsurers

<u>Company</u>	Total Paid/Loss/LAE <u>Recoverable</u>	Amounts Over 90 <u>Days Overdue</u>	Collateral <u>Held</u>
Nokatus Insurance Co Limited, AA-0000000	\$131	\$-	\$25,000
Total	\$131	\$-	\$25,000

3.

Certified Reinsurers

The Company does not transact business with Certified Reinsurers.

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance's U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

G. Reinsurance Accounted for as a Deposit

At December 31, 2016, the deposit receivable balance for reinsurance contracts accounted for under the deposit method was \$5,824,990.

At December 31, 2016, the deposit liability balance for reinsurance contracts accounted for under the deposit method was \$38,218,987.

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

The Company has not entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to SSAP No. 62R, *Property and Casualty Reinsurance* to receive P&C Run-off Accounting Treatment.

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

1. Reporting Entity Ceding to Certified Reinsurer Downgraded or Status Subject to Revocation.

The Company does not transact business with Certified Reinsurers.

2. Reporting Entity's Certified Reinsurer Rating Downgrade or Status Subject to Revocation.

The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting party does not apply to the Company.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.
- D. The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write direct comprehensive major medical health business.

NOTES TO FINANCIAL STATEMENTS

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

a.	Total accrued retro premium	\$221,838,753
b.	Unsecured amount	-
c.	Less: Nonadmitted amount (10%)	22,174,179
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount (a) - (c) - (d)	<u>\$199,664,574</u>

- F. Risk Sharing Provisions of the Affordable Care Act

The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years increased through the fourth quarter of 2016. The increase was the result of updated reserve analysis in a number of lines, with the largest increases in reserve estimates for the Commercial Auto line of business driven by unfavorable trends in severity, Private Passenger Auto Liability line of business driven by higher severity trend and higher catastrophe losses, Products Liability-Occurrence line of business, Other Liability-Claims Made line of business, and Home Owners/Farmowners line of business. Partially offsetting these increases were decreases in reserve estimates for the Reinsurance Non-proportional Assumed Liability line of business, Auto Physical Damage line of business, Medical Malpractice-Occurrence line of business, and Workers Compensation line of business. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	Line of <u>Business</u>
Lead				
Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.00%	All Lines
	Liberty Personal Insurance Company (“LPIC”)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (“LSI”)	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%	All Lines
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%	All Lines
	National Insurance Association (“NIA”)	27944	0.00%	All Lines
	The Netherlands Insurance Company (“NIC”)	24171	0.00%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.00%	All Lines
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%	All Lines
	Oregon Automobile Insurance Company (“Oaic”)	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company (“PIIC”)	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois (“SICIL”)	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%	All Lines
	Safeco National Insurance Company (“SNIC”)	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%	All Lines
	Wausau Business Insurance Company (“WBIC”)	26069	0.00%	All Lines
	Wausau General Insurance Company (“WGIC”)	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company (“WUIC”)	26042	0.00%	All Lines
	West American Insurance Company (“WAIC”)	44393	0.00%	All Lines
100% Quota Share Affiliated Companies:	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.00%	All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (c) The Lead Company’s remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company’s pool participation percentage, as noted above.
- (d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (f) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- (g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2016:

Affiliate:	Amount:
Peerless Insurance Company	(273,335)
Employers Insurance Company of Wausau	(109,334)
Liberty Mutual Fire Insurance Company	(109,334)
The Ohio Casualty Insurance Company	(109,334)
Safeco Insurance Company of America	(82,001)
Wausau General Insurance Company	(820,135)
Wausau Underwriters Insurance Company	(3,009,393)
Wausau Business Insurance Company	5,196,205

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$272,849,293 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$272,849,293 as of December 31, 2016.

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- B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2016, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$2,697,841,077 and the amount billed and recoverable on paid claims was \$81,439,774. There are no unsecured high dollar deductible recoverables from professional employer organizations included in these amounts.

Note 32 - Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2016 liabilities subject to discount were carried at a value representing a discount of \$262,288,600 net of all reinsurance.

- A. The amount of tabular discount for case and IBNR reserves is as follows:

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	225,318,340	261,739,638
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	-	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	\$225,318,340	\$261,739,638

* Must exclude medical loss reserves and all loss adjustment expense reserves.

- B. Non-tabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting

NOTES TO FINANCIAL STATEMENTS

periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental claims and claim adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) 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 uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

In 2016, the Company and its affiliated pool members completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded A&E unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. A&E unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of \$150 million including: \$100 million of asbestos reserves, and \$50 million of pollution reserves.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based on historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in a liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 before consideration of the NICO Reinsurance Transaction. Refer to Note 23f.

Asbestos:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Direct Basis					
Beginning Reserves	792,504,269	778,291,344	874,631,236	879,429,255	740,188,964
Incurred losses and LAE	119,505,560	207,292,812	142,545,430	41,421,717	163,905,946
Calendar year payments	133,718,485	110,952,920	137,747,411	180,662,008	129,655,719
Ending Reserves	<u>778,291,344</u>	<u>874,631,236</u>	<u>879,429,255</u>	<u>740,188,964</u>	<u>774,439,191</u>
Assumed Reinsurance Basis					
Beginning Reserves	311,562,197	287,534,269	309,882,678	286,626,082	276,572,987
Incurred losses and LAE	2,441,404	37,332,219	754,405	5,868,205	(2,476,924)
Calendar year payments	26,469,332	14,983,809	24,011,001	15,921,301	18,744,881
Ending Reserves	<u>287,534,269</u>	<u>309,882,678</u>	<u>286,626,082</u>	<u>276,572,987</u>	<u>255,351,182</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	483,870,108	445,074,542	498,611,802	459,023,905	340,799,247
Incurred losses and LAE	74,586,203	117,762,046	44,454,204	3,065,964	31,144,307
Calendar year payments	113,381,770	64,224,786	84,042,101	121,290,622	35,940,179
Ending Reserves	<u>445,074,542</u>	<u>498,611,802</u>	<u>459,023,905</u>	<u>340,799,247</u>	<u>336,003,375</u>

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	491,666,372
Assumed Reinsurance Basis	178,399,044
Net of Ceded Reinsurance Basis	177,313,615

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	485,354,546
Assumed Reinsurance Basis	5,575,071
Net of Ceded Reinsurance Basis	176,347,891

Environmental:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Direct Basis					
Beginning Reserves	212,371,557	210,071,418	224,235,273	210,301,637	181,183,686
Incurred losses and LAE	30,517,664	47,614,743	28,977,227	14,740,307	40,124,443
Calendar year payments	32,817,802	33,450,888	42,910,863	43,858,258	34,957,832
Ending Reserves	<u>210,071,418</u>	<u>224,235,273</u>	<u>210,301,637</u>	<u>181,183,686</u>	<u>186,350,297</u>
Assumed Reinsurance Basis					
Beginning Reserves	29,651,132	32,494,670	32,081,393	30,215,301	21,895,685
Incurred losses and LAE	5,878,998	2,172,413	574,462	(4,904,000)	(82,374)
Calendar year payments	3,035,460	2,585,689	2,440,555	3,415,616	2,035,761
Ending Reserves	<u>32,494,670</u>	<u>32,081,393</u>	<u>30,215,301</u>	<u>21,895,685</u>	<u>19,777,550</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	173,497,404	154,248,853	161,491,764	149,437,068	131,057,498
Incurred losses and LAE	(961,154)	30,503,358	14,063,692	159,049	24,552,997
Calendar year payments	18,287,398	23,260,447	26,118,388	18,538,619	27,592,363
Ending Reserves	<u>154,248,853</u>	<u>161,491,764</u>	<u>149,437,068</u>	<u>131,057,498</u>	<u>128,018,132</u>

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	108,058,334
Assumed Reinsurance Basis	9,391,591
Net of Ceded Reinsurance Basis	63,030,535

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	81,198,643
Assumed Reinsurance Basis	785,085
Net of Ceded Reinsurance Basis	37,928,962

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

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]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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? Massachusetts
- 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. 12/31/2013
- 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. 12/31/2013
- 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). 05/20/2015
- 3.4 By what department or departments?
 Massachusetts Division of Insurance

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

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

GENERAL INTERROGATORIES

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,
 7.21 State the percentage of foreign control. _____ 0.00 %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and 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?
 Ernst & Young, LLP
 200 Clarendon Street
 Boston, MA 02116

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

GENERAL INTERROGATORIES

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 response to 10.5 is no or n/a, please explain.

.....

.....

.....

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

Stephanie Neyenhouse FCAS, MAAA
175 Berkeley Street, Boston, MA 02116

Vice President and Chief Actuary, Liberty Mutual Group Inc.

.....

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	Various
12.12 Number of parcels involved	12
12.13 Total book/adjusted carrying value	\$ 799,047,825

12.2 If yes, provide explanation:

Liberty Mutual Insurance Company directly owns 100% of Liberty Real Estate Holdings, LLC, 92% of St. James/Arlington Real Estate LP, and 100% of Berkeley/Columbus III, LLC.

.....

.....

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?

- 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.

Yes No

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).

During Q2, Liberty Mutual Insurance published certain non-material changes to its Code of Business Ethics and Conduct designed to enhance readability for employees; during Q4 Liberty made changes to the Conflicts of Interest section of the Code to preclude acceptance of gifts by claims handlers.

.....

.....

GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

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

.....

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

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
0	0	0	0
0	0	0	0
0	0	0	0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

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

20.11 To directors or other officers		\$ <u>0</u>
20.12 To stockholders not officers		\$ <u>0</u>
20.13 Trustees, supreme or grand (Fraternal only)		\$ <u>0</u>

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		\$ <u>0</u>
20.22 To stockholders not officers		\$ <u>0</u>
20.23 Trustees, supreme or grand (Fraternal only)		\$ <u>0</u>

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

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

21.21 Rented from others		\$ <u>0</u>
21.22 Borrowed from others		\$ <u>0</u>
21.23 Leased from others		\$ <u>0</u>
21.24 Other		\$ <u>0</u>

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

GENERAL INTERROGATORIES

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

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:

.....

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)
 Please reference Note 17B

.....

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.

\$ 232,610,507

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	\$ 163,507,789
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ 163,507,789
24.103 Total payable for securities lending reported on the liability page	\$ 163,507,789

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

GENERAL INTERROGATORIES

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	Placed under option agreements	\$	0
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	0
25.27	FHLB Capital Stock	\$	18,124,900
25.28	On deposit with states	\$	2,044,872,790
25.29	On deposit with other regulatory bodies	\$	145,606,212
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$	573,322,476
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$	177,058,782
25.32	Other	\$	0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK BOSTON	18,124,900
		0
		0

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?
If no, attach a description with this statement. Yes No N/A

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
Bank of Itau	Av. Engenheiro Armondo de Arruda Pereira, 707 Torre Eudoro Villela – 7 andar 04309 010 Sau, Paulo SP
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
JP Morgan Chase	259 George Street, Sydney, Australia
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
US Bank Corporate Trust Services	21 South Street, 3rd Floor, Morristown, NJ 07960

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

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

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

GENERAL INTERROGATORIES

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 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["... that have access to the investment accounts"; "...handle securities"]

1 Name Firm or Individual	2 Affiliation
Liberty Mutual Group Asset Management Inc.	A
Liberty Mutual Investment Advisors, LLC	A
StanCorp	U
Prudential Mortgage Capital Company	U
Lazard Asset Management LLC	U
Matthews International Capital Management, LLC.	U

28.059 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No [X]

28.059 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Liberty Mutual Group Asset Manageme	A	N/A	No	DS
Liberty Mutual Investment Advisors, LL	A	N/A	No	DS
StanCorp	U	N/A	No	DS
Prudential Mortgage Capital Company	U	N/A	No	DS
Lazard Asset Management LLC	U	N/A	SEC	DS
Matthews International Capital Manage	U	N/A	SEC	DS

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 [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
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 above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		0	
		0	
		0	

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	13,800,413,835	14,171,471,008	371,057,173
30.2 Preferred stocks	217,998,874	218,506,874	508,000
30.3 Totals	14,018,412,709	14,389,977,882	371,565,173

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

The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

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 Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:

.....

.....

.....

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 29,059,359

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	\$ 8,662,189
.....	\$ 0
.....	\$ 0

34.1 Amount of payments for legal expenses, if any? \$ 26,687,344

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
.....	\$ 0
.....	\$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 1,074,464

GENERAL INTERROGATORIES

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
.....	\$ 0
.....	\$ 0
.....	\$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & 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 lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 9,913

1.65 Total incurred claims \$ 16,243

1.66 Number of covered lives 2

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 4,105,793		\$ 6,133,699	
2.2 Premium Denominator	\$ 12,906,110,881		\$ 12,481,409,087	
2.3 Premium Ratio (2.1 / 2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ 12,222,603		\$ 16,465,836	
2.5 Reserve Denominator	\$ 24,250,746,205		\$ 23,619,406,540	
2.6 Reserve Ratio (2.4 / 2.5)	<u>0.00</u>		<u>0.00</u>	

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 \$ 2,158,106,551

3.22 Non-participating policies \$ 20,907

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0 %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]

5.22 As a direct expense of the exchange Yes [] No [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
 N/A

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]

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 loss:
 The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 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 employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v15.0 and AIR's Touchstone v3.1 software. For workers' compensation, Liberty Mutual utilizes RiskLink v15.0 from RMS..
- 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 a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
 The Company utilizes second event coverage that has a lower attachment point, along with aggregate coverage to substantially replace nonreinstated
- 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. _____ 10
- 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 [X] No []
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]

GENERAL INTERROGATORIES

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10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 11.2 If yes, give full information
 The Company guarantees policies issued by Liberty Life Assurance Company of Boston, Liberty Mutual Insurance Europe Ltd., Liberty International Underwriters Pte Limited and Liberty International Underwriters Limited.
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|---|--|----|-------------|
| 12.11 Unpaid losses | | \$ | 161,131,081 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 11,505,879 |
- 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? \$ 23,638,116
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | |
|------------|--|--|--------|
| 12.41 From | | | 0.05 % |
| 12.42 To | | | 0.08 % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|---------------|
| 12.61 Letters of Credit | | \$ | 2,337,417,565 |
| 12.62 Collateral and other funds | | \$ | 590,508,370 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 550,000,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Premiums and recoverables were allocated pursuant to allocation agreements, including the intercompany 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
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
- 14.5 If the answer to 14.4 is no, please explain:
 N/A
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No
- 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | | 1 | 2 | 3 | 4 | 5 |
|------------------|----|------------------------|----------------------|------------------------|-------------------------|-----------------------|
| | | Direct Losses Incurred | Direct Losses Unpaid | Direct Written Premium | Direct Premium Unearned | Direct Premium Earned |
| 16.11 Home | \$ | 0 | 0 | 0 | 0 | 0 |
| 16.12 Products | \$ | 0 | 0 | 0 | 0 | 0 |
| 16.13 Automobile | \$ | 0 | 0 | 0 | 0 | 0 |
| 16.14 Other* | \$ | 0 | 0 | 0 | 0 | 0 |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.

Yes [] 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	\$ <u>0</u>
17.12 Unfunded portion of Interrogatory 17.11	\$ <u>0</u>
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ <u>0</u>
17.14 Case reserves portion of Interrogatory 17.11	\$ <u>0</u>
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ <u>0</u>
17.16 Unearned premium portion of Interrogatory 17.11	\$ <u>0</u>
17.17 Contingent commission portion of Interrogatory 17.11	\$ <u>0</u>

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	\$ <u>0</u>
17.19 Unfunded portion of Interrogatory 17.18	\$ <u>0</u>
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u>0</u>
17.21 Case reserves portion of Interrogatory 17.18	\$ <u>0</u>
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ <u>0</u>
17.23 Unearned premium portion of Interrogatory 17.18	\$ <u>0</u>
17.24 Contingent commission portion of Interrogatory 17.18	\$ <u>0</u>

18.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ 0

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2016	2015	2014	2013	2012
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)	13,280,706,517	12,920,645,090	13,126,520,416	15,556,834,371	9,570,048,192
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	9,399,145,420	8,956,661,763	8,490,104,387	9,258,802,163	5,272,964,092
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,902,410,982	8,758,713,580	8,382,281,127	9,943,517,519	3,502,989,922
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	841,575,578	888,127,587	838,901,213	931,331,593	558,713,698
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	297,637,346	380,546,687	295,823,890	262,128,472	321,635,057
6. Total (Line 35)	32,721,475,843	31,904,694,707	31,133,631,033	35,952,614,118	19,226,350,961
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)	6,060,240,866	5,793,488,617	5,819,247,070	6,341,048,765	5,830,786,711
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,489,435,508	2,355,401,772	2,440,505,676	2,637,500,860	1,780,070,993
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,151,321,519	4,050,660,565	3,880,881,045	4,193,005,866	1,768,427,980
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	400,396,352	427,018,992	402,167,188	596,270,882	20,514,155
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	148,038,421	189,517,886	145,611,216	121,325,676	235,569,607
12. Total (Line 35)	13,249,432,666	12,816,087,832	12,688,412,195	13,889,152,049	9,635,369,446
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(422,319,804)	28,931,752	(273,085,631)	(736,646,203)	(2,013,725,107)
14. Net investment gain (loss) (Line 11)	545,305,247	680,665,509	901,608,546	1,410,008,637	1,872,209,966
15. Total other income (Line 15)	11,219,731	(6,289,199)	34,661,992	(18,088,070)	(51,291,468)
16. Dividends to policyholders (Line 17)	8,884,883	9,677,688	11,783,650	19,264,431	18,157,361
17. Federal and foreign income taxes incurred (Line 19)	(278,991,553)	(279,390,338)	(237,020,783)	128,598,187	(374,546,282)
18. Net income (Line 20)	404,311,844	973,020,712	888,422,040	507,411,746	163,582,312
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	44,001,881,687	42,343,216,506	42,655,158,668	44,475,809,095	40,205,366,577
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	1,202,011,937	1,193,023,397	993,118,859	1,019,705,850	1,097,220,494
20.2 Deferred and not yet due (Line 15.2)	3,308,300,952	3,097,481,861	2,932,836,152	3,525,968,004	2,167,769,720
20.3 Accrued retrospective premiums (Line 15.3)	199,664,574	196,996,385	224,086,305	235,369,077	217,079,539
21. Total liabilities excluding protected cell business (Page 3, Line 26)	27,473,676,194	26,527,948,893	26,085,858,680	29,349,412,770	25,694,899,915
22. Losses (Page 3, Line 1)	14,282,969,304	13,988,339,788	13,871,348,428	14,246,684,189	14,144,212,624
23. Loss adjustment expenses (Page 3, Line 3)	2,950,907,996	2,928,798,889	3,007,976,190	3,058,379,371	2,912,207,583
24. Unearned premiums (Page 3, Line 9)	6,929,723,299	6,580,520,311	6,288,178,795	5,940,431,054	4,205,141,671
25. Capital paid up (Page 3, Lines 30 & 31)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	16,528,205,493	15,815,267,613	16,569,299,988	15,126,396,325	14,510,466,662
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	603,518,517	1,352,176,567	369,832,756	1,359,051,813	1,603,190,076
Risk-Based Capital Analysis					
28. Total adjusted capital	16,632,057,566	15,908,372,744	16,656,825,919	15,203,889,499	14,596,122,298
29. Authorized control level risk-based capital	3,412,337,603	3,203,773,191	3,240,473,150	3,208,928,544	3,193,275,294
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)	35.8	36.6	36.8	39.3	38.6
31. Stocks (Lines 2.1 & 2.2)	29.0	28.8	27.1	25.5	24.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	1.7	1.6	1.5	1.5	1.5
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.8	0.9	0.8	0.7	0.8
34. Cash, cash equivalents and short-term investments (Line 5)	3.1	2.2	2.1	3.2	2.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)	0.0	0.1			
37. Other invested assets (Line 8)	29.1	29.3	30.9	28.9	31.3
38. Receivables for securities (Line 9)	0.1	0.0	0.2	0.1	0.1
39. Securities lending reinvested collateral assets (Line 10)	0.5	0.7	0.6	1.0	
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	9,864,622,544	9,358,448,827	8,886,678,442	8,434,572,226	7,604,417,443
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	14,827,800	59,659,217		30,000,000	
46. Affiliated mortgage loans on real estate					
47. All other affiliated	9,545,403,006	9,371,684,718	9,992,828,376	9,435,192,954	8,095,277,837
48. Total of above Lines 42 to 47	19,424,853,350	18,789,792,762	18,879,506,818	17,899,765,180	15,699,695,280
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	117.5	118.8	113.9	118.3	108.2

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2016	2015	2014	2013	2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	4,902,750	(1,281,553,202)	106,890,174	351,408,096	308,512,139
52. Dividends to stockholders (Line 35)	(67,859,641)	(64,766,000)	(64,766,000)	(199,766,000)	(64,766,000)
53. Change in surplus as regards policyholders for the year (Line 38)	712,937,880	(754,032,375)	1,442,903,663	615,929,663	914,031,602
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)	7,902,459,177	7,597,206,999	8,800,903,807	1,542,766,644	5,292,467,045
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	5,323,465,115	4,872,825,467	4,642,644,555	4,552,826,641	3,077,088,308
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,215,094,493	4,207,612,042	4,046,172,891	1,440,595,000	1,745,991,474
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	19,146,887	245,666,397	301,137,951	152,427,503	67,140,085
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	79,212,006	115,298,786	129,103,542	107,061,028	120,250,172
59. Total (Line 35)	17,539,377,678	17,038,609,691	17,919,962,746	7,795,676,816	10,302,937,084
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)	3,502,571,250	3,362,609,971	3,907,929,140	4,738,898,531	3,481,248,497
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,439,352,127	1,258,161,731	1,287,996,272	1,325,091,401	1,079,420,145
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,019,090,121	2,000,195,390	1,885,555,516	754,883,042	914,556,854
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	9,144,762	119,427,253	147,134,616	46,399,381	1,600,064
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	39,490,813	57,334,949	64,338,035	209,023,315	88,469,643
65. Total (Line 35)	7,009,649,073	6,797,729,294	7,292,953,579	7,074,295,670	5,565,295,203
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)	56.6	55.6	56.3	59.2	72.6
68. Loss expenses incurred (Line 3)	13.2	12.7	13.7	14.3	17.8
69. Other underwriting expenses incurred (Line 4)	33.4	31.4	32.2	32.6	31.8
70. Net underwriting gain (loss) (Line 8)	(3.3)	0.2	(2.2)	(6.0)	(22.1)
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)	32.5	30.6	31.0	28.7	30.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	69.8	68.4	70.0	73.5	90.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	80.2	81.0	76.6	91.8	66.4
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)	105,091	(84,128)	(7,475)	407,604	448,858
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	0.7	(0.5)	(0.0)	2.8	3.3
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)	(43,462)	(97,120)	344,712	439,502	714,913
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)	(0.3)	(0.6)	2.4	3.2	5.2

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

Yes [] No []

If no, please explain:

.....
.....
.....

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	369,146	158,339	116,996	50,732	21,265	2,246	8,188	296,090	X X X
2. 2007	12,807,431	1,940,081	10,867,350	6,521,839	945,285	517,143	62,965	886,761	42,732	427,274	6,874,761	X X X
3. 2008	13,238,636	2,218,381	11,020,255	7,681,780	1,210,650	566,720	64,518	1,000,702	37,240	388,755	7,936,794	X X X
4. 2009	12,535,136	2,563,100	9,972,036	6,684,664	1,210,219	491,683	55,414	938,868	9,976	367,401	6,839,606	X X X
5. 2010	12,553,868	2,257,281	10,296,587	7,030,949	1,192,220	509,464	46,053	989,463	3,362	416,521	7,288,241	X X X
6. 2011	13,194,756	2,656,744	10,538,012	7,739,130	1,432,214	530,774	65,962	994,360	3,023	515,020	7,763,065	X X X
7. 2012	14,204,088	2,855,975	11,348,113	7,713,568	1,490,795	500,919	65,190	1,021,479	857	582,189	7,679,124	X X X
8. 2013	14,955,052	3,050,631	11,904,421	7,057,620	1,489,193	395,130	41,829	999,540	1,373	449,799	6,919,895	X X X
9. 2014	15,231,275	2,974,304	12,256,971	6,605,882	1,323,397	298,776	22,592	960,094	1,394	351,540	6,517,369	X X X
10. 2015	15,717,750	3,236,333	12,481,417	6,264,574	1,410,646	172,587	12,821	923,840	706	409,925	5,936,828	X X X
11. 2016	16,157,271	3,251,161	12,906,110	4,876,522	1,252,754	67,936	5,166	756,213	8,597	159,722	4,434,154	X X X
12. Totals	X X X	X X X	X X X	68,545,674	13,115,712	4,168,128	493,242	9,492,585	111,506	4,076,334	68,485,927	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	2,856,009	1,069,213	1,733,506	938,675	169,786	116,149	753,125	311,194	80,881	4	20,702	3,158,072	X X X
2. 2007	178,627	43,366	242,436	32,360	6,540	2,020	24,603	5,425	4,423		1,971	373,458	X X X
3. 2008	231,699	51,104	346,126	49,701	7,059	1,139	43,894	13,141	6,236	3	13,855	519,926	X X X
4. 2009	219,548	38,030	357,509	62,589	7,785	1,210	36,735	9,214	3,696		4,215	514,230	X X X
5. 2010	259,902	46,795	323,109	44,882	11,014	3,740	58,623	7,949	5,632		6,343	554,914	X X X
6. 2011	315,928	47,330	414,967	58,341	14,783	2,979	91,303	13,434	8,611		11,556	723,508	X X X
7. 2012	476,996	95,158	602,649	81,279	27,074	6,693	145,417	16,023	20,921	18	39,782	1,073,886	X X X
8. 2013	601,506	99,369	708,266	101,247	27,855	6,094	181,741	21,811	127,626	58	47,095	1,418,415	X X X
9. 2014	833,036	142,856	917,797	183,967	30,090	5,845	259,494	22,887	75,086	133	62,935	1,759,815	X X X
10. 2015	1,150,268	120,469	1,372,897	232,575	28,077	2,628	381,544	30,149	133,655	30	129,460	2,680,590	X X X
11. 2016	1,572,213	140,559	2,603,878	356,040	21,046	1,740	440,258	27,892	346,054	158	330,022	4,457,060	X X X
12. Totals	8,695,732	1,894,249	9,623,140	2,141,656	351,109	150,237	2,416,737	479,119	812,821	404	667,936	17,233,874	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,581,627	576,445
2. 2007	8,382,372	1,134,153	7,248,219	65.449	58.459	66.697			50.000	345,337	28,121
3. 2008	9,884,216	1,427,496	8,456,720	74.662	64.349	76.738			50.000	477,020	42,906
4. 2009	8,740,488	1,386,652	7,353,836	69.728	54.101	73.745			50.000	476,438	37,792
5. 2010	9,188,156	1,345,001	7,843,155	73.190	59.585	76.172			50.000	491,334	63,580
6. 2011	10,109,856	1,623,283	8,486,573	76.620	61.100	80.533			50.000	625,224	98,284
7. 2012	10,509,023	1,756,013	8,753,010	73.986	61.486	77.132			50.000	903,208	170,678
8. 2013	10,099,284	1,760,974	8,338,310	67.531	57.725	70.044			50.000	1,109,156	309,259
9. 2014	9,980,255	1,703,071	8,277,184	65.525	57.259	67.530			50.000	1,424,010	335,805
10. 2015	10,427,442	1,810,024	8,617,418	66.342	55.928	69.042			50.000	2,170,121	510,469
11. 2016	10,684,120	1,792,906	8,891,214	66.126	55.147	68.892			50.000	3,679,492	777,568
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	14,282,967	2,950,907

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior	10,663,730	10,345,379	10,579,103	10,584,825	10,810,847	10,863,266	10,981,933	11,107,142	11,129,937	11,152,225	22,288	45,083
2. 2007	6,836,737	6,693,265	6,418,032	6,408,189	6,379,115	6,411,381	6,417,689	6,412,936	6,421,584	6,417,461	(4,123)	4,525
3. 2008	X X X	7,676,556	7,497,693	7,401,027	7,398,781	7,425,808	7,513,745	7,505,101	7,505,915	7,512,818	6,903	7,717
4. 2009	X X X	X X X	6,576,268	6,560,206	6,499,599	6,439,095	6,486,007	6,435,174	6,439,730	6,441,610	1,880	6,436
5. 2010	X X X	X X X	X X X	6,846,947	6,842,815	6,870,920	6,948,170	6,879,864	6,884,784	6,879,873	(4,911)	9
6. 2011	X X X	X X X	X X X	X X X	7,476,032	7,475,475	7,507,418	7,505,736	7,500,901	7,512,011	11,110	6,275
7. 2012	X X X	X X X	X X X	X X X	X X X	7,763,668	7,822,725	7,748,407	7,702,276	7,732,148	29,872	(16,259)
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	7,228,776	7,304,668	7,252,712	7,251,476	(1,236)	(53,192)
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,300,170	7,278,378	7,256,114	(22,264)	(44,056)
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,506,859	7,572,431	65,572	X X X
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,808,092	X X X	X X X
											12. Totals	
											105,091	(43,462)

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
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior	000	2,120,451	3,615,153	4,750,649	5,579,358	6,182,072	6,651,056	7,100,282	7,522,895	7,799,966	X X X	X X X
2. 2007	2,598,882	3,997,065	4,699,743	5,199,550	5,529,401	5,735,786	5,857,156	5,940,688	5,992,723	6,030,732	X X X	X X X
3. 2008	X X X	3,108,356	4,756,243	5,550,814	6,107,263	6,486,036	6,715,057	6,849,067	6,922,310	6,973,332	X X X	X X X
4. 2009	X X X	X X X	2,623,308	3,971,477	4,682,839	5,195,149	5,540,657	5,737,579	5,844,234	5,910,715	X X X	X X X
5. 2010	X X X	X X X	X X X	2,886,056	4,365,763	5,113,862	5,663,227	6,003,557	6,189,670	6,302,140	X X X	X X X
6. 2011	X X X	X X X	X X X	X X X	3,407,670	4,828,744	5,632,227	6,194,552	6,553,414	6,771,729	X X X	X X X
7. 2012	X X X	X X X	X X X	X X X	X X X	3,349,908	5,026,593	5,788,358	6,312,217	6,658,501	X X X	X X X
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	3,154,562	4,656,824	5,384,349	5,921,728	X X X	X X X
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,351,906	4,817,828	5,558,670	X X X	X X X
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,471,618	5,013,693	X X X	X X X
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,686,539	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior	4,676,471	3,498,148	3,009,413	2,308,688	2,112,160	1,753,567	1,691,511	1,609,783	1,417,621	1,341,785
2. 2007	2,593,588	1,513,568	905,081	612,813	436,451	365,002	308,756	263,399	249,103	240,247
3. 2008	X X X	2,777,318	1,529,100	985,000	678,027	484,468	480,088	397,156	366,895	344,125
4. 2009	X X X	X X X	2,490,062	1,497,081	988,024	662,158	557,108	398,883	365,083	334,693
5. 2010	X X X	X X X	X X X	2,451,339	1,368,157	928,495	704,077	481,751	395,169	346,029
6. 2011	X X X	X X X	X X X	X X X	2,454,882	1,498,552	1,035,658	698,793	542,234	453,052
7. 2012	X X X	X X X	X X X	X X X	X X X	2,821,843	1,619,200	1,113,500	824,562	666,353
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	2,660,086	1,548,427	1,106,245	801,140
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,514,195	1,462,614	982,359
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,570,063	1,501,150
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,669,912

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	5	6	7	8	9
			2	3						
1. Alabama	AL	L	8,407,324	8,142,843	1	4,877,469	78,174,011	61,855,758	35,877	
2. Alaska	AK	L	10,231,933	10,779,793		1,243,478	1,524,145	6,778,398	9,292	
3. Arizona	AZ	L	21,465,315	21,381,556		10,791,242	15,792,369	22,161,109	95,239	
4. Arkansas	AR	L	5,747,303	6,114,656	1	2,296,080	27,262,560	13,091,413	14,142	
5. California	CA	L	142,305,000	132,372,452	6	25,482,173	11,572,978	165,053,546	500,940	
6. Colorado	CO	L	26,998,834	26,735,027	1	4,574,826	7,880,343	20,037,811	92,078	
7. Connecticut	CT	L	21,922,008	22,998,042	(275)	12,514,184	8,077,030	66,725,152	266,945	
8. Delaware	DE	L	7,459,820	5,662,769		3,054,803	15,607,861	14,827,804	53,990	
9. District of Columbia	DC	L	26,968,677	25,962,324	27	1,173,222	197,871,685	15,800,548	32,179	
10. Florida	FL	L	111,672,053	116,457,551	(1,203)	59,202,299	(5,908,208)	176,020,554	205,224	
11. Georgia	GA	L	37,771,647	35,700,748		23,801,426	34,407,189	39,347,070	93,327	
12. Hawaii	HI	L	11,012,818	9,259,232	1	(1,317,660)	4,134,912	3,934,985	44,212	
13. Idaho	ID	L	4,423,324	4,655,240		790,068	11,620,697	2,688,308	21,124	
14. Illinois	IL	L	30,640,414	31,754,744	3	12,651,151	83,455,194	95,207,177	143,636	
15. Indiana	IN	L	8,182,463	8,639,901	690	6,947,291	57,260,988	31,812,336	64,381	
16. Iowa	IA	L	9,436,344	9,468,622	11	3,932,336	5,192,274	10,000,497	20,186	
17. Kansas	KS	L	8,375,372	8,868,707		2,159,237	2,915,706	9,225,680	23,967	
18. Kentucky	KY	L	2,409,401	2,380,527		4,860,968	6,453,135	44,891,236	64,963	
19. Louisiana	LA	L	24,502,355	25,976,585	1	22,870,115	26,972,637	64,290,572	79,158	
20. Maine	ME	L	6,606,677	6,036,701		1,841,438	1,985,806	10,541,888	66,112	
21. Maryland	MD	L	29,712,555	24,531,927		14,955,742	(83,799,622)	36,443,049	115,732	
22. Massachusetts	MA	L	486,930,696	498,558,718	11,892	253,185,936	215,768,641	300,828,923	4,181,354	
23. Michigan	MI	L	302,183	518,335		17,865,224	102,124,198	43,804,029	124,565	
24. Minnesota	MN	L	3,333,107	4,088,357	60	8,158,314	33,618,667	25,332,369	61,583	
25. Mississippi	MS	L	4,523,939	4,990,057		(640,814)	(4,573,382)	18,410,622	12,754	
26. Missouri	MO	L	21,819,052	22,010,552	1	7,629,577	19,410,745	23,740,714	68,551	
27. Montana	MT	L	(2,155,072)	(2,177,326)		1,378,669	40,275,123	(1,259,093)	3,829	
28. Nebraska	NE	L	(14,556,181)	(14,127,385)		1,976,974	65,178,747	(10,097,113)	(2,704)	
29. Nevada	NV	L	11,222,146	12,365,440		6,166,324	9,987,572	8,020,314	59,752	
30. New Hampshire	NH	L	11,306,182	10,655,433		4,191,657	(12,100,345)	39,195,402	94,578	
31. New Jersey	NJ	L	84,802,028	85,668,344	(4)	43,313,356	(170,221,388)	207,426,908	638,339	
32. New Mexico	NM	L	4,603,138	4,859,963	1	1,983,404	(1,079,020)	6,986,262	25,088	
33. New York	NY	L	66,493,968	66,607,885	24,388	72,295,248	(574,517,747)	383,465,655	1,027,074	
34. North Carolina	NC	L	84,232,774	87,351,644	208	67,767,725	133,960,651	68,955,723	403,442	
35. North Dakota	ND	L	3,134,050	3,638,167	285	819,544	176,117	3,780,481	3,740	
36. Ohio	OH	L	37,059,108	37,985,885		22,494,415	143,862,489	61,628,388	171,757	
37. Oklahoma	OK	L	6,923,285	6,595,204		5,958,684	(6,379,554)	19,182,016	56,623	
38. Oregon	OR	L	13,746,369	14,024,971	1	4,837,458	78,186,910	51,584,619	58,626	
39. Pennsylvania	PA	L	71,500,992	68,616,514	3	28,423,925	131,488,495	120,042,604	400,631	
40. Rhode Island	RI	L	6,936,002	7,040,547		3,554,574	5,482,362	16,602,767	55,391	
41. South Carolina	SC	L	19,325,557	18,404,611	2	7,921,052	27,797,637	22,381,912	72,526	
42. South Dakota	SD	L	1,839,681	2,129,224		670,160	(956,698)	1,237,721	2,670	
43. Tennessee	TN	L	22,467,211	22,142,013		13,071,984	74,397,963	61,338,566	100,267	
44. Texas	TX	L	109,769,155	109,249,164	6,574,592	42,157,198	16,110,820	218,168,019	396,549	
45. Utah	UT	L	14,623,479	14,301,618		4,185,485	(28,233,053)	12,109,586	42,377	
46. Vermont	VT	L	6,177,252	6,143,594	1	1,031,983	(3,886,095)	13,705,460	29,241	
47. Virginia	VA	L	57,858,948	53,504,217	1	24,167,443	(2,809,050)	47,323,024	267,013	
48. Washington	WA	L	30,933,939	30,220,740		4,035,035	13,670,420	17,143,604	95,330	
49. West Virginia	WV	L	1,677,925	1,309,707		2,036,030	23,704,074	10,824,521	16,595	
50. Wisconsin	WI	L	11,095,268	12,609,197	3,491	13,395,108	12,331,300	54,948,984	52,365	
51. Wyoming	WY	L	3,397,211	3,876,078		356,179	1,899,908	797,940	4,002	
52. American Samoa	AS	N								
53. Guam	GU	N					(6,976)	(129)	(300)	
54. Puerto Rico	PR	L	13,384,648	12,060,128		(3,335,582)	(9,284,827)	16,750,681	10,995	
55. U.S. Virgin Islands	VI	L	467,166	440,846		558,500	670,193	1,015,246	384	
56. Northern Mariana Islands	MP	L	127,001	220,741			25,379	39,635	104	
57. Canada	CAN	L	207,513,750	200,658,621		105,140,119	76,713,670	188,733,997	170,458	
58. Aggregate Other Alien	OT	X X X	199,059,867	190,847,230		62,858,593	103,365,482	462,447,215	163,514	
59. Totals	(a) 54		2,158,127,461	2,141,268,981	6,614,186	1,048,311,369	1,024,613,118	3,427,332,463	10,911,767	

DETAILS OF WRITE-INS										
58001. AUS AUSTRALIA	X X X		194,049,082	186,965,393		62,085,827	99,849,191	436,497,392		
58002. ZZZ OTHER ALIEN	X X X		1,934,016	252,430		256,813	1,012,473	18,970,182	163,514	
58003. BMU BERMUDA	X X X		513,551	529,295			73,980	1,433,989		
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X		2,563,218	3,100,112		515,953	2,429,838	5,545,652		
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		199,059,867	190,847,230		62,858,593	103,365,482	462,447,215	163,514	

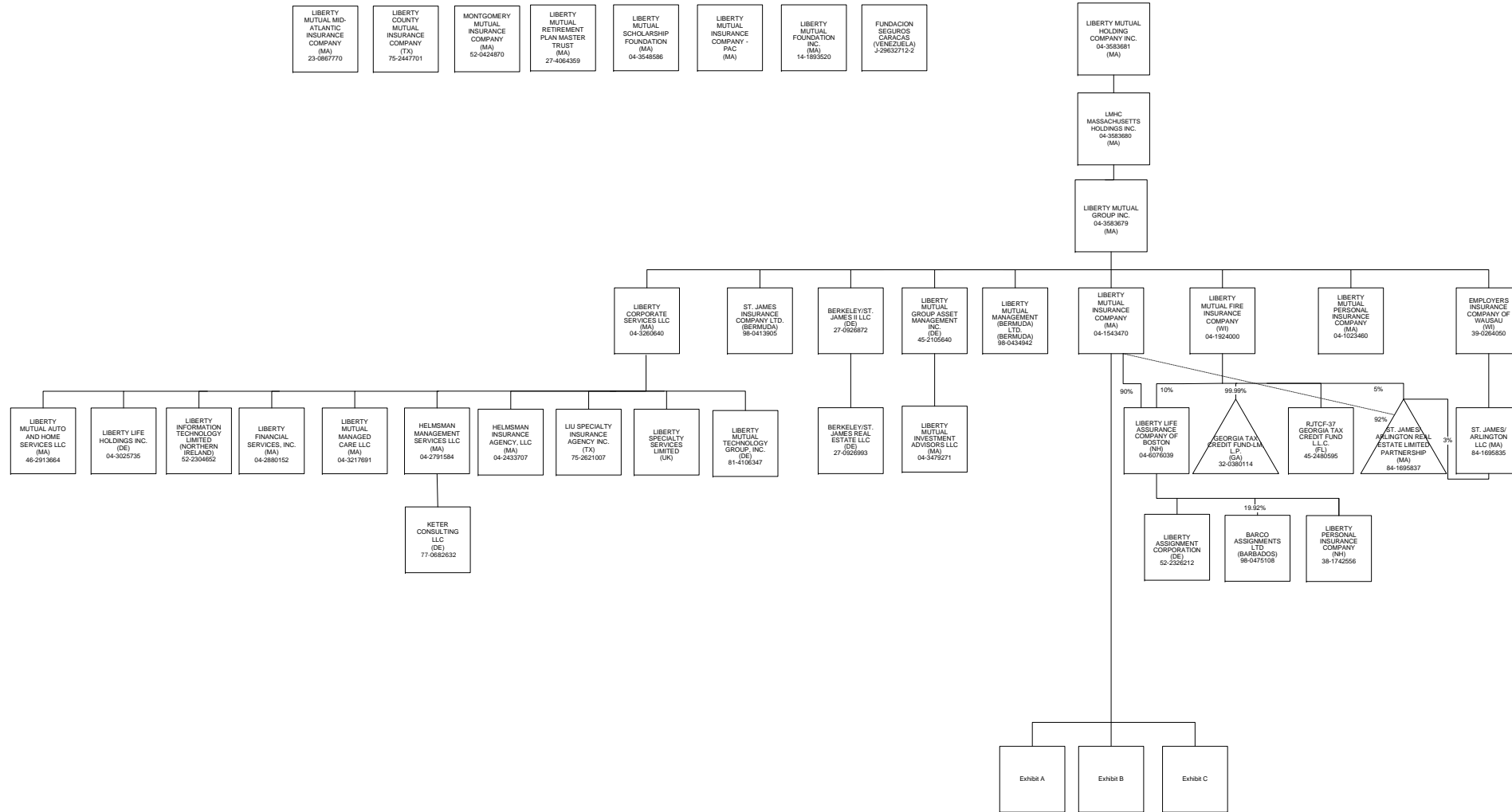
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	*Location of Court or Obligor - Surety
*States employee's main work place - Worker's Compensation	*Address of Assured - Other Accident and Health
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Location of Properties covered - Burglary and Theft
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty	*Principal Location of Assured - Ocean Marine, Credit
*Point of origin of shipment or principal location of assured - Inland Marine	*Primary residence of Assured - Aircraft (all perils)
*State in which employees regularly work - Group Accident and Health	

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

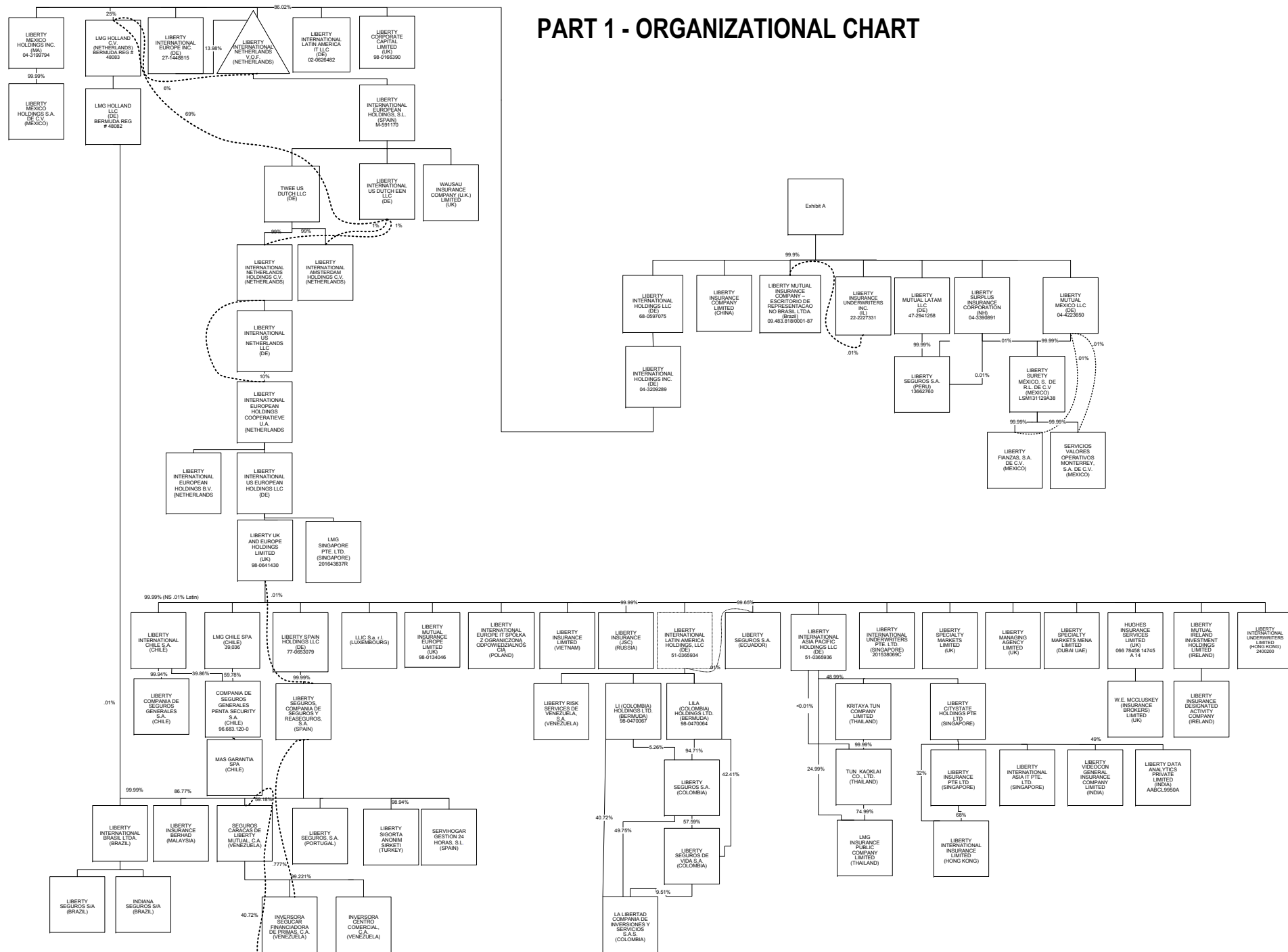
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



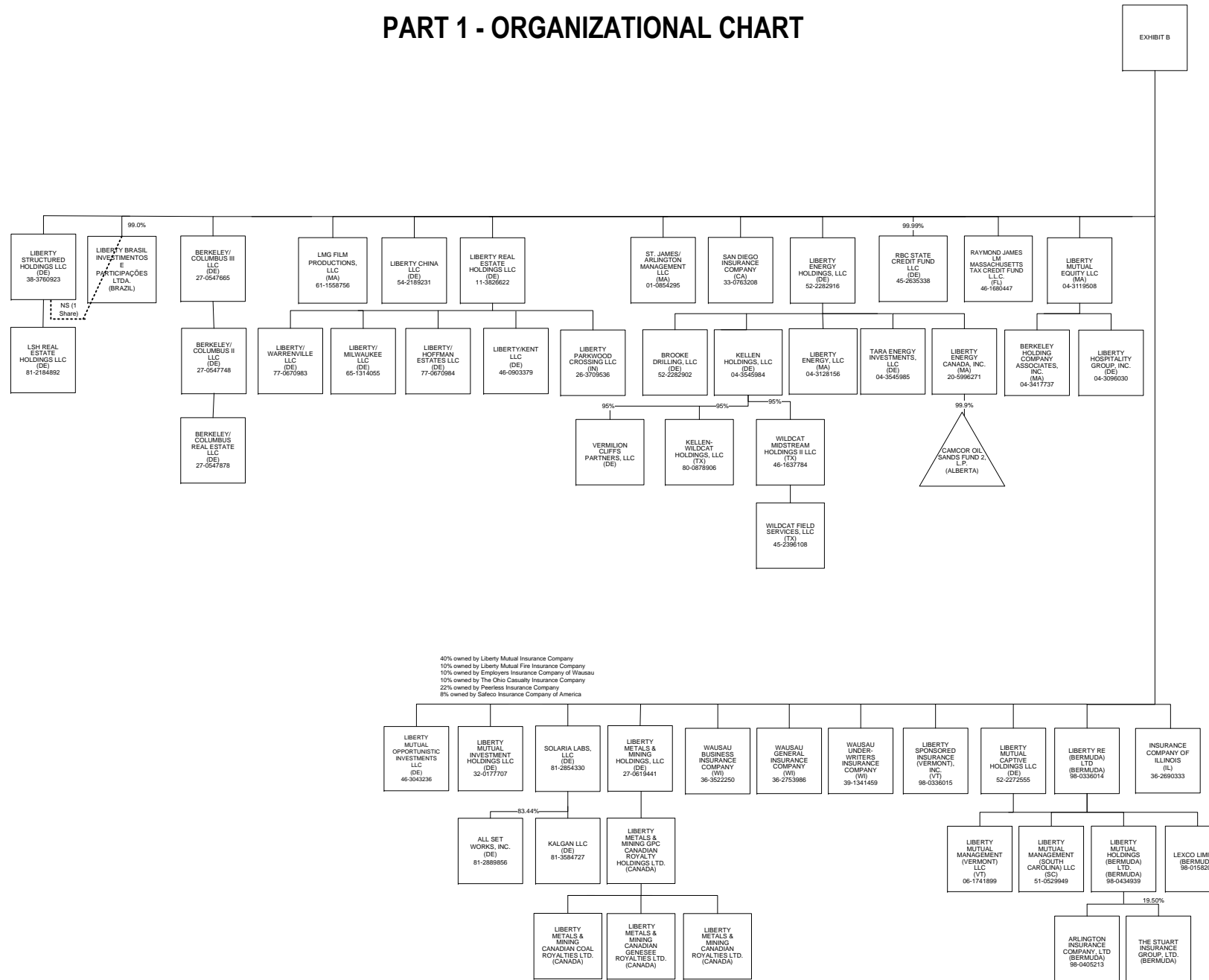
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Amounts receivable under high deductible policies	81,439,773	13,938	81,425,835	81,524,078
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	81,439,773	13,938	81,425,835	81,524,078

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Retroactive reinsurance reserves	(1,558,472,651)	(1,482,668,306)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(1,558,472,651)	(1,482,668,306)

OVERFLOW PAGE FOR WRITE-INS

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SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated By States and Territories

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
58004. BRA BRAZIL	X X X	404,842	139,203			1,545,819	4,781,057		
58005. IOT INDIAN OCEAN	X X X	398,670	399,446			58,964	347,192		
58006. TTO TRINIDAD AND TOBAGO	X X X	376,400	424,628			(13,880)	109,924		
58007. JAM JAMAICA	X X X	227,583	245,179		60,000	1,178,122	1,394,739		
58008. GNQ EQUATORIAL NEW GUINEA	X X X	155,849	84,281			20,395	24,387		
58009. COL COLOMBIA	X X X	138,267	36,220			4,059,471	4,186,508		
58010. TUR TURKEY	X X X	111,775	7,237			(20,620)	32,929		
58011. NZL NEW ZEALAND	X X X	102,837	104,271			761,485	(169,700)		
58012. URY URUGUAY	X X X	100,000	137,505			(10,424)	677,656		
58013. CAN CANADA	X X X	88,217	59,214				12,303		
58014. CHL CHILE	X X X	85,485	55,807		38,198	1,821,519	1,893,229		
58015. HND HONDURAS	X X X	69,382	63,679			34,893	48,968		
58016. MEX MEXICO	X X X	58,654	165,300			25,601	43,232		
58017. BHS BAHAMAS	X X X	56,820	43,844			(6,522,121)	(6,626,240)		
58018. IRL IRELAND	X X X	49,163	38,893			(5,440)	29,548		
58019. BES BONAIRE	X X X	44,786	44,864			45,821	74,990		
58020. GUY GUYANA	X X X	39,251	33,476			(29,053)	(61,139)		
58021. CYM CAYMAN ISLANDS	X X X	38,000	92,426			129,773	390,634		
58022. GBR UNITED KINGDOM	X X X	31,710	74,771			(16,082)	(8,594,215)		
58023. ISR ISRAEL	X X X	23,337	129,158		175,000	(52,012)	132,934		
58024. SGP SINGAPORE	X X X	17,534	121,236			(202,585)	299,212		
58025. PRI PUERTO RICO	X X X	17,249	7,770				2,004		
58026. CRI COSTA RICA	X X X	15,829	12,007			(30,242)	7,260		
58027. DEU GERMANY	X X X	15,007	10,895			(1,854)	13,773		
58028. BOL BOLIVIA	X X X	8,494	25,083			15,281	15,888		
58029. NIC NICARAGUA	X X X	7,966	21,182			3,478	3,961		
58030. PAN PANAMA	X X X	7,226	14,158		(328,559)	(50,088)	284,035		
58031. SLV EL SALVADOR	X X X	6,840	19,069			35,213	37,854		
58032. KOR SOUTH KOREA	X X X	6,550	3,042			360	34,711		
58033. HKG HONG KONG	X X X	4,867	2,073			(6,606)	34,996		
58034. ARG ARGENTINA	X X X	4,000	3,399			391,706	495,091		
58035. DOM DOMINICAN REPUBLIC	X X X	3,468	218,703			754,016	807,162		
58036. GTM GUATEMALA	X X X	1,251	28,941			(35,502)	(8,342)		
58037. GEO GEORGIA	X X X	1,249	38,560			(23)	126,617		
58038. ECU ECUADOR	X X X	206	(22,990)			(100,372)	(18,193)		
58039. JPN JAPAN	X X X	42	25			(3,599,369)	6		
58040. TWN TAIWAN	X X X	24	14			4	3		
58041. POL POLAND	X X X	12	7			(307)	2		
58042. ITA ITALY	X X X	1	1			1,019			
58043. ESP SPAIN	X X X	1				(14,649)	3,157		
58044. ABW ARUBA	X X X		23,798			355,734	387,748		
58045. BRB BARBADOS	X X X					87,054	85,138		
58046. BLR BELARUS	X X X					28			
58047. VGB BRITISH VIRGIN ISLANDS	X X X		598			8,056	(37,048)		
58048. CYP CYPRUS	X X X					(133)	1,921		
58049. ENG ENGLAND	X X X					(423)	5		
58050. FRA FRANCE	X X X					3,131			
58051. GRD GRENADA	X X X		14,010			76,439	86,775		
58052. GUM GUAM	X X X						1,803		
58053. GIN GUINEA	X X X		68,118			(11,417)	1,740		
58054. IND INDIA	X X X					649	5,115		
58055. IDN INDONESIA	X X X					8			
58056. KEN KENYA	X X X					155			
58057. LUX LUXEMBOURG	X X X					(5,207)	6,980		
58058. MYS MALAYSIA	X X X					5,005			
58059. MNG MONGOLIA	X X X						107,463		
58060. ANT NETHERLAND ANTILLES	X X X					(1,009)	98		
58061. NLD NETHERLANDS	X X X		75,167		12,594	15,137	2,094,424		
58062. NGA NIGERIA	X X X					(13)			
58063. MNP NORTHERN MARIANA ISLAN	X X X						2,440		
58064. PRY PARAGUAY	X X X		16,037			3,634	16,089		
58065. PHL PHILIPPINES	X X X					77			
58066. PRT PORTUGAL	X X X					11			
58067. SCT SCOTLAND	X X X					(1,339)	86		
58068. SGS SOUTH AFRICA	X X X		(118)			181			
58069. CHE SWITZERLAND	X X X					(2,242)	2,213		
58070. THA THAILAND	X X X					595			
58071. TUV TURKS AND CAICOS	X X X					1,715	2,188		

OVERFLOW PAGE FOR WRITE-INS

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SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated By States and Territories

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
58072. ARE UNITED ARAB EMIRATES	X X X					(306)	(290)		
58073. VEN VENEZUELA	X X X					(128,117)	(128,929)		
58074. AGO ANGOLA	X X X					(260)	(260)		
58075. AIA ANGUILLA	X X X					(54)	(54)		
58076. ATG ANTIGUA	X X X					4,739	4,739		
58077. BLZ BELIZE	X X X					81,673	81,673		
58078. DMA DOMINICA	X X X					(967)	(967)		
58079. GHA GHANA	X X X					17,739	17,739		
58080. HTI HAITI	X X X					41,467	41,467		
58081. ISL ICELAND	X X X					(102,210)	(102,210)		
58082. MAR MOROCCO	X X X					(60)	(60)		
58083. NGA NIGERIA	X X X					(13)			
58084. KNA SAINT KITTS AND NEVIS	X X X					(211)	(211)		
58085. LCA SAINT LUCIA	X X X					(148,349)	(148,349)		
58086. MAF SAINT-MARTIN	X X X					26,336	26,336		
58087. VCT SAINT VINCENT AND GRENA	X X X					(2,207)	(2,207)		
58088. SUR SURINAME	X X X					80,648	80,648		
58089. TUN TUNISIA	X X X					(70)	(70)		
58090. VNM VIETNAM	X X X					(3,290)	2,592		
58091. CHN CHINA	X X X	(214)	(1)			366	140		
58092. BEL BELGIUM	X X X	(2,306)	(201)		33,705	(11)	(220,435)		
58093. QAT QATAR	X X X	(17,862)	(4,487)			(2,811)	(113)		
58094. SAU SAUDI ARABIA	X X X	(20,164)	(5,065)			(2,261)	(127)		
58095. PER PERU	X X X	(115,080)	29,679		525,015	1,860,530	2,261,289		
58097. Total (Lines 58004 through 58096) (Page 94, Line 58998)	X X X	2,563,218	3,100,112		515,953	2,429,838	5,545,652		

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