

ANNUAL STATEMENT

OF THE

THE OHIO CASUALTY INSURANCE COMPANY

of **KEENE**

in the state of **NEW HAMPSHIRE**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2014

PROPERTY AND CASUALTY

2014



ANNUAL STATEMENT

For the Year Ended December 31, 2014
OF THE CONDITION AND AFFAIRS OF THE

The Ohio Casualty Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 24074 Employer's ID Number 31-0396250
Organized under the Laws of New Hampshire, State of Domicile or Port of Entry New Hampshire
Country of Domicile United States of America
Incorporated/Organized November 6, 1919 Commenced Business March 1, 1920
Statutory Home Office 62 Maple Avenue, Keene, NH, US 03431
Main Administrative Office 175 Berkeley Street, Boston, MA, US 02116
Mail Address 175 Berkeley Street, Boston, MA, US 02116
Primary Location of Books and Records 175 Berkeley Street, Boston, MA, US 02116
Internet Web Site Address www.LibertyMutualGroup.com
Statutory Statement Contact Gennaro Petruzziello, 617-357-9500 x44532

OFFICERS

Chairman of the Board
James Paul Condryn, III

Table with 2 columns: Name, Title. Lists James Paul Condryn, III (President and Chief Executive Officer), Dexter Robert Legg (Vice President and Secretary), and Laurance Henry Soyer Yahia (Vice President and Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists John Derek Doyle (Vice President and Comptroller), Michael Joseph Fallon (Vice President and Chief Financial Officer), Anthony Alexander Fontanes (Vice President and Chief Investment Officer), and Christopher Locke Peirce (Executive Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists Kristen Maria Bessette, John Derek Doyle, Michael Henry Hughes, Dexter Robert Legg, and Elizabeth Julia Morahan #.

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) James Paul Condryn, III (Printed Name) 1. President and Chief Executive Officer (Title)
(Signature) Dexter Robert Legg (Printed Name) 2. Vice President and Secretary (Title)
(Signature) Laurance Henry Soyer Yahia (Printed Name) 3. Vice President and Treasurer (Title)

Subscribed and sworn to (or affirmed) before me this on this 26th day of January, 2015, by

- a. Is this an original filing? [X] 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)	3,451,167,031		3,451,167,031	3,548,001,714
2. Stocks (Schedule D):				
2.1 Preferred stocks	9,967,994		9,967,994	9,647,767
2.2 Common stocks	508,929,941		508,929,941	473,769,402
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	135,201,271		135,201,271	118,586,912
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	25,443,814		25,443,814	26,823,784
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 8,783,165, Schedule E - Part 1), cash equivalents (\$ 13,724,513, Schedule E - Part 2), and short-term investments (\$ 21,424,895, Schedule DA)	43,932,573		43,932,573	46,964,847
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	275,767,817		275,767,817	250,710,310
9. Receivables for securities	16,228,653		16,228,653	8,913,201
10. Securities lending reinvested collateral assets (Schedule DL)	81,253,111		81,253,111	58,333,388
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,547,892,205		4,547,892,205	4,541,751,325
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	30,306,138		30,306,138	33,017,928
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	116,567,698	6,103,750	110,463,948	125,881,075
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,297,016 earned but unbilled premiums)	469,377,206	229,702	469,147,504	599,712,567
15.3 Accrued retrospective premiums	39,809,425	3,955,615	35,853,810	37,659,053
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				12,458,387
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	30,975	1,123	29,852	
18.1 Current federal and foreign income tax recoverable and interest thereon	4,200,888		4,200,888	27,847,866
18.2 Net deferred tax asset	112,862,000		112,862,000	123,573,798
19. Guaranty funds receivable or on deposit	1,802,276		1,802,276	1,717,902
20. Electronic data processing equipment and software	2,479		2,479	6,197
21. Furniture and equipment, including health care delivery assets (\$ 0)	68,513	68,513		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	261		261	45,393,695
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	105,360,330	9,759,395	95,600,935	90,578,255
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,428,280,394	20,118,098	5,408,162,296	5,639,598,048
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,428,280,394	20,118,098	5,408,162,296	5,639,598,048

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	64,444,487		64,444,487	60,940,182
2502. Amounts receivable under high deductible policies	15,169,922	15,778	15,154,144	15,621,436
2503. Equities and deposits in pools and associations	13,218,318		13,218,318	11,546,386
2598. Summary of remaining write-ins for Line 25 from overflow page	12,527,603	9,743,617	2,783,986	2,470,251
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	105,360,330	9,759,395	95,600,935	90,578,255

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,219,415,749	2,279,464,676
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,906,743	116,546,438
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	481,276,193	489,340,086
4. Commissions payable, contingent commissions and other similar charges	42,140,609	43,093,356
5. Other expenses (excluding taxes, licenses and fees)	66,177,987	63,326,817
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	19,575,115	22,625,071
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 231,651,539 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)	1,006,108,608	950,468,970
10. Advance premium	7,300,797	7,057,581
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	199,448	196,198
12. Ceded reinsurance premiums payable (net of ceding commissions)		26,316,958
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	9,875,639	7,901,669
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	65,450,853	66,588,376
19. Payable to parent, subsidiaries and affiliates	11,722,345	17,546,759
20. Derivatives		
21. Payable for securities	11,656,432	2,670,223
22. Payable for securities lending	81,253,111	58,333,388
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(148,680,383)	104,003,001
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,878,379,246	4,255,479,567
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	3,878,379,246	4,255,479,567
29. Aggregate write-ins for special surplus funds	8,632,698	8,909,896
30. Common capital stock	4,500,000	4,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	738,183,897	738,183,897
35. Unassigned funds (surplus)	778,466,455	632,524,688
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)	1,529,783,050	1,384,118,481
38. Totals (Page 2, Line 28, Col. 3)	5,408,162,296	5,639,598,048

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	53,226,104	60,292,522
2502. Other liabilities	36,155,153	46,855,928
2503. Retroactive reinsurance reserves	(238,061,640)	(3,145,449)
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(148,680,383)	104,003,001
2901. Special surplus from retroactive reinsurance	8,632,698	8,909,896
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)	8,632,698	8,909,896
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	1,971,402,330	1,948,596,324
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,110,630,374	1,152,772,781
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	269,772,012	279,293,399
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	629,044,634	627,302,740
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,009,447,020	2,059,368,920
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(38,044,690)	(110,772,596)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	157,219,623	385,127,660
10. Net realized capital gains (losses) less capital gains tax of \$ 5,230,107 (Exhibit of Capital Gains (Losses))	9,713,056	5,199,459
11. Net investment gain (loss) (Lines 9 + 10)	166,932,679	390,327,119
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 389,035 amount charged off \$ 7,852,603)	(7,463,568)	(6,424,920)
13. Finance and service charges not included in premiums	11,055,509	10,709,824
14. Aggregate write-ins for miscellaneous income	(4,452,176)	(3,734,306)
15. Total other income (Lines 12 through 14)	(860,235)	550,598
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	128,027,754	280,105,121
17. Dividends to policyholders	1,885,384	3,082,309
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)	126,142,370	277,022,812
19. Federal and foreign income taxes incurred	(7,520,107)	(36,443,754)
20. Net income (Line 18 minus Line 19) (to Line 22)	133,662,477	313,466,566
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,384,118,481	1,274,632,288
22. Net income (from Line 20)	133,662,477	313,466,566
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 8,706,977	25,396,652	(183,681,621)
25. Change in net unrealized foreign exchange capital gain (loss)	(1,808,241)	(567,741)
26. Change in net deferred income tax	(37,086,023)	(36,467,318)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	28,427,675	44,989,279
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		205,905,250
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		(235,000,000)
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	(2,927,971)	841,778
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	145,664,569	109,486,193
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,529,783,050	1,384,118,481

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)	(1,316,591)	53,704
1402. Other income/(expense)	(3,135,585)	(3,788,010)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(4,452,176)	(3,734,306)
3701. Other changes in surplus	(2,927,971)	841,778
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)	(2,927,971)	841,778

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,150,805,535	1,789,254,268
2. Net investment income	172,693,526	403,299,843
3. Miscellaneous income	(8,507,669)	42,935,301
4. Total (Lines 1 through 3)	2,314,991,392	2,235,489,412
5. Benefit and loss related payments	1,267,178,086	677,688,433
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	908,736,995	815,100,773
8. Dividends paid to policyholders	1,882,134	3,172,564
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(20,457,239)	42,539,730
10. Total (Lines 5 through 9)	2,157,339,976	1,538,501,500
11. Net cash from operations (Line 4 minus Line 10)	157,651,416	696,987,912
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	673,235,823	821,461,265
12.2 Stocks	64,708,960	214,844,717
12.3 Mortgage loans	9,679,662	10,085,321
12.4 Real estate		
12.5 Other invested assets	422,933,924	317,853,196
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(7,356,015)	(6,382,650)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,163,202,354	1,357,861,849
13. Cost of investments acquired (long-term only):		
13.1 Bonds	582,580,511	1,280,452,127
13.2 Stocks	67,305,606	224,755,232
13.3 Mortgage loans	26,509,551	23,810,633
13.4 Real estate	207,935	887,421
13.5 Other invested assets	458,562,878	515,502,753
13.6 Miscellaneous applications	(6,007,494)	7,418,443
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,129,158,987	2,052,826,609
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)	34,043,367	(694,964,760)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		205,905,189
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		235,000,000
16.6 Other cash provided (applied)	(194,727,057)	(87,162,755)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(194,727,057)	(116,257,566)
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)	(3,032,274)	(114,234,414)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	46,964,847	161,199,261
19.2 End of year (Line 18 plus Line 19.1)	43,932,573	46,964,847

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	445,746	230,796,800
20.0002	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	51,234	327,305
20.0003	13.5 - Cost of Investment Acquired - Other invested assets	51,234	327,305
20.0004	13.1 - Cost of investments acquired - Bonds	2,000,351	375,100,991
20.0005	16.5 - Dividends to stockholders		232,781,223
20.0006	13.2 - Cost of Investment Acquired - Stocks	875,260	
20.0007	12.2 - Proceeds from investments sold, matured or repaid - Stocks	429,514	
20.0008	2. - Net investment income	2,000,351	

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	48,885,693	23,704,854	23,357,330	49,233,217
2. Allied lines	30,635,385	14,843,729	15,522,636	29,956,478
3. Farmowners multiple peril	7,732,366	3,782,626	3,933,726	7,581,266
4. Homeowners multiple peril	427,481,749	211,255,129	229,168,863	409,568,015
5. Commercial multiple peril	173,401,562	86,211,731	87,394,739	172,218,554
6. Mortgage guaranty				
8. Ocean marine	6,125,307	3,269,085	3,661,638	5,732,754
9. Inland marine	53,766,839	11,837,663	12,897,774	52,706,728
10. Financial guaranty				
11.1 Medical professional liability—occurrence	3,958,165	1,896,934	1,955,965	3,899,134
11.2 Medical professional liability—claims-made	1,982,426	311,564	925,687	1,368,303
12. Earthquake	7,014,587	3,692,035	3,450,749	7,255,873
13. Group accident and health	315,022		125,046	189,976
14. Credit accident and health (group and individual)				
15. Other accident and health	500,998	31,803	34,950	497,851
16. Workers' compensation	178,865,974	10,679,352	6,826,560	182,718,766
17.1 Other liability—occurrence	129,225,124	55,428,085	57,590,009	127,063,200
17.2 Other liability—claims-made	51,320,731	18,423,918	27,041,430	42,703,219
17.3 Excess workers' compensation	4,605,758	1,860,535	2,344,619	4,121,674
18.1 Products liability—occurrence	12,462,492	7,341,297	7,437,574	12,366,215
18.2 Products liability—claims-made	1,136,053	396,002	378,810	1,153,245
19.1,19.2 Private passenger auto liability	453,607,624	210,767,006	220,614,611	443,760,019
19.3,19.4 Commercial auto liability	93,915,186	43,050,200	43,909,790	93,055,596
21. Auto physical damage	250,090,848	156,847,583	169,118,542	237,819,889
22. Aircraft (all perils)	3,185,106	870,030	781,134	3,274,002
23. Fidelity	3,792,624	1,052,496	1,886,781	2,958,339
24. Surety	59,266,929	35,726,776	37,484,387	57,509,318
26. Burglary and theft	87,556	45,487	40,340	92,703
27. Boiler and machinery	3,014,875	1,275,698	1,300,027	2,990,546
28. Credit	411,825	73,159	276,758	208,226
29. International				
30. Warranty	59,353	409,238	317,510	151,081
31. Reinsurance-nonproportional assumed property	20,579,467	1,967,457	3,222,553	19,324,371
32. Reinsurance-nonproportional assumed liability	2,731,118	295,963	1,370,262	1,656,819
33. Reinsurance-nonproportional assumed financial lines	(12,790)			(12,790)
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,030,145,952	907,347,435	964,370,800	1,973,122,587

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)				

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	23,173,541	183,788			23,357,329
2. Allied lines	15,470,283	52,353			15,522,636
3. Farmowners multiple peril	3,933,726				3,933,726
4. Homeowners multiple peril	229,168,863				229,168,863
5. Commercial multiple peril	88,038,826	111,574	(760,167)	4,506	87,394,739
6. Mortgage guaranty					
8. Ocean marine	3,525,327	136,311			3,661,638
9. Inland marine	11,407,820	1,489,954			12,897,774
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,945,601	10,365			1,955,966
11.2 Medical professional liability—claims-made	884,230	41,457			925,687
12. Earthquake	3,437,966	12,783			3,450,749
13. Group accident and health	125,046				125,046
14. Credit accident and health (group and individual)					
15. Other accident and health	34,950				34,950
16. Workers' compensation	47,013,658	1,575,756	(1,080,127)	(40,682,727)	6,826,560
17.1 Other liability—occurrence	52,362,765	4,613,627	(66,674)	680,291	57,590,009
17.2 Other liability—claims-made	24,225,278	2,820,707	(4,554)		27,041,431
17.3 Excess workers' compensation	1,937,238	407,381			2,344,619
18.1 Products liability—occurrence	4,691,788	2,552,411	(17,411)	210,786	7,437,574
18.2 Products liability—claims-made	368,098	10,712			378,810
19.1,19.2 Private passenger auto liability	220,614,611				220,614,611
19.3,19.4 Commercial auto liability	43,551,833	379,688		(21,731)	43,909,790
21. Auto physical damage	169,067,287	51,255			169,118,542
22. Aircraft (all perils)	781,134				781,134
23. Fidelity	1,857,965	28,816			1,886,781
24. Surety	36,529,603	954,784			37,484,387
26. Burglary and theft	40,316	24			40,340
27. Boiler and machinery	1,285,790	14,237			1,300,027
28. Credit	276,758				276,758
29. International					
30. Warranty		317,510			317,510
31. Reinsurance-nonproportional assumed property	3,053,556	168,998			3,222,554
32. Reinsurance-nonproportional assumed liability	1,365,477	4,785			1,370,262
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	990,169,334	15,939,276	(1,928,933)	(39,808,875)	964,370,802
36. Accrued retrospective premiums based on experience					39,808,873
37. Earned but unbilled premiums					1,928,933
38. Balance (Sum of Lines 35 through 37)					1,006,108,608

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	2,367,074	48,885,693		2,367,074		48,885,693
2. Allied lines	2,676,415	30,635,386		2,676,415		30,635,386
3. Farmowners multiple peril		7,732,366				7,732,366
4. Homeowners multiple peril	2,237,464	427,481,749		2,237,464		427,481,749
5. Commercial multiple peril	86,396,481	173,401,562		86,396,481		173,401,562
6. Mortgage guaranty						
8. Ocean marine		6,125,307				6,125,307
9. Inland marine	26,835,712	53,766,839		26,835,712		53,766,839
10. Financial guaranty						
11.1 Medical professional liability--occurrence		3,958,165				3,958,165
11.2 Medical professional liability--claims-made		1,982,426				1,982,426
12. Earthquake	11,952	7,014,587		11,952		7,014,587
13. Group accident and health		315,022				315,022
14. Credit accident and health (group and individual)						
15. Other accident and health	42,210	500,998		42,210		500,998
16. Workers' compensation	33,077,541	178,865,974		33,077,541		178,865,974
17.1 Other liability—occurrence	178,514,945	129,225,124		178,514,945		129,225,124
17.2 Other liability—claims-made	58,476	51,320,731		58,476		51,320,731
17.3 Excess workers' compensation		4,605,758				4,605,758
18.1 Products liability—occurrence	2,404,901	12,462,492		2,404,901		12,462,492
18.2 Products liability—claims-made		1,136,053				1,136,053
19.1,19.2 Private passenger auto liability	3,199,728	453,607,624		3,199,728		453,607,624
19.3,19.4 Commercial auto liability	27,773,622	93,915,186		27,773,622		93,915,186
21. Auto physical damage	10,722,261	250,090,848		10,722,261		250,090,848
22. Aircraft (all perils)		3,185,106				3,185,106
23. Fidelity	6,743,303	3,792,624		6,743,303		3,792,624
24. Surety	91,453,749	59,266,929		91,453,749		59,266,929
26. Burglary and theft	(36)	87,556		(36)		87,556
27. Boiler and machinery	69,457	3,014,875		69,457		3,014,875
28. Credit		411,825				411,825
29. International						
30. Warranty		59,353				59,353
31. Reinsurance-nonproportional assumed property	X X X	20,579,467				20,579,467
32. Reinsurance-nonproportional assumed liability	X X X	2,731,118				2,731,118
33. Reinsurance-nonproportional assumed financial lines	X X X	(12,790)				(12,790)
34. Aggregate write-ins for other lines of business						
35. TOTALS	474,585,255	2,030,145,953		474,585,255		2,030,145,953

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 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	580,358	14,058,854	580,358	14,058,854	119,706	6,239,454	119,706	20,298,308	1,654,709	
2. Allied lines	619,222	4,711,898	619,222	4,711,898	(42,150)	2,788,007	(42,150)	7,499,905	851,332	
3. Farmowners multiple peril		1,543,381		1,543,381		104,970		1,648,351	499,279	
4. Homeowners multiple peril	1,117,580	46,716,632	1,117,580	46,716,632	423,652	28,445,038	423,652	75,161,670	17,180,408	
5. Commercial multiple peril	28,433,881	91,472,977	28,433,881	91,472,977	24,305,230	70,874,135	24,305,230	162,347,112	65,810,288	
6. Mortgage guaranty										
8. Ocean marine		2,607,502		2,607,502		2,548,855		5,156,357	845,703	
9. Inland marine	4,387,277	3,911,267	4,387,277	3,911,267	917,697	3,697,328	917,697	7,608,595	1,221,540	
10. Financial guaranty										
11.1 Medical professional liability—occurrence		469,381		469,381		5,707,359		6,176,740	465,875	
11.2 Medical professional liability—claims-made		148,737		148,737		1,003,625		1,152,362	254,405	
12. Earthquake		115,759		115,759		32,502		148,261	18,914	
13. Group accident and health		125,162		125,162		94,871	(a)	220,033	10,444	
14. Credit accident and health (group and individual)										
15. Other accident and health	59,907	660,236	59,907	660,236	120,257	879,911	120,257	(a)	1,540,147	547,959
16. Workers' compensation	104,954,371	515,786,745	104,954,371	515,786,745	58,479,111	491,040,823	58,479,111	1,006,827,568	145,714,354	
17.1 Other liability—occurrence	38,554,510	105,789,907	38,554,510	105,789,907	267,339,630	173,858,270	267,339,630	279,648,177	92,068,588	
17.2 Other liability—claims-made	(10,000)	11,739,809	(10,000)	11,739,809	25,100	48,082,425	25,100	59,822,234	15,072,967	
17.3 Excess workers' compensation		20,614,343		20,614,343		24,613,664		45,228,007	4,281,936	
18.1 Products liability—occurrence	1,964,502	7,915,983	1,964,502	7,915,983	986,395	23,051,964	986,395	30,967,947	22,269,355	
18.2 Products liability—claims-made		17,404		17,404		1,502,893		1,520,297	820,498	
19.1,19.2 Private passenger auto liability	21,599,705	208,016,057	21,599,705	208,016,057	1,494,449	131,122,578	1,494,449	339,138,635	77,014,692	
19.3,19.4 Commercial auto liability	15,287,396	72,837,938	15,287,396	72,837,938	10,033,979	37,223,321	10,033,979	110,061,259	19,422,779	
21. Auto physical damage	729,008	546,235	729,008	546,235	649,286	4,176,384	649,286	4,722,619	6,207,828	
22. Aircraft (all perils)		1,697,817		1,697,817		1,186,889		2,884,706	1,128,526	
23. Fidelity	(25,512)	223,951	(25,512)	223,951	2,708,709	2,436,654	2,708,709	2,660,605	426,517	
24. Surety	2,128,814	4,020,540	2,128,814	4,020,540	8,174,289	7,709,909	8,174,289	11,730,449	5,389,610	
26. Burglary and theft		7,079		7,079		3,124		10,203	7,130	
27. Boiler and machinery		264,788		264,788	462	62,138	462	326,926	41,966	
28. Credit		1,215		1,215		312,078		313,293	137	
29. International										
30. Warranty						130,622		130,622	73,460	
31. Reinsurance-nonproportional assumed property	X X X	6,918,961		6,918,961	X X X	7,892,520		14,811,481	219,560	
32. Reinsurance-nonproportional assumed liability	X X X	6,140,804		6,140,804	X X X	13,188,794		19,329,598	1,752,746	
33. Reinsurance-nonproportional assumed financial lines	X X X	321,251		321,251	X X X	2,029		323,280	2,688	
34. Aggregate write-ins for other lines of business										
35. TOTALS	220,381,019	1,129,402,613	220,381,019	1,129,402,613	375,735,802	1,090,013,134	375,735,802	2,219,415,747	481,276,193	

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) 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	14,912,612			14,912,612
1.2 Reinsurance assumed	122,691,374			122,691,374
1.3 Reinsurance ceded	14,912,612			14,912,612
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	122,691,374			122,691,374
2. Commission and brokerage:				
2.1 Direct, excluding contingent		81,713,537		81,713,537
2.2 Reinsurance assumed, excluding contingent		118,089,550		118,089,550
2.3 Reinsurance ceded, excluding contingent		81,713,537		81,713,537
2.4 Contingent—direct		(46,516)		(46,516)
2.5 Contingent—reinsurance assumed		32,250,047		32,250,047
2.6 Contingent—reinsurance ceded		(46,516)		(46,516)
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)		150,339,597		150,339,597
3. Allowances to manager and agents		18,793,394		18,793,394
4. Advertising	398,931	34,879,962	2,417	35,281,310
5. Boards, bureaus and associations	588,521	3,748,959	85	4,337,565
6. Surveys and underwriting reports	8,191	7,295,025		7,303,216
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	87,453,652	172,285,638	7,019,413	266,758,703
8.2 Payroll taxes	3,960,512	15,229,930	6,656	19,197,098
9. Employee relations and welfare	16,247,775	60,498,163	178,634	76,924,572
10. Insurance	6,818,627	1,362,939	32,670	8,214,236
11. Directors' fees	48	1,943		1,991
12. Travel and travel items	5,975,961	13,879,902	222,524	20,078,387
13. Rent and rent items	4,799,138	18,089,136	64,924	22,953,198
14. Equipment	2,718,718	8,482,964	207,540	11,409,222
15. Cost or depreciation of EDP equipment and software	3,225,253	10,530,445	184,833	13,940,531
16. Printing and stationery	598,893	2,262,011	28,453	2,889,357
17. Postage, telephone and telegraph, exchange and express	2,465,526	10,022,157	248,439	12,736,122
18. Legal and auditing	695,510	2,204,272	155,654	3,055,436
19. Totals (Lines 3 to 18)	135,955,256	379,566,840	8,352,242	523,874,338
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 279,703		51,736,815		51,736,815
20.2 Insurance department licenses and fees		5,271,406		5,271,406
20.3 Gross guaranty association assessments		488,829		488,829
20.4 All other (excluding federal and foreign income and real estate)		3,675,455		3,675,455
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		61,172,505		61,172,505
21. Real estate expenses			2,229,134	2,229,134
22. Real estate taxes			343,482	343,482
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	11,125,382	37,965,694	2,512,528	51,603,604
25. Total expenses incurred	269,772,012	629,044,636	13,437,386	(a) 912,254,034
26. Less unpaid expenses—current year	481,276,193	127,506,292	387,419	609,169,904
27. Add unpaid expenses—prior year	489,340,086	128,657,824	387,419	618,385,329
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year		29,852		29,852
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	277,835,905	630,226,020	13,437,386	921,499,311

DETAILS OF WRITE-IN LINES				
2401. Other expenses	11,125,382	37,965,694	2,512,528	51,603,604
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)	11,125,382	37,965,694	2,512,528	51,603,604

(a) Includes management fees of \$ 272,249,200 to affiliates and \$ 18,777,296 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 11,075,992	11,058,855
1.1 Bonds exempt from U.S. tax	(a) 29,710,933	26,936,439
1.2 Other bonds (unaffiliated)	(a) 87,149,620	87,050,246
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 401,537	406,646
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	7,714,749	7,802,786
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 6,924,537	6,965,220
4. Real estate	(d) 5,313,305	5,313,305
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 569,930	569,930
7. Derivative instruments	(f)	
8. Other invested assets	25,621,126	25,621,126
9. Aggregate write-ins for investment income	501,904	501,904
10. Total gross investment income	174,983,633	172,226,457
11. Investment expenses		(g) 13,437,384
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 2,008
14. Depreciation on real estate and other invested assets		(i) 1,567,442
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		15,006,834
17. Net investment income (Line 10 minus Line 16)		157,219,623

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	501,904	501,904
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)	501,904	501,904
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 1,248,210 accrual of discount less \$ 12,356,932 amortization of premium and less \$ 1,583,325 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 \$ 35,183 paid for accrued interest on purchases.
- (d) Includes \$ 5,313,305 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(11,845)		(11,845)		
1.1 Bonds exempt from U.S. tax	2,551,870		2,551,870	129,405	
1.2 Other bonds (unaffiliated)	4,795,756	(535,648)	4,260,108	(2,000,186)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	7,872		7,872	320,233	(6)
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	8,511,235	(916,350)	7,594,885	25,355,931	(1,550,431)
2.21 Common stocks of affiliates				(2,107,482)	
3. Mortgage loans	(99,488)		(99,488)	(116,041)	
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	670,175	(30,414)	639,761	12,236,560	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	16,425,575	(1,482,412)	14,943,163	33,818,420	(1,550,437)

DETAILS OF WRITE-IN LINES					
0901.					
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)					

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			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
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	6,103,750	6,553,441	449,691
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	229,702	511,373	281,671
15.3 Accrued retrospective premiums	3,955,615	4,176,781	221,166
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	1,123	30,141	29,018
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset		35,081,202	35,081,202
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	68,513	102,163	33,650
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	9,759,395	2,076,591	(7,682,804)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	20,118,098	48,531,692	28,413,594
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	20,118,098	48,531,692	28,413,594

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	9,743,617	2,076,437	(7,667,180)
2502. Amounts receivable under high deductible policies	15,778	154	(15,624)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	9,759,395	2,076,591	(7,682,804)

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 New Hampshire, the accompanying financial statements of The Ohio Casualty 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 New Hampshire Department of Insurance approved a departure of a prescribed practice pursuant to NH RSA 402:28 I(d)(3), effective April 1, 2014. Pursuant to this departure of a prescribed practice, the Company is permitted to include as admitted assets, limited partnership investments in excess of the five percent (5%) aggregate limitation set forth in RSA 402:28 to the extent such assets, when added to all other equity interests of the insurer, do not exceed the greater of twenty-five percent (25%) of its admitted assets or one hundred percent (100%) of its surplus as regards to policyholders, provided that no investment shall be acquired hereunder if, as a result of and after giving effect to the investment, the insurer would hold more than five percent (5%) of its admitted assets in investments of all kinds issued, assumed, accepted, insured, or guaranteed by a single person.

Risk based capital would not have triggered a regulatory event had the Company not used this departure of a prescribed practice.

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

	State of Domicile	2014	2013
<u>NET INCOME</u>			
OCIC state basis (Page 4, Line 20, Columns 1 & 2)	OH	\$133,662,477	\$313,466,566
State Prescribed Practices: NONE		-	-
State Permitted Practices: NONE		-	-
NAIC SAP		\$133,662,477	\$313,466,566

	State of Domicile	2014	2013
<u>SURPLUS</u>			
OCIC state basis (Page 3, Line 37, Columns 1 & 2)	OH	\$1,529,783,050	\$1,384,118,481
State Prescribed Practices:		5,359,702	-
State Permitted Practices: NONE		-	-
NAIC SAP		\$1,524,423,348	\$1,384,118,481

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 (IAO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the IAO 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 IAO 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 IAO Manual.
6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the IAO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly. 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 IAO Manual.

NOTES TO FINANCIAL STATEMENTS

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 IAO 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 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 2014.
13. The Company has no pharmaceutical rebate receivables.

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

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

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 2014 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.500% and 7.250%
Purchase money mortgages	N/A
Cash flow mortgages	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	2014	2013
	\$ 6,627	\$ 7,358

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	\$ -	\$ -	\$ -	\$ -	\$ 135,420,771	\$ -	\$ 135,420,771
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	238,435	-	238,435

NOTES TO FINANCIAL STATEMENTS

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	\$ -	\$ -	\$ -	\$ -	\$ 4,689,540	\$ -	\$ 4,689,540
(b) Number of Loans	-	-	-	-	221	-	221
(c) Percent Reduced	-	-	-	-	1.835%	-	1.835%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	\$ -	\$ -	\$ -	\$ -	\$ 118,736,622	\$ -	\$ 118,736,622
(b) 30-59 Days Past Due	-	-	-	-	51,200	-	51,200
(c) 60-89 Days Past Due	-	-	-	-	79,917	-	79,917
(d) 90-179 Days Past Due	-	-	-	-	27,054	-	27,054
(e) 180+ Days Past Due	-	-	-	-	34,013	-	34,013
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	\$ -	\$ -	\$ -	\$ -	\$ 13,478,314	\$ -	\$ 13,478,314
(b) Number of Loans	-	-	-	-	135	-	135
(c) Percent Reduced	-%	-%	-%	-%	1.599%	-%	1.599%

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	\$-	\$-	\$-	\$-	\$ 1,042,034	\$-	\$ 1,042,034
2. No Allowance for Credit Losses	-	-	-	-	354,973	-	354,973
b. Prior Year							
1. With Allowance for Credit Losses	\$-	\$-	\$-	\$-	\$ 631,934	\$-	\$ 631,934
2. No Allowance for Credit Losses	-	-	-	-	329,705	-	329,705

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	\$-	\$-	\$-	\$-	\$ 1,179,515	\$-	\$ 1,179,515
2. Interest Income Recognized	-	-	-	-	67,506	-	67,506
3. Recorded Investments on Nonaccrual Status	-	-	-	-	238,435	-	238,435
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	54,424	-	54,424

NOTES TO FINANCIAL STATEMENTS

b. Prior Year

1. Average Recorded Investment	\$-	\$-	\$-	\$-	\$1,062,223	\$-	\$1,062,223
2. Interest Income Recognized	-	-	-	-	57,613	-	57,613
3. Recorded Investments on Nonaccrual Status	-	-	-	-	230,975	-	230,975
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	44,531	-	44,531

	2014	2013
7. Allowance for credit losses:		
a. Balance at beginning of period	\$ 341,894	\$ 592,847
b. Additions charged to operations	215,442	129,265
c. Direct write-downs charged against the allowances	99,401	380,218
d. Recoveries of amounts previously charged off	0	-
e. Balance at end of period	\$ 457,935	\$ 341,894

8. The Company recognizes interest income on its impaired loans upon receipt.

B. Debt Restructuring

	2014	2013
1. The total recorded investment in restructured loans, as of year end	\$ 1,225,513	\$ 1,401,069
2. The realized capital losses related to these loans	\$-	\$-
3. Total contractual commitments to extend credit to debtors owing 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

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2014 as of December 31, 2014: None
3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2014:

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
12544LAK7	575,248	572,644	2,603	572,644	573,304	3/31/2014
74958YAA0	534,907	530,336	4,570	530,336	530,546	3/31/2014
17309BAB3	514,511	508,609	5,902	508,609	472,052	3/31/2014
41161PMY6	561,022	366,930	194,092	366,930	161,527	3/31/2014
41161PMY6	359,925	272,012	87,913	272,012	291,742	6/30/2014
41161PMY6	283,906	272,012	11,895	272,012	291,742	9/30/2014
12544LAK7	507,990	495,149	12,841	495,149	494,826	12/31/2014
17309BAB3	484,409	478,099	6,310	478,099	477,323	12/31/2014

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, 2014:

a. The aggregate amount of unrealized losses:		
1. Less than 12 Months	\$ 216,647	
2. 12 Months or Longer	\$ 4,750,544	
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months	\$ 43,520,110	
2. 12 Months or Longer	\$ 309,573,236	

NOTES TO FINANCIAL STATEMENTS

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 Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' surplus. 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. The Company has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral to security lending.
2. The Company has not pledged any of its assets as collateral as of December 31, 2014.
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	\$81,253,118
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	\$81,253,118
(g) Securities Received	6,392,235
(h) Total Collateral Received	\$87,645,353

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 aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral)

	\$81,253,118
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- 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.

NOTES TO FINANCIAL STATEMENTS

5. Collateral Reinvestment

a. Aggregate Amount Cash 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		
(b) 30 Days or Less	\$41,673,469	\$41,671,318
(c) 31 to 60 Days	\$17,138,366	\$17,138,595
(d) 61 to 90 Days	\$22,443,266	\$22,443,198
(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	\$81,255,101	\$81,253,111
(l) Securities Received		
(m) Total Collateral Reinvested	\$81,255,101	\$81,253,111
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 securities collateral currently not listed on the balance sheet, which has been pledged to the Company against a borrowed position is not restricted from use in the event the Company wanted to use it.
7. The Company's securities lending program is an open transaction (not contract based), and as such, the Company can recall the security lent at any time.

F. Real Estate

The Company does not hold any investments in real estate.

G. Investments in Low-Income Housing Tax Credits

The Company does not hold investments in low-income housing tax credits.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	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
a. Subject to contractual obligation for which liability is not shown	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
b. Collateral held under security lending agreements	81,253,111	-	-	-	\$81,253,111	\$58,333,388	\$22,919,723	\$81,253,111	2%	2%
c. Subject to repurchase agreements	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
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	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
j. On deposit with states	222,342,309	-	-	-	\$222,342,309	\$9,526,195	\$212,816,114	\$222,342,309	4%	4%
k. On deposit with other regulatory bodies	402,484	-	-	-	\$402,484	\$403,830	(\$1,346)	\$402,484	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
n. Other restricted assets	-	-	-	-	\$-	\$-	\$-	\$-	0%	0%
o. Total Restricted Assets	\$303,997,904	\$-	\$-	\$-	\$303,997,904	\$68,263,413	\$235,734,491	\$303,997,904	6%	6%

(a) Subset of column 1

(b) Subset of column 3

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)

Not applicable

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

Not applicable

I. Working Capital Finance Investments

The Company does not invest in Working Capital Finance Investments.

NOTES TO FINANCIAL STATEMENTS

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies

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 \$30,414 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 (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2014.

Note 8 - Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

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

1.

	12/31/2014		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 169,692,000	\$ 50,425,300	\$ 220,117,300
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	169,692,000	50,425,300	220,117,300
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	169,692,000	50,425,300	220,117,300
(f) Deferred Tax Liabilities	53,107,300	54,148,000	107,255,300
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 116,584,700	\$ (3,722,700)	\$ 112,862,000

	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 183,753,900	\$ 28,303,100	\$ 212,057,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	183,753,900	28,303,100	212,057,000
(d) Deferred Tax Assets Nonadmitted	26,775,888	8,305,314	35,081,202
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	156,978,012	19,997,786	176,975,798
(f) Deferred Tax Liabilities	33,404,214	19,997,786	53,402,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 123,573,798	\$ -	\$ 123,573,798

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (14,061,900)	\$ 22,122,200	\$ 8,060,300
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(14,061,900)	22,122,200	8,060,300
(d) Deferred Tax Assets Nonadmitted	(26,775,888)	(8,305,314)	(35,081,202)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	12,713,988	30,427,514	43,141,502
(f) Deferred Tax Liabilities	19,703,086	34,150,214	53,853,300
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ (6,989,098)	\$ (3,722,700)	\$ (10,711,798)

2.

	12/31/2014		
	(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	\$ 23,069,742	\$ 28,121	\$ 23,097,863
(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)	99,628,963	-	99,628,963
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	99,628,963	-	99,628,963
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			213,671,470
(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	46,993,295	50,397,179	97,390,474
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 169,692,000	\$ 50,425,300	\$ 220,117,300

	12/31/2013		
	(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	\$ 41,835,124	\$ -	\$ 41,835,124
(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)	81,738,675	-	81,738,675
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	81,738,675	-	81,738,675
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			189,080,773
(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	33,404,214	19,997,786	53,402,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 156,978,013	\$ 19,997,786	\$ 176,975,799

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ (18,765,382)	\$ 28,121	\$ (18,737,261)
(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)	17,890,288	-	17,890,288
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	17,890,288	-	17,890,288
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			24,590,697
(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	13,589,081	30,399,393	43,988,474
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 12,713,987	\$ 30,427,514	\$ 43,141,501

3.

	2014	2013
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	585.3%	518.8%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,416,921,050	1,260,544,682

4.

	12/31/2014		12/31/2013		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)	\$ 169,692,000	\$ 50,425,300	\$ 183,753,900	\$ 28,303,100	\$ (14,061,900)	\$ 22,122,200
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)	\$ 169,692,000	\$ 50,425,300	\$ 156,978,012	\$ 19,997,786	\$ 12,713,988	\$ 30,427,514
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) 12/31/2014	(2) 12/31/2013	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (7,642,639)	\$ (36,471,194)	\$ 28,828,555
(b) Foreign	122,532	27,440	95,092
(c) Subtotal	(7,520,107)	(36,443,754)	28,923,647
(d) Federal income tax on net capital gains	5,230,107	2,799,754	2,430,353
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ (2,290,000)	\$ (33,644,000)	\$ 31,354,000
2. Deferred Tax Assets:			

NOTES TO FINANCIAL STATEMENTS

(a) Ordinary			
(1) Discounting of unpaid losses	\$ 55,606,000	\$ 60,922,000	\$ (5,316,000)
(2) Unearned premium reserve	73,619,000	71,121,000	2,498,000
(3) Policyholder reserves	-	-	-
(4) Investments	764,000	7,623,000	(6,859,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	133,000	50,000	83,000
(8) Compensation and benefits accrual	19,593,000	18,836,000	757,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	7,041,000	4,708,000	2,333,000
(11) Net operating loss carry-forward	2,633,000	9,282,000	(6,649,000)
(12) Tax credit carry-forward	475,000	428,000	47,000
(13) Other (including items <5% of total ordinary tax assets)	9,828,000	10,783,900	(955,900)
(99) Subtotal	169,692,000	183,753,900	(14,061,900)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	26,775,887	(26,775,887)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	169,692,000	156,978,012	12,713,987
(e) Capital			
(1) Investments	50,425,300	28,303,100	22,122,200
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	50,425,300	28,303,100	22,122,200
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	8,305,314	(8,305,314)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	50,425,300	19,997,786	30,427,514
(i) Admitted deferred tax assets (2d + 2h)	220,117,300	176,975,798	43,141,501
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	27,643,000	7,842,000	19,801,000
(2) Fixed assets	18,150,000	14,228,000	3,922,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	7,314,300	11,334,214	(4,019,914)
(99) Subtotal	53,107,300	33,404,214	19,703,086
(b) Capital:			
(1) Investments	54,148,000	19,997,786	34,150,214
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	54,148,000	19,997,786	34,150,214
(c) Deferred tax liabilities (3a99 + 3b99)	107,255,300	53,402,000	53,853,300
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 112,862,000	\$ 123,573,798	\$ (10,711,799)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, LP & LLC income, tax exempt income, utilization of prior year net operating losses, limits on unearned premium reserve deductions, discounting of unpaid losses and loss adjustment expenses, revisions to prior year estimates and other interest.
- E. The Company has net operating loss carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2011	\$ 7,523,000	2031

NOTES TO FINANCIAL STATEMENTS

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

Year Generated	Amount	Expiration
2011	\$ 363,000	2031
2012	\$65,000	2032
2013	\$47,000	2033

The Company has no alternative minimum tax credit carry-forwards.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$25,522,000 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:

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

NOTES TO FINANCIAL STATEMENTS

Liberty Insurance Underwriters Inc.	The First Liberty Insurance Corporation
Liberty International Europe Inc.	The Midwestern Indemnity Company
Liberty International Holdings Inc.	The National Corporation
Liberty Life Assurance Company of Boston	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company Inc.	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 Ohio Casualty Corporation (“OCC”), an Ohio insurance holding company. OCC is owned by Liberty Mutual Insurance Company (“LMIC” 78%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company (“LMFIC” 6%), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW” 8%), a Wisconsin insurance company; and Peerless Insurance Company (“PIC” 8%), a New Hampshire insurance company. The ultimate parent of LMIC, LMFIC, EICOW and PIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. As of December 31, 2014, the Company had the following capital transactions with its parent and subsidiaries:
4. Received dividends in the amount of \$23,500,000
- D. At December 31, 2014, the Company reported a net \$11,722,084 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

The Company is a party to a management services agreement (the “Agreement”) with Liberty Mutual Insurance Company (“LMIC”). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

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

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

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

<i>Company</i>	<i>Credit Line</i>
Liberty Mutual Insurance Company	\$140,000,000
Peerless Insurance Company	\$100,000,000
Safeco Insurance Company of America	\$100,000,000

There were no outstanding loans as of December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

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

<i>Company</i>	<i>Credit Line</i>
Liberty Mutual Insurance Company	\$130,000,000
Peerless Insurance Company	\$100,000,000
Safeco Insurance Company of America	\$100,000,000

There were no outstanding borrowings as of December 31, 2014.

- 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. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.
- K. The Company does not hold investments in foreign insurance subsidiaries.
- L. The Company did not utilize the look-through approach for the valuation of its downstream non-insurance holding companies.

Note 11 - Debt

- A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

- B. Federal Home Loan Bank Agreements

The Company has not entered into any agreements with the Federal Home Loan Bank.

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

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements, as described in Note 10F.

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

1. The Company has 1,000,000 shares authorized, and 900,000 shares issued and outstanding as of December 31, 2014. All shares have a stated par value of \$5.
2. Preferred Stock
Not applicable
3. There are no dividend restrictions.
4. The Company did not pay any dividends to its parent during 2014.
5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of surplus. The maximum dividend payout that may be made without prior approval in 2015 is \$152,978,305.
6. As of December 31, 2014, the Company has pre-tax restricted surplus of \$8,632,698 resulting from retroactive reinsurance contracts.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2014.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$48,811,741 after applicable deferred taxes of (\$28,469,913).
11. Surplus Notes
Not applicable

NOTES TO FINANCIAL STATEMENTS

12. Quasi-reorganization (dollar impact)

Not applicable

13. Quasi-reorganization (effective date)

Not applicable

Note 14 - Contingencies

A. Contingent Commitments

Refer to Note 10E.

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 \$10,466,451 that is offset by future premium tax credits of \$654,117. 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 five years, beginning in 2015. During 2014 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	\$ 982,798
b. Decreases current year: Premium tax offset applied	386,935
c. Increases current year: Premium tax offset increase	58,254
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	<u>\$ 654,117</u>

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	\$58,000

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

(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 LMGI. LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law.

NOTES TO FINANCIAL STATEMENTS

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

1. The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements.

The Company's minimum lease obligations under these agreements are as follows:

Year Ending December 31,	<u>Operating Leases</u>
2015	\$ 13,100,118
2016	13,542,040
2017	8,540,148
2018	5,664,418
2019	3,378,008
2020 & thereafter	25,209,964
Total	\$ 69,434,697

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 \$465,599.

2. The Company is not involved in any material sales-leaseback transactions.

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

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

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 during the year.

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, 2014 the total fair value of securities on loan was \$85,884,204, with corresponding collateral value of \$87,645,353 of which \$81,253,118 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 Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

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.

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 Level 1 measurements and the lowest priority to 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 at the measurement date.
- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.
- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2014:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds	\$ -	\$ 75,202,311	\$ -	\$ 75,202,311
Issuer Obligations	-	2,009,176	-	2,009,176
Non-Issuer Obligations	\$ -	\$ 77,211,487	\$ -	\$ 77,211,487
Total Bonds				
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	\$ -	\$ 9,669,248	\$ 746	\$ 9,669,994
Total Preferred Stocks	\$ -	\$ 9,669,248	\$ 746	\$ 9,669,994
Common Stocks				
Industrial and Miscellaneous	\$ 409,533,727	\$ -	\$ 20,127	\$ 409,553,854
Total Common Stocks	\$ 409,533,727	\$ -	\$ 20,127	\$ 409,553,854
Total assets at fair value	\$ 409,533,727	\$ 86,880,735	\$ 20,873	\$ 496,435,335
Liabilities at fair value				
Derivative Liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2013	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 12/31/2014
Bonds	\$2,247,595	\$ -	(\$1,823,000)	\$ -	\$ 405	\$ -	\$ -	(\$425,000)	\$ -	\$ -
Preferred Stock	667	-	-	-	79	-	-	-	-	746
Common Stock	20,115	-	-	15,651	12	-	-	(15,651)	-	20,127
Total	\$2,268,377	\$ -	(\$1,823,000)	\$15,651	\$496	\$ -	\$ -	(\$440,651)	\$ -	\$20,873

3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 3-6 securities at the lower of cost or market as defined by SSAP No. 26. 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 in 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 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

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 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

The Company's municipal portfolio comprises 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, 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

NOTES TO FINANCIAL STATEMENTS

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 comprise bonds issued by foreign governments and their agencies along with supranational organizations. 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, 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.

Equity Securities

Equity securities include common and preferred stocks. 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 Investments

Other investments include primarily international loans, foreign cash deposits and equity investments in privately held businesses. International loans and cash deposits are primarily valued using quoted prices for similar instruments in active markets; these assets are categorized as Level 2 of the fair value hierarchy. Equity investments in privately held businesses are valued using internal management estimates; they are categorized as Level 3 of the hierarchy. Limited partnership investments, which represent the remainder of the other investment balance on the consolidated balance sheet, are not subject to these disclosures and therefore are excluded from the above table.

5. Derivative Fair Values

Not applicable

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	\$43,932,573	\$43,932,573	\$43,932,573	\$ -	\$ -	\$ -
Bonds	3,546,854,357	3,451,167,031	15,851,287	3,470,619,216	60,383,854	-
Preferred Stock	12,308,303	9,967,994	-	9,671,431	2,636,872	-
Common Stock	409,553,854	409,553,853	409,533,727	-	20,127	-
Securities Lending	81,253,111	81,253,111	-	81,253,111	-	-
Mortgage Loans	145,693,736	135,201,271	-	-	145,693,736	-
Surplus Notes	-	-	-	-	-	-
Total	\$4,239,595,934	\$4,131,075,833	\$469,317,587	\$3,561,543,758	\$208,734,589	\$ -

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Interrogatory 6.1

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

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Interrogatory 6.2

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.3

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

(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	PA	164,500	164,500
<u>Total</u>		<u>\$ 164,500</u>	<u>\$ 164,500</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	-	-
Non-transferable	<u>\$ 164,500</u>	<u>-</u>

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>
\$12,224,312	\$11,613,583	\$15,638,905	\$12,269,927

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

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 20, 2015, the date the annual statement was available to be issued.

There were no events subsequent to December 31, 2014 that would require disclosure.

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, there are no unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

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, 2014.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$1,006,108,608	\$97,167,779	\$231,651,539	\$39,862,787	\$774,457,069	\$57,304,992
b. All Other	-	-	-	-	-	-
c. TOTAL	\$1,006,108,608	\$97,167,779	\$231,651,539	\$39,862,787	\$774,457,069	\$57,304,992
d. Direct Unearned Premium Reserve	\$231,651,539					

- 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, 2014 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$379,582	\$32,953,260	\$379,582	\$32,953,260
b. Sliding Scale Adjustments	-	52,487	-	52,487
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$379,582	\$33,005,747	\$379,582	\$33,005,747

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

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance treaties in the current year.

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of the Intercompany Reinsurance Agreement.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	\$(198,193,018)	-
2. Adjustments – Prior Year (s)	(31,885,244)	-
3. Adjustments – Current Year	(7,983,379)	-
4. Current Total	\$(238,061,641)	-
b. Consideration Paid or Received:		
1. Initial Consideration	\$(201,632,787)	-
2. Adjustments – Prior Year (s)	(4,390,782)	-
3. Adjustments – Current Year	(35,982)	-
4. Current Total	\$(206,059,551)	-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$26,681,092	-
2. Current Year	(499,672)	-
3. Current Total	\$26,181,420	-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$(597,116)	-
2. Adjustments – Prior Year (s)	(2,029,283)	-
3. Adjustments – Current Year	8,447,069	-
4. Current Year Restricted Surplus	8,632,698	-

NOTES TO FINANCIAL STATEMENTS

5. Cumulative Total Transferred to Unassigned Funds	\$(2,812,028)	-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
	Assumed <u>Amount</u>	Ceded <u>Amount</u>
<u>Company</u>		
Liberty Mutual Insurance Company, 23043	\$(238,061,641)	-
Total	\$(238,061,641)	-

f. There are no Paid Loss/Loss Adjustment Expense amounts recoverable or amounts recoverable from unauthorized 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

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2014.

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.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.
- B. Accrued retrospective premiums are recorded as a component of written premiums.
- C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.
- D. The Company was not required to make medical loss rebates pursuant to the Public Health Service Act.
- 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	\$ 39,809,425
b. Unsecured amount	-
c. Less: Nonadmitted amount (10%)	3,955,615
d. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e. Admitted amount (a) - (c) - (d)	<u>\$ 35,853,810</u>

F. Risk Sharing Provisions of the Affordable Care Act

The Company did not receive any assessment 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 decreased slightly through the fourth quarter of 2014. The decrease was the result of updated reserve analysis in a number of lines, with the largest decreases in the Workers Compensation line of business and the Nonproportional Assumed Liability line of business. Offsetting these

NOTES TO FINANCIAL STATEMENTS

decreases were increases in reserve estimates on the Private Passenger Auto Liability line of business, the Other Liability Per Occurrence line of business and the Fidelity/Surety 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 Number	Pooling Percentage	Line of Business
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
	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

NOTES TO FINANCIAL STATEMENTS

	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, 2014:

Affiliate:	Amount:
Liberty Mutual Insurance Company	4,800,463

On April 1, 2014 Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company were sold and each company's 100% quota share affiliated companies reinsurance agreement was commuted. (Please refer to Note 21G.)

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$47,389,570 after applying Intercompany 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 \$47,389,570 as of December 31, 2014.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$ 23,793,627

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	12/31/2014
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2014, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$442,029,108 and the amount billed and recoverable on paid claims was \$15,169,922.

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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 the Unit Statistical Plan tables as approved by their respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%.

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	46,489,488	35,228,420
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	331,184	-
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	46,820,672	35,228,420

* 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 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 the third quarter of 2014, the Company 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 asbestos and environmental 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

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personnel. Asbestos and environmental 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 \$9 million including: \$7 million of asbestos reserves, primarily associated with increased defense costs, and \$2 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, 2014, 2013, 2012, 2011, and 2010 before consideration of the NICO Reinsurance Transaction. Refer to Note 23 f.

Asbestos:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Direct Basis					
Beginning Reserves	160,643,694	120,248,900	126,800,683	124,526,615	139,940,998
Incurring losses and LAE	6,148,205	32,292,700	19,120,890	33,166,850	22,807,269
Calendar year payments	46,542,998	25,740,918	21,394,958	17,752,467	22,039,586
Ending Reserves	<u>120,248,900</u>	<u>126,800,683</u>	<u>124,526,615</u>	<u>139,940,998</u>	<u>140,708,681</u>
Assumed Reinsurance Basis					
Beginning Reserves	51,083,512	49,281,342	49,849,952	46,005,483	49,581,228
Incurring losses and LAE	3,895,261	3,550,638	1,206,625	5,973,155	120,705
Calendar year payments	5,697,430	2,982,029	5,051,093	2,397,409	3,841,760
Ending Reserves	<u>49,281,342</u>	<u>49,849,952</u>	<u>46,005,483</u>	<u>49,581,228</u>	<u>45,860,173</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	92,534,117	65,141,045	77,419,217	71,211,927	79,777,888
Incurring losses and LAE	(8,563,615)	26,139,071	11,933,792	18,841,927	7,112,673
Calendar year payments	18,829,457	13,860,899	18,141,083	10,275,966	13,446,736
Ending Reserves	<u>65,141,045</u>	<u>77,419,217</u>	<u>71,211,927</u>	<u>79,777,888</u>	<u>73,443,825</u>
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					87,013,662
Assumed Reinsurance Basis					32,765,550
Net of Ceded Reinsurance Basis					45,154,684
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					79,583,658
Assumed Reinsurance Basis					457,215
Net of Ceded Reinsurance Basis					31,790,753
Environmental:					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Direct Basis					
Beginning Reserves	35,348,000	33,173,659	33,979,449	33,611,427	35,877,644
Incurring losses and LAE	3,097,407	6,906,478	4,882,826	7,618,359	4,636,356
Calendar year payments	5,271,748	6,100,687	5,250,848	5,352,142	6,865,738
Ending Reserves	<u>33,173,659</u>	<u>33,979,449</u>	<u>33,611,427</u>	<u>35,877,644</u>	<u>33,648,262</u>

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis

Beginning Reserves	6,196,904	5,067,017	4,744,181	5,199,147	5,133,023
Incurring losses and LAE	(7,804)	559,752	(1,451,360)	347,586	91,914
Calendar year payments	1,122,082	882,589	(1,906,326)	413,710	390,489
Ending Reserves	<u>5,067,017</u>	<u>4,744,181</u>	<u>5,199,147</u>	<u>5,133,023</u>	<u>4,834,448</u>

Net of Ceded Reinsurance Basis

Beginning Reserves	32,260,451	28,432,740	27,759,585	24,679,816	25,838,682
Incurring losses and LAE	(220,519)	1,118,732	(153,785)	4,880,537	2,250,191
Calendar year payments	3,607,192	1,791,887	2,925,984	3,721,672	4,178,942
Ending Reserves	<u>28,432,740</u>	<u>27,759,585</u>	<u>24,679,816</u>	<u>25,838,682</u>	<u>23,909,931</u>

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

Direct Basis	19,730,504
Assumed Reinsurance Basis	3,186,836
Net of Ceded Reinsurance Basis	12,394,820

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

Direct Basis	13,154,602
Assumed Reinsurance Basis	93,791
Net of Ceded Reinsurance Basis	6,582,176

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? New Hampshire
- 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. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/28/2010
- 3.4 By what department or departments?
 State of New Hampshire Insurance Department

- 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 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

.....

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		
12.12 Number of parcels involved		0
12.13 Total book/adjusted carrying value	\$	0

12.2 If yes, provide explanation:

.....

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

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

.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No

13.3 Have there been any changes made to any of the trust indentures during the year? Yes No

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A

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

- 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).

In Q2 and Q4, Liberty made technical changes to its Code related to its Registered Investment Advisor (RIA). In Q4, Liberty deregistered its investments operation as an RIA with the SEC, and removed related sections of the Code.

.....

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

20.21 To directors or other officers	\$	0
20.22 To stockholders not officers	\$	0
20.23 Trustees, supreme or grand (Fraternal only)	\$	0

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

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

21.21 Rented from others	\$	0
21.22 Borrowed from others	\$	0
21.23 Leased from others	\$	0
21.24 Other	\$	0

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

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. \$ 87,645,353

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	\$	81,253,111
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	81,253,111
24.103 Total payable for securities lending reported on the liability page	\$	81,253,111

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	\$ <u>0</u>
	25.22 Subject to reverse repurchase agreements	\$ <u>0</u>
	25.23 Subject to dollar repurchase agreements	\$ <u>0</u>
	25.24 Subject to reverse dollar repurchase agreements	\$ <u>0</u>
	25.25 Placed under option agreements	\$ <u>0</u>
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ <u>0</u>
	25.27 FHLB Capital Stock	\$ <u>0</u>
	25.28 On deposit with states	\$ <u>222,342,309</u>
	25.29 On deposit with other regulatory bodies	\$ <u>402,484</u>
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ <u>0</u>
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ <u>0</u>
	25.32 Other	\$ <u>0</u>

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year. \$ 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 [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
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 [X]

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	StanCorp	1100 SW Sixth Avenue, Portland, OR 097204

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	

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	3,472,591,926	3,568,571,774	95,979,848
30.2 Preferred stocks	9,967,994	12,308,304	2,340,310
30.3 Totals	3,482,559,920	3,580,880,078	98,320,158

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 [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No [X]

GENERAL INTERROGATORIES

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:

All brokers used are reviewed and approved by the Valuation Committee which receive detailed assessment on a security by security basis as needed.

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

Yes No

32.2 If no, list exceptions:

.....

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any?

\$ 4,854,897

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.	\$ 1,333,839
.....	\$ 0
.....	\$ 0

34.1 Amount of payments for legal expenses, if any?

\$ 3,290,300

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?

\$ 159,415

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 \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 693,738		\$ 487,966	
2.2 Premium Denominator	\$ 1,971,402,330		\$ 1,948,596,324	
2.3 Premium Ratio (2.1 / 2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ 2,478,580		\$ 2,324,686	
2.5 Reserve Denominator	\$ 3,711,707,293		\$ 3,835,820,169	
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 \$ 142,201

3.22 Non-participating policies \$ 474,443,057

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?

.....

.....

.....

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:
See Note 21C1

.....

.....

.....

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:
See Note 21C1
- 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?
See Note 21C1
- 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 cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under 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 [X] No []

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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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	\$	26,502,503
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	7,003,205

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? \$ 2,725,508

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		4.00 %
12.42 To		7.00 %

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	\$	473,846,406
12.62 Collateral and other funds	\$	148,369,256

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 25,407,422

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:

.....

.....

.....

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:

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

15.2 If yes, give full information

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

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

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

18.1 Do you act as a custodian for health savings 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
	2014	2013	2012	2011	2010
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)	1,176,108,746	1,137,701,173	1,008,613,261	1,015,556,089	1,058,953,026
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	433,094,287	406,143,025	486,685,913	455,329,743	459,324,548
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	709,644,367	499,586,357	839,715,524	794,121,905	770,316,390
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	162,586,013	101,893,066	221,773,356	212,325,111	208,811,040
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,297,795	22,831,788			
6. Total (Line 35)	2,504,731,208	2,168,155,409	2,556,788,054	2,477,332,848	2,497,405,004
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)	931,079,533	951,585,203	847,709,630	856,060,231	877,352,532
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	390,480,909	370,084,484	452,694,154	422,035,039	421,797,809
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	620,940,965	435,691,954	780,430,008	738,328,743	702,557,428
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,346,751	11,674,291	146,481,941	152,773,758	149,031,643
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,297,795	22,831,788			
12. Total (Line 35)	2,030,145,953	1,791,867,720	2,227,315,733	2,169,197,771	2,150,739,412
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(38,044,690)	(110,772,596)	13,719,749	(132,002,862)	(30,232,067)
14. Net investment gain (loss) (Line 11)	166,932,679	390,327,119	142,406,960	155,395,173	225,022,066
15. Total other income (Line 15)	(860,235)	550,598	10,063,260	6,640,294	(17,097,090)
16. Dividends to policyholders (Line 17)	1,885,384	3,082,309	5,252,494	4,289,770	(718,951)
17. Federal and foreign income taxes incurred (Line 19)	(7,520,107)	(36,443,754)	48,887,882	(2,092,676)	13,743,662
18. Net income (Line 20)	133,662,477	313,466,566	112,049,593	27,835,511	164,668,198
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,408,162,296	5,639,598,048	5,100,508,528	4,859,960,864	4,842,037,189
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	110,463,948	125,881,075	64,843,442	81,746,419	73,231,496
20.2 Deferred and not yet due (Line 15.2)	469,147,504	599,712,567	654,315,432	615,151,474	588,965,763
20.3 Accrued retrospective premiums (Line 15.3)	35,853,810	37,659,053	13,906	941,994	1,868,815
21. Total liabilities excluding protected cell business (Page 3, Line 26)	3,878,379,246	4,255,479,567	3,825,876,240	3,772,400,873	3,724,882,476
22. Losses (Page 3, Line 1)	2,219,415,749	2,279,464,676	1,803,665,553	1,838,931,772	1,821,831,326
23. Loss adjustment expenses (Page 3, Line 3)	481,276,193	489,340,086	412,488,914	406,620,610	406,608,066
24. Unearned premiums (Page 3, Line 9)	1,006,108,608	950,468,970	1,070,033,142	1,027,980,899	990,044,170
25. Capital paid up (Page 3, Lines 30 & 31)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,529,783,050	1,384,118,481	1,274,632,288	1,087,559,991	1,117,154,713
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	157,651,416	696,987,912	165,475,018	98,959,667	(117,060,928)
Risk-Based Capital Analysis					
28. Total adjusted capital	1,529,783,050	1,384,118,481	1,274,632,288	1,087,559,991	1,117,154,713
29. Authorized control level risk-based capital	242,086,276	242,977,403	203,082,588	199,178,749	199,436,790
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)	75.9	78.1	74.7	76.9	79.6
31. Stocks (Lines 2.1 & 2.2)	11.4	10.6	15.7	14.1	12.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.0	2.6	2.5	2.6	2.8
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.6	0.6	0.7	0.7	0.8
34. Cash, cash equivalents and short-term investments (Line 5)	1.0	1.0	3.9	3.7	3.6
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	6.1	5.5	0.5	0.3	0.0
38. Receivables for securities (Line 9)	0.4	0.2	0.2	0.2	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.8	1.3	1.8	1.5	0.6
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)	99,376,088	101,198,360	324,107,221	313,386,642	293,678,584
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	228,757,571	219,259,993	50	325	49,851
48. Total of above Lines 42 to 47	328,133,659	320,458,353	324,107,271	313,386,967	293,728,435
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)	21.4	23.2	25.4		

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2014	2013	2012	2011	2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	25,396,652	(183,681,621)	47,690,158	(5,075,850)	(6,750,435)
52. Dividends to stockholders (Line 35)		(235,000,000)			(400,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	145,664,569	109,486,193	187,072,297	(29,594,722)	(219,016,973)
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)	697,854,469	94,781,768	585,665,409	609,776,670	765,081,221
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	226,035,837	203,494,266	256,932,119	257,384,906	236,670,655
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	330,014,325	496,183,157	477,414,496	543,491,862	414,893,144
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	33,399,874	46,199,491	73,819,762	45,727,258	37,430,054
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,294,086	(37,367,382)	1,443,681	1,608,650	4,367,840
59. Total (Line 35)	1,297,598,591	803,291,300	1,395,275,467	1,457,989,346	1,458,442,914
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)	625,263,867	25,895,514	482,459,996	518,202,223	650,338,495
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	206,079,402	185,994,997	238,659,992	239,486,092	216,145,650
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	301,688,883	469,320,078	444,083,928	506,677,412	374,431,113
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	23,541,539	28,283,284	57,190,310	38,509,022	29,490,478
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,294,086	(37,367,382)	1,443,681	1,608,650	4,367,840
65. Total (Line 35)	1,166,867,777	672,126,491	1,223,837,907	1,304,483,399	1,274,773,576
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)	56.3	59.2	54.3	61.9	56.0
68. Loss expenses incurred (Line 3)	13.7	14.3	12.4	12.1	11.8
69. Other underwriting expenses incurred (Line 4)	31.9	32.2	32.7	32.2	33.6
70. Net underwriting gain (loss) (Line 8)	(1.9)	(5.7)	0.6	(6.2)	(1.4)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 12 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.0	35.0	31.7	31.4	33.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.0	73.5	66.7	73.9	67.8
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)	132.7	129.5	174.7	199.5	192.5
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)	(1,195)	65,218	(85,504)	(57,477)	(24,776)
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)	(0.1)	5.1	(7.9)	(5.1)	(1.9)
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)	55,155	70,321	(109,690)	(51,573)	(125,789)
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)	4.3	6.5	(9.8)	(3.9)	(12.1)

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:

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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	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	72,690	25,627	19,353	7,536	9,175	664	1,189	67,391	X X X
2. 2005	1,892,031	274,704	1,617,327	1,021,407	204,393	71,542	10,615	132,615	5,196	59,840	1,005,360	X X X
3. 2006	1,971,566	288,304	1,683,262	949,770	116,312	73,663	8,439	139,464	6,353	56,537	1,031,793	X X X
4. 2007	2,049,189	310,413	1,738,776	1,030,236	149,563	79,464	9,627	140,887	6,800	66,832	1,084,597	X X X
5. 2008	2,118,182	354,941	1,763,241	1,208,867	189,601	86,125	9,541	158,911	5,955	61,105	1,248,806	X X X
6. 2009	2,005,622	410,096	1,595,526	1,043,962	190,386	72,475	8,039	148,526	1,592	57,989	1,064,946	X X X
7. 2010	2,008,619	361,165	1,647,454	1,076,388	180,313	70,863	6,370	155,701	529	65,433	1,115,740	X X X
8. 2011	2,111,161	425,079	1,686,082	1,152,233	217,652	65,240	8,692	153,892	468	78,957	1,144,553	X X X
9. 2012	2,272,654	456,956	1,815,698	1,107,973	225,543	50,576	6,869	156,147	121	79,971	1,082,163	X X X
10. 2013	2,392,808	488,101	1,904,707	932,353	211,615	27,412	3,059	148,130	194	59,150	893,027	X X X
11. 2014	2,437,003	475,888	1,961,115	699,317	172,795	10,765	982	114,754	172	28,974	650,887	X X X
12. Totals	X X X	X X X	X X X	10,295,196	1,883,800	627,478	79,769	1,458,202	28,044	615,977	10,389,263	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	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	475,459	171,730	248,763	130,049	27,616	19,297	117,184	48,179	18,327	(399)	3,157	518,493	X X X
2. 2005	23,137	7,589	28,786	14,045	495	145	6,478	741	1,134		771	37,510	X X X
3. 2006	23,388	6,629	44,308	12,449	755	204	5,512	1,231	1,362		5,042	54,812	X X X
4. 2007	38,553	7,581	43,324	7,469	1,280	332	6,294	1,548	1,400		880	73,921	X X X
5. 2008	47,159	8,684	63,392	11,179	1,845	305	10,839	2,490	2,178	36	3,827	102,719	X X X
6. 2009	52,382	7,585	66,580	13,856	2,223	496	10,996	2,187	2,773		1,381	110,830	X X X
7. 2010	68,925	10,117	69,514	13,093	3,061	679	19,310	1,883	4,364	40	2,952	139,362	X X X
8. 2011	107,462	14,195	96,440	17,103	5,111	1,266	32,265	3,217	6,904	2	6,026	212,399	X X X
9. 2012	150,025	20,081	153,009	21,308	5,613	918	47,554	3,860	10,601	14	14,844	320,621	X X X
10. 2013	194,402	23,674	218,786	32,338	5,210	744	64,218	6,174	31,109	7	22,143	450,788	X X X
11. 2014	248,598	22,223	393,708	63,709	3,397	365	74,115	4,358	50,499	427	39,364	679,235	X X X
12. Totals	1,429,490	300,088	1,426,610	336,598	56,606	24,751	394,765	75,868	130,651	127	100,387	2,700,690	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	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	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	422,443	96,050
2. 2005	1,285,594	242,724	1,042,870	67.948	88.358	64.481			8.000	30,289	7,221
3. 2006	1,238,222	151,617	1,086,605	62.804	52.589	64.554			8.000	48,618	6,194
4. 2007	1,341,438	182,920	1,158,518	65.462	58.928	66.628			8.000	66,827	7,094
5. 2008	1,579,316	227,791	1,351,525	74.560	64.177	76.650			8.000	90,688	12,031
6. 2009	1,399,917	224,141	1,175,776	69.800	54.656	73.692			8.000	97,521	13,309
7. 2010	1,468,126	213,024	1,255,102	73.091	58.982	76.184			8.000	115,229	24,133
8. 2011	1,619,547	262,595	1,356,952	76.714	61.776	80.480			8.000	172,604	39,795
9. 2012	1,681,498	278,714	1,402,784	73.988	60.994	77.259			8.000	261,645	58,976
10. 2013	1,621,620	277,805	1,343,815	67.771	56.915	70.552			8.000	357,176	93,612
11. 2014	1,595,153	265,031	1,330,122	65.456	55.692	67.825			8.000	556,374	122,861
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,219,414	481,276

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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior	1,529,680	1,594,306	1,647,008	1,623,545	1,678,260	1,684,521	1,722,836	1,729,190	1,748,430	1,773,755	25,325	44,565
2. 2005	1,017,045	974,111	940,388	932,342	927,124	924,142	922,098	921,232	920,627	917,176	(3,451)	(4,056)
3. 2006	X X X	1,018,124	987,898	968,471	956,370	954,006	953,899	956,798	957,150	955,310	(1,840)	(1,488)
4. 2007	X X X	X X X	1,093,878	1,070,922	1,026,885	1,025,310	1,020,658	1,025,821	1,026,830	1,026,069	(761)	248
5. 2008	X X X	X X X	X X X	1,228,249	1,199,631	1,184,164	1,183,805	1,188,129	1,202,199	1,200,816	(1,383)	12,687
6. 2009	X X X	X X X	X X X	X X X	1,052,203	1,049,633	1,039,936	1,030,255	1,037,761	1,029,627	(8,134)	(628)
7. 2010	X X X	X X X	X X X	X X X	X X X	1,095,511	1,094,850	1,099,347	1,111,707	1,100,776	(10,931)	1,429
8. 2011	X X X	X X X	X X X	X X X	X X X	X X X	1,196,165	1,196,076	1,201,187	1,200,916	(271)	4,840
9. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,242,187	1,251,636	1,239,745	(11,891)	(2,442)
10. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,156,604	1,168,746	12,142	X X X
11. 2014	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	1,168,027	X X X	X X X
	12. Totals										(1,195)	55,155

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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior	000	322,873	557,970	728,854	849,576	958,250	1,047,469	1,113,366	1,169,640	1,228,520	X X X	X X X
2. 2005	403,732	607,045	707,170	773,670	817,112	841,776	855,338	866,569	874,011	877,941	X X X	X X X
3. 2006	X X X	401,038	603,958	705,846	780,834	829,176	858,988	878,294	889,616	898,682	X X X	X X X
4. 2007	X X X	X X X	415,821	639,530	751,959	831,928	884,704	917,726	937,145	950,510	X X X	X X X
5. 2008	X X X	X X X	X X X	497,337	760,999	888,130	977,162	1,037,766	1,074,409	1,095,851	X X X	X X X
6. 2009	X X X	X X X	X X X	X X X	419,729	635,436	749,254	831,224	886,505	918,012	X X X	X X X
7. 2010	X X X	X X X	X X X	X X X	X X X	461,769	698,522	818,218	906,116	960,568	X X X	X X X
8. 2011	X X X	X X X	X X X	X X X	X X X	X X X	545,227	772,599	901,156	991,128	X X X	X X X
9. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	535,985	804,255	926,137	X X X	X X X
10. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	504,730	745,091	X X X	X X X
11. 2014	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	536,305	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
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior	551,722	462,489	404,177	331,049	325,439	255,548	244,563	201,899	200,051	197,860
2. 2005	396,670	206,901	125,627	85,509	61,755	46,494	39,283	30,243	26,405	21,932
3. 2006	X X X	391,039	218,431	143,145	94,312	67,348	54,099	48,428	44,185	37,773
4. 2007	X X X	X X X	414,974	242,171	144,813	98,050	69,832	58,400	49,401	42,143
5. 2008	X X X	X X X	X X X	444,371	244,656	157,600	108,484	77,515	76,814	63,545
6. 2009	X X X	X X X	X X X	X X X	398,410	239,533	158,084	105,945	89,137	63,821
7. 2010	X X X	X X X	X X X	X X X	X X X	392,214	218,905	148,559	112,652	77,080
8. 2011	X X X	X X X	X X X	X X X	X X X	X X X	392,781	239,768	165,705	111,806
9. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	451,495	259,072	178,160
10. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	425,614	247,748
11. 2014	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	402,271

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9							
		Active Status	2							3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	5,052,029	4,661,553	593,440	3,463,551	9,454,042	1,391								
2. Alaska	AK	L	15,252,075	14,089,925	4,611,561	2,021,556	12,408,000									
3. Arizona	AZ	L	5,982,071	5,660,513	1,794,775	3,634,323	4,717,608	1,647								
4. Arkansas	AR	L	2,353,409	2,180,672	308,293	419,564	2,748,258	648								
5. California	CA	L	43,426,334	23,438,279	3,706,658	9,441,044	6,630,299	11,959								
6. Colorado	CO	L	7,215,176	6,531,766	723,797	1,891,027	5,067,429	1,987								
7. Connecticut	CT	L	8,559,227	7,821,084	1,487,332	2,184,948	13,471,620	2,357								
8. Delaware	DE	L	3,055,794	2,616,504	29,824	842,499	3,531,598	841								
9. District of Columbia	DC	L	1,967,764	1,687,558	6,981	493,077	1,510,514	542								
10. Florida	FL	L	21,518,067	19,929,326	4,607,662	3,573,522	31,299,908	5,926								
11. Georgia	GA	L	11,636,974	10,304,543	2,106,160	6,531,722	14,206,410	3,205								
12. Hawaii	HI	L	462,241	336,925		218,060	405,285	127								
13. Idaho	ID	L	3,504,072	3,058,258	331,496	1,547,499	2,328,106	965								
14. Illinois	IL	L	14,000,203	13,150,801	2,764,796	2,435,427	18,222,636	3,855								
15. Indiana	IN	L	6,259,134	6,095,185	944,486	(436,818)	6,513,399	1,724								
16. Iowa	IA	L	1,115,897	1,079,953	263,119	201,671	2,386,973	307								
17. Kansas	KS	L	2,156,278	2,134,051	512,366	116,103	1,532,731	594								
18. Kentucky	KY	L	12,913,059	13,088,537	7,096,047	3,201,515	28,233,207	3,556								
19. Louisiana	LA	L	6,474,938	5,773,534	207,778	1,209,951	2,717,031	1,783								
20. Maine	ME	L	2,530,649	2,202,875	78,001	(294,308)	974,274	697								
21. Maryland	MD	L	14,313,007	13,934,315	5,660,812	5,572,742	23,275,051	3,941								
22. Massachusetts	MA	L	12,809,174	11,906,849	1,552,348	2,947,854	18,048,071	3,527								
23. Michigan	MI	L	4,069,973	3,759,412	1,819,499	2,346,327	11,337,264	1,121								
24. Minnesota	MN	L	3,461,095	3,328,682	539,901	1,256,110	5,952,617	953								
25. Mississippi	MS	L	4,602,445	4,537,427	917,872	1,677,395	3,507,283	1,267								
26. Missouri	MO	L	7,026,549	6,519,367	10,197,944	(38,851)	8,903,672	1,935								
27. Montana	MT	L	2,850,917	2,495,833	1,061,328	2,231,259	1,870,571	785								
28. Nebraska	NE	L	2,218,248	1,795,142	281,034	818,457	2,481,415	611								
29. Nevada	NV	L	2,867,365	2,427,989	875,100	1,448,770	1,499,904	790								
30. New Hampshire	NH	L	2,736,094	2,405,172	249,541	679,935	3,407,810	753								
31. New Jersey	NJ	L	34,888,457	33,667,479	19,095,853	9,355,238	113,388,512	9,607								
32. New Mexico	NM	L	3,344,513	3,246,699	696,441	1,187,496	2,459,885	921								
33. New York	NY	L	30,403,867	24,464,638	6,497,726	8,861,232	43,034,894	8,373								
34. North Carolina	NC	L	13,606,384	14,121,617	3,996,782	621,513	18,730,032	3,747								
35. North Dakota	ND	L	1,262,458	1,116,565	215,305	337,110	718,060	348								
36. Ohio	OH	L	14,291,731	10,894,650	2,897,799	4,248,868	17,220,670	3,936								
37. Oklahoma	OK	L	8,852,560	8,882,918	2,458,699	2,584,807	7,015,784	2,438								
38. Oregon	OR	L	19,378,410	16,402,675	5,667,269	3,652,784	8,874,843	5,336								
39. Pennsylvania	PA	L	22,422,136	22,246,627	7,287,704	2,369,101	46,731,987	6,175								
40. Rhode Island	RI	L	1,465,997	1,290,454	104,595	232,390	2,350,078	404								
41. South Carolina	SC	L	6,158,823	5,783,351	1,506,972	(338,263)	7,588,905	1,696								
42. South Dakota	SD	L	289,348	241,569	55,134	83,157	385,683	80								
43. Tennessee	TN	L	5,993,755	5,904,731	1,344,311	1,542,408	9,360,206	1,651								
44. Texas	TX	L	26,999,717	23,931,659	12,380,279	14,420,321	27,132,353	7,435								
45. Utah	UT	L	4,093,605	4,070,640	656,205	1,984,252	2,773,480	1,127								
46. Vermont	VT	L	1,254,980	1,030,201	56,636	143,487	502,677	346								
47. Virginia	VA	L	8,305,985	8,038,941	3,462,792	6,153,641	12,469,768	2,287								
48. Washington	WA	L	31,751,009	28,652,511	6,070,000	12,387,581	19,486,870	8,743								
49. West Virginia	WV	L	1,115,269	1,019,821	46,156	(19,422)	569,635	307								
50. Wisconsin	WI	L	4,195,264	4,072,218	755,024	(41,481)	5,753,082	1,155								
51. Wyoming	WY	L	2,120,733	1,976,883	149,182	307,394	897,577	584								
52. American Samoa	AS	N														
53. Guam	GU	L														
54. Puerto Rico	PR	N														
55. U.S. Virgin Islands	VI	N														
56. Northern Mariana Islands	MP	N														
57. Canada	CAN	N														
58. Aggregate Other Alien	OT	X X X				28,859	28,859									
59. Totals	(a) 52		474,585,259	420,008,877	130,730,815	131,738,404	596,116,826	126,490								

DETAILS OF WRITE-INS									
58001. ZZZ Other Alien		X X X				28,859	28,859		
58002. .		X X X							
58003. .		X X X							
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X							
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X				28,859	28,859		

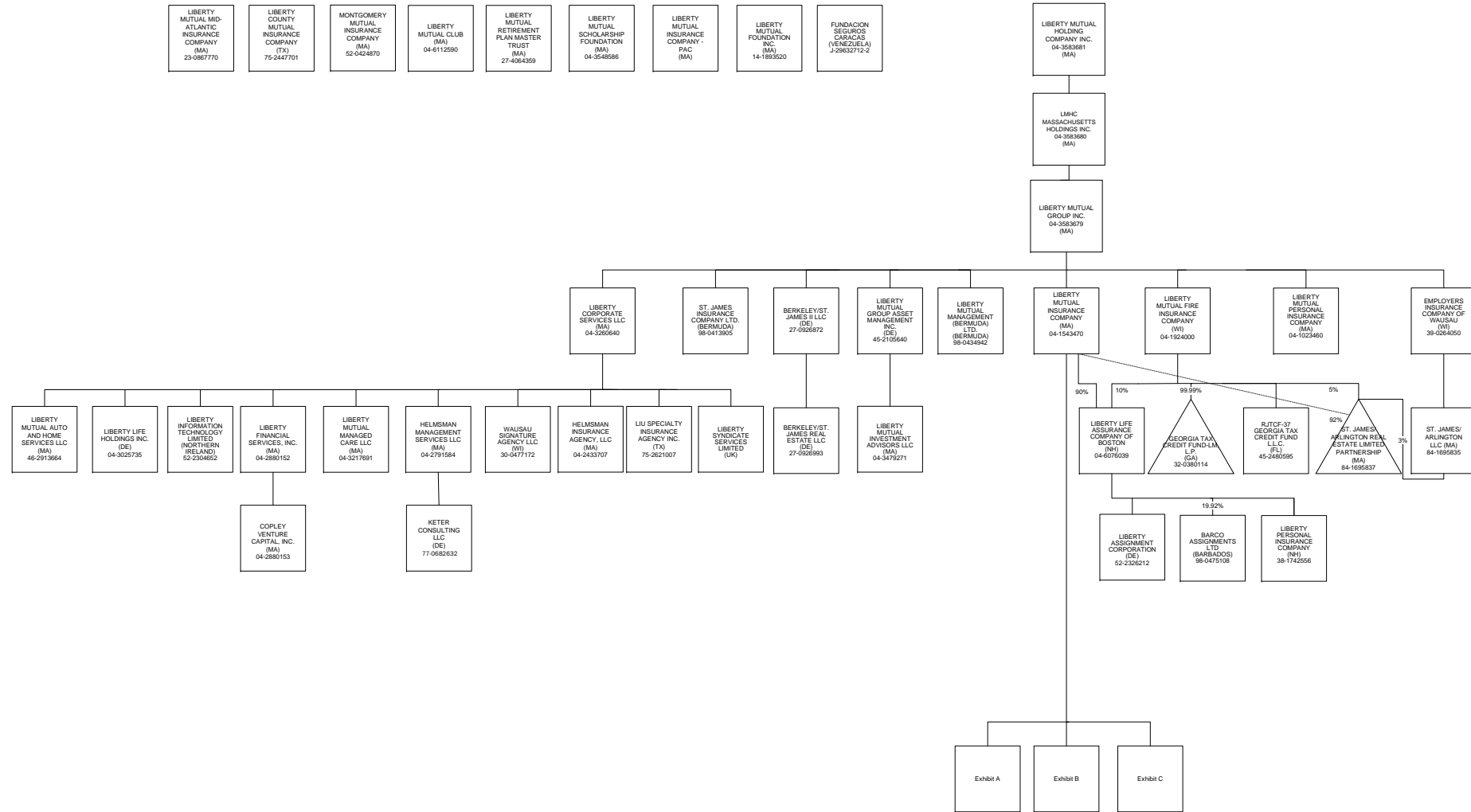
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

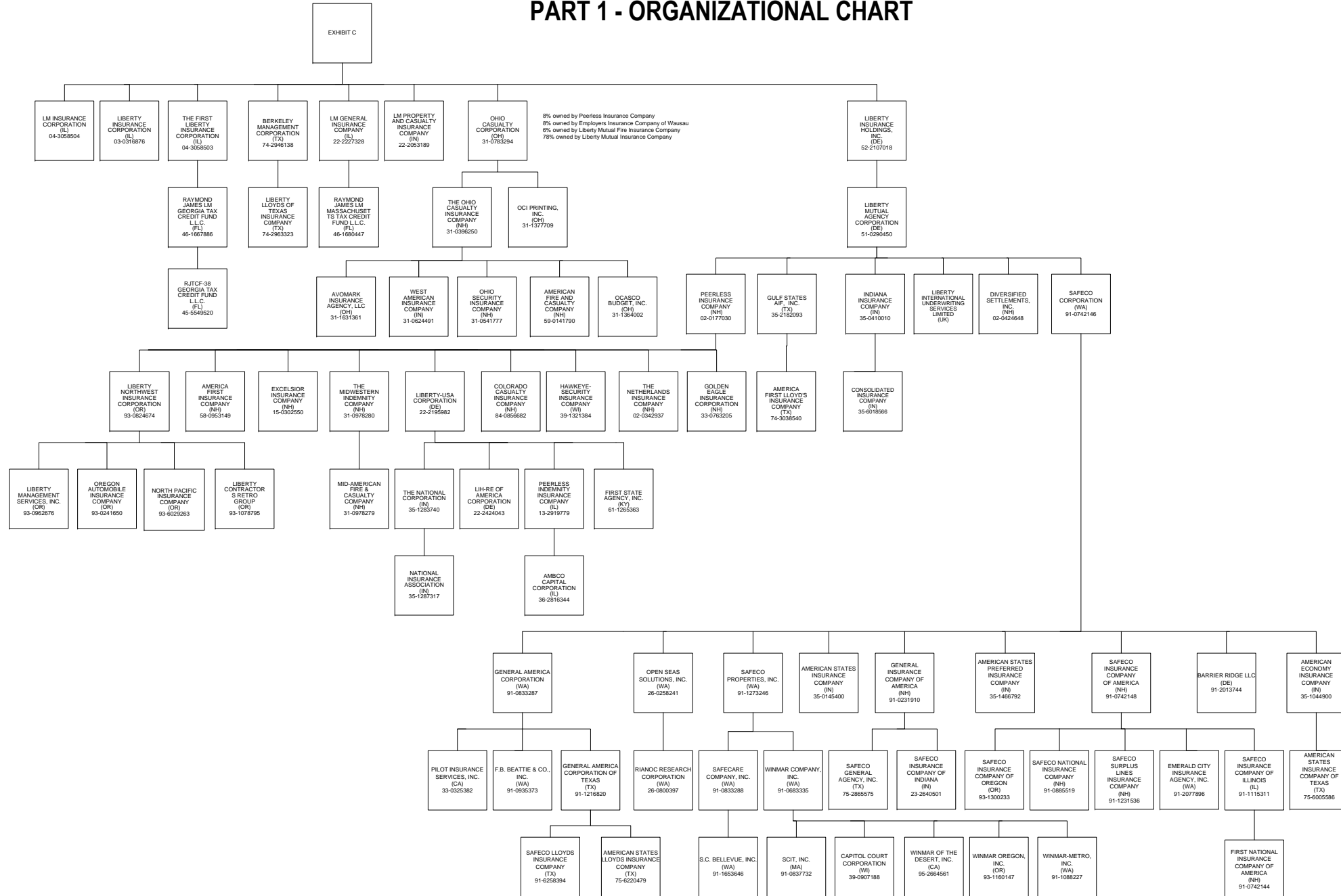
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS				
2504. Other assets	12,527,603	9,743,617	2,783,986	2,470,251
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	12,527,603	9,743,617	2,783,986	2,470,251

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