



ANNUAL STATEMENT

For the Year Ended December 31, 2011
of the Condition and Affairs of the

AFFILIATED FM INSURANCE COMPANY

NAIC Group Code.....65, 65 (Current Period) (Prior Period)	NAIC Company Code..... 10014	Employer's ID Number..... 05-0254496
Organized under the Laws of Rhode Island Incorporated/Organized..... May 6, 1949	State of Domicile or Port of Entry Rhode Island Commenced Business..... June 1, 1950	Country of Domicile US
Statutory Home Office	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 7500..... Johnston RI 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>	401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Shivan Sivaswamy Subramaniam	President and CEO	2. John James Pomeroy	Secretary and Sr. Vice President
3. William Alfred Mekrut	Treasurer		

OTHER

Jeffrey Alfred Burchill	Senior Vice President	Jonathan William Hall	Executive Vice President
Paul Edward LaFleche	Senior Vice President	Thomas Alan Lawson	Executive Vice President
Jeanne Ruth Lieb	Senior Vice President	John James Pomeroy	Senior Vice President
Enzo Rebula	Senior Vice President		

DIRECTORS OR TRUSTEES

Frank Thomas Connor #	Walter Joseph Galvin	John Anderson Luke Jr	Jonathan Douglas Mariner
Gracia Catherine Martore	Christine Mary McCarthy	Robert Joseph O'Toole	John Ross Paloian
David Pulman	Edward Joseph Rapp	Graham Basil Spanier	Shivan Sivaswamy Subramaniam
James Conrad Thyen	Alfred Joseph Verrecchia		

State of Rhode Island Rhode Island
County of Providence Providence

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) Shivan Sivaswamy Subramaniam	(Signature) John James Pomeroy	(Signature) Theresa Ann Molloy
1. (Printed Name) President and CEO	2. (Printed Name) Secretary and Sr. Vice President	3. (Printed Name) VP Controller
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 4th day of February 2012

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

John A. Soares III Notary Public

Expires July 5, 2013

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,084,707,448		1,084,707,448	1,118,440,219
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	446,687,022		446,687,022	322,947,718
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....13,006,739, Sch. E-Part 1), cash equivalents (\$.....13,106,070, Sch. E-Part 2) and short-term investments (\$.....19,474,584, Sch. DA).....	45,587,394		45,587,394	124,404,394
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	2,085		2,085	192,000
10. Securities lending reinvested collateral assets (Schedule DL).....	73,499,030		73,499,030	121,542,222
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,650,482,979	.0	1,650,482,979	1,687,526,553
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	11,524,219		11,524,219	11,955,523
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	123,366,949	1,867,406	121,499,543	113,024,653
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	38,029,872		38,029,872	77,863,703
16.2 Funds held by or deposited with reinsured companies.....	29,845		29,845	29,845
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	9,579,159		9,579,159	
18.2 Net deferred tax asset.....	24,494,000		24,494,000	9,811,000
19. Guaranty funds receivable or on deposit.....	243,587		243,587	368,747
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	573,057
23. Receivables from parent, subsidiaries and affiliates.....			.0	769,347
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	18,760,057	.0	18,760,057	13,502,952
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,876,510,667	1,867,406	1,874,643,261	1,915,425,380
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	1,876,510,667	1,867,406	1,874,643,261	1,915,425,380

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Equities and deposits in pools and associations.....	350,000		350,000	350,000
2502. Accounts Receivable State Tax Refunds.....	259,967		259,967	165,352
2503. Accounts Receivable Miscellaneous.....	122		122	287,537
2598. Summary of remaining write-ins for Line 25 from overflow page.....	18,149,968	.0	18,149,968	12,700,063
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	18,760,057	.0	18,760,057	13,502,952

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	373,027,211	364,365,549
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	31,188,347	1,268,653
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	51,694,215	54,218,473
4. Commissions payable, contingent commissions and other similar charges.....	3,062	
5. Other expenses (excluding taxes, licenses and fees).....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	6,067,182	5,219,961
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		44,407,807
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 \$.....87,892,103 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).....	307,562,395	271,344,912
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	180,292	172,192
12. Ceded reinsurance premiums payable (net of ceding commissions).....	78,164,314	76,644,347
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.....	424,434	497,398
15. Remittances and items not allocated.....	2,024,373	99,694
16. Provision for reinsurance (Schedule F, Part 7).....	9,982,854	8,269,560
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	1,825,268	
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	20,833,016	
20. Derivatives.....		
21. Payable for securities.....	2,895,888	25,656,904
22. Payable for securities lending.....	73,499,030	121,542,222
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	9,691,341	8,355,858
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	969,063,222	982,063,530
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	969,063,222	982,063,530
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	4,000,000	4,000,000
31. Preferred capital stock.....	7,250,000	7,250,000
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	272,890,661	272,735,661
35. Unassigned funds (surplus).....	621,439,378	649,376,189
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	905,580,039	933,361,850
38. TOTALS (Page 2, Line 28, Col. 3).....	1,874,643,261	1,915,425,380

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....	9,691,341	8,355,858
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	9,691,341	8,355,858
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	352,995,327	335,486,590
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	324,017,125	157,800,939
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	12,108,524	12,261,786
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	90,700,167	93,402,732
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	426,825,816	263,465,457
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(73,830,489)	72,021,133
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	55,938,186	56,653,852
10. Net realized capital gains (losses) less capital gains tax of \$....(2,392,000) (Exhibit of Capital Gains (Losses)).....	(4,441,538)	4,982,002
11. Net investment gain (loss) (Lines 9 + 10).....	51,496,648	61,635,854
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$....45,433).....	(45,433)	(126,521)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(47,962)	(81,187)
15. Total other income (Lines 12 through 14).....	(93,395)	(207,708)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(22,427,236)	133,449,279
17. Dividends to policyholders.....	368,222	340,621
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).....	(22,795,458)	133,108,658
19. Federal and foreign income taxes incurred.....	893,563	46,666,711
20. Net income (Line 18 minus Line 19) (to Line 22).....	(23,689,021)	86,441,947
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	933,361,850	828,214,013
22. Net income (from Line 20).....	(23,689,021)	86,441,947
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(4,896,000).....	(9,334,705)	19,434,421
25. Change in net unrealized foreign exchange capital gain (loss).....	(2,398,325)	3,830,318
26. Change in net deferred income tax.....	9,787,000	(3,897,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	(741,513)	565,708
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(1,713,295)	(1,815,088)
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.....	155,000	924,999
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(507,500)	(507,500)
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.....	660,548	170,032
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(27,781,811)	105,147,837
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	905,580,039	933,361,850
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous Income (Expense).....	(47,962)	(81,187)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(47,962)	(81,187)
3701. Foreign exchange.....	660,548	170,032
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	660,548	170,032

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	381,516,374	361,894,205
2. Net investment income.....	59,404,865	56,068,547
3. Miscellaneous income.....	(93,395)	(207,708)
4. Total (Lines 1 through 3).....	440,827,843	417,755,043
5. Benefit and loss related payments.....	249,716,360	105,367,981
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	104,357,506	130,366,515
8. Dividends paid to policyholders.....	360,122	331,433
9. Federal and foreign income taxes paid (recovered) net of \$.....3,753,342 tax on capital gains (losses).....	52,488,529	63,220,998
10. Total (Lines 5 through 9).....	406,922,517	299,286,927
11. Net cash from operations (Line 4 minus Line 10).....	33,905,327	118,468,116
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	323,808,370	302,829,081
12.2 Stocks.....	123,998,363	54,104,568
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(40,023)	5,553
12.7 Miscellaneous proceeds.....	189,915	19,297,624
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	447,956,625	376,236,826
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	283,023,227	336,757,341
13.2 Stocks.....	278,034,089	250,444,588
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	155,000	122,467,222
13.6 Miscellaneous applications.....	22,761,016	67,001
13.7 Total investments acquired (Lines 13.1 to 13.6).....	583,973,332	709,736,152
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(136,016,707)	(333,499,326)
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.....	155,000	924,999
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	507,500	507,500
16.6 Other cash provided (applied).....	23,646,881	202,666,210
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	23,294,381	203,083,709
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(78,816,999)	(11,947,502)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	124,404,394	136,351,895
19.2 End of year (Line 18 plus Line 19.1).....	45,587,394	124,404,394

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

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	211,171,733	100,617,840	113,626,895	198,162,678
2. Allied lines.....	119,000,836	56,058,975	62,634,798	112,425,013
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	1,660,946	926,622	956,404	1,631,164
5. Commercial multiple peril.....	65,769,087	28,327,992	33,909,649	60,187,430
6. Mortgage guaranty.....				0
8. Ocean marine.....	20,935,126	8,898,932	9,973,776	19,860,282
9. Inland marine.....	160,090,488	75,833,887	85,807,279	150,117,096
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....				0
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....	106	54	55	105
17.1 Other liability - occurrence.....				0
17.2 Other liability - claims-made.....				0
17.3 Excess workers' compensation.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....				0
19.3, 19.4 Commercial auto liability.....				0
21. Auto physical damage.....				0
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....	743,572	680,607	653,539	770,640
28. Credit.....				0
29. International.....				0
30. Warranty.....				0
31. Reinsurance - nonproportional assumed property.....	(190,159,087)			(190,159,087)
32. Reinsurance - nonproportional assumed liability.....	3			3
33. Reinsurance - nonproportional assumed financial lines.....				0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	389,212,810	271,344,912	307,562,395	352,995,327

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	113,626,895				113,626,895
2. Allied lines.....	62,634,798				62,634,798
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	956,404				956,404
5. Commercial multiple peril.....	33,909,649				33,909,649
6. Mortgage guaranty.....					0
8. Ocean marine.....	9,973,776				9,973,776
9. Inland marine.....	85,807,279				85,807,279
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	55				55
17.1 Other liability - occurrence.....					0
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....					0
26. Burglary and theft.....					0
27. Boiler and machinery.....	653,539				653,539
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	307,562,395	0	0	0	307,562,395
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					307,562,395

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	255,277,504	1,207,641		1,020,314	44,293,098	211,171,733
2. Allied lines.....	156,421,088	785,934	358,816	948,671	37,616,331	119,000,836
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....	1,697,489				36,543	1,660,946
5. Commercial multiple peril.....	83,263,421				17,494,334	65,769,087
6. Mortgage guaranty.....						.0
8. Ocean marine.....	21,320,074	527,982	91,021		1,003,951	20,935,126
9. Inland marine.....	207,528,029	1,054,196		1,178,015	47,313,722	160,090,488
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....	106					106
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....	48,157,331	212,303		45,123,949	2,502,113	743,572
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX			190,159,087		(190,159,087)
32. Reinsurance - nonproportional assumed liability.....	XXX		3			3
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	.0
35. TOTALS.....	773,665,042	3,788,056	449,840	238,430,036	150,260,092	389,212,810

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	60,243,163	161,621	10,073,853	50,330,931	52,756,406	66,606,975	36,480,362	18.4
2. Allied lines.....	107,237,559		12,578,879	94,658,680	40,336,165	88,113,361	46,881,484	41.7
3. Farmowners multiple peril.....				0			0	
4. Homeowners multiple peril.....	789,377			789,377	92,795	83,776	798,396	48.9
5. Commercial multiple peril.....	40,838,879		11,431,482	29,407,397	34,904,616	14,492,578	49,819,435	82.8
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....	19,980,896	464,112	2,236,164	18,208,844	24,269,158	15,888,893	26,589,109	133.9
9. Inland marine.....	116,753,248	254,235	36,400,962	80,606,521	97,012,643	65,534,198	112,084,966	74.7
10. Financial guaranty.....				0			0	
11.1 Medical professional liability - occurrence.....				0			0	
11.2 Medical professional liability - claims-made.....				0			0	
12. Earthquake.....				0			0	
13. Group accident and health.....				0			0	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....				0			0	
16. Workers' compensation.....	306,248		253,815	52,433	776,841	828,580	694	658.4
17.1 Other liability - occurrence.....	18,700	4,865	14,212	9,353	6,534,505	6,449,320	94,538	
17.2 Other liability - claims-made.....				0			0	
17.3 Excess workers' compensation.....				0			0	
18.1 Products liability - occurrence.....	10,325,479		5,325,436	5,000,043	89,984,783	94,640,508	344,318	
18.2 Products liability - claims-made.....				0			0	
19.1, 19.2 Private passenger auto liability.....				0			0	
19.3, 19.4 Commercial auto liability.....				0			0	
21. Auto physical damage.....				0			0	
22. Aircraft (all perils).....				0			0	
23. Fidelity.....	(70,156)		(37,519)	(32,637)			(32,637)	
24. Surety.....				0			0	
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....	26,648,404		18,244,283	8,404,121	22,106,905	7,428,257	23,082,769	2,995.3
28. Credit.....				0			0	
29. International.....				0			0	
30. Warranty.....				0			0	
31. Reinsurance - nonproportional assumed property.....	XXX	27,874,851		27,874,851			27,874,851	(14.7)
32. Reinsurance - nonproportional assumed liability.....	XXX	45,549		45,549	4,252,394	4,299,103	(1,160)	(38,666.7)
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35. TOTALS.....	383,071,797	28,805,233	96,521,567	315,355,463	373,027,211	364,365,549	324,017,125	91.8

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	46,165,498	102,582	6,985,176	39,282,904	16,934,731	18,771	3,480,000	52,756,406	4,915,780
2. Allied lines.....	35,916,638		4,495,473	31,421,165	9,948,000		1,033,000	40,336,165	4,123,000
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	92,795			92,795				92,795	
5. Commercial multiple peril.....	37,382,077		10,434,461	26,947,616	10,353,000		2,396,000	34,904,616	2,943,000
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	18,721,523	757,870	333,235	19,146,158	5,123,000			24,269,158	2,666,000
9. Inland marine.....	103,080,216	212,411	22,083,984	81,208,643	17,835,000		2,031,000	97,012,643	6,690,000
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	1,664,310		1,376,038	288,272	488,569			776,841	91,785
17.1 Other liability - occurrence.....	6,005,079	91,700	4,560,332	1,536,447	8,832,752	702,700	4,537,394	6,534,505	1,112,437
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	63,030,006		33,864,144	29,165,862	132,785,139		71,966,218	89,984,783	28,179,921
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	35,561,875		16,714,970	18,846,905	5,805,000		2,545,000	22,106,905	960,000
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX	521,436	311	521,125	XXX	3,731,269		4,252,394	12,292
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	347,620,017	1,685,999	100,848,124	248,457,892	208,105,191	4,452,740	87,988,612	373,027,211	51,694,215

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	22,182,741			22,182,741
1.2 Reinsurance assumed.....	66,427			66,427
1.3 Reinsurance ceded.....	15,990,145			15,990,145
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	6,259,023	0	0	6,259,023
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		72,710,914		72,710,914
2.2 Reinsurance assumed, excluding contingent.....		926,820		926,820
2.3 Reinsurance ceded, excluding contingent.....		62,522,305		62,522,305
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	11,115,429	0	11,115,429
3. Allowances to manager and agents.....				0
4. Advertising.....		1,679,849		1,679,849
5. Boards, bureaus and associations.....		131,624		131,624
6. Surveys and underwriting reports.....	75,904	697,705		773,609
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	4,049,626	36,467,208	520,340	41,037,174
8.2 Payroll taxes.....	240,991	2,104,325	22,246	2,367,562
9. Employee relations and welfare.....	780,543	7,861,865	103,437	8,745,845
10. Insurance.....	20,467	1,029,490	460	1,050,417
11. Directors' fees.....		27,943		27,943
12. Travel and travel items.....	134,786	2,238,892	5,044	2,378,722
13. Rent and rent items.....	388,393	2,804,783	1,033	3,194,209
14. Equipment.....	26,670	1,264,994	3,149	1,294,813
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	49,471	556,833	6,745	613,049
17. Postage, telephone and telegraph, exchange and express.....	54,231	1,743,204	54,796	1,852,231
18. Legal and auditing.....	19,404	135,988		155,392
19. Totals (Lines 3 to 18).....	5,840,486	58,744,703	717,250	65,302,439
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		19,096,354		19,096,354
20.2 Insurance department licenses and fees.....		507,425	290	507,715
20.3 Gross guaranty association assessments.....		(204,074)		(204,074)
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	19,399,705	290	19,399,995
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	9,015	1,440,330	300,449	1,749,794
25. Total expenses incurred.....	12,108,524	90,700,167	1,017,989	(a) 103,826,680
26. Less unpaid expenses - current year.....	51,694,214	6,070,244		57,764,458
27. Add unpaid expenses - prior year.....	54,218,472	5,219,961		59,438,433
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	14,632,782	89,849,884	1,017,989	105,500,655

DETAILS OF WRITE-INS

2401. BANK ACTIVITY FEES.....	15	4,465	41,645	46,125
2402. CONSULTANTS.....	9,000	1,181,701		1,190,701
2403. CONTRIBUTIONS.....		25,000		25,000
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	229,164	258,804	487,968
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	9,015	1,440,330	300,449	1,749,794

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....4,524,124	.....3,065,155
1.1 Bonds exempt from U.S. tax.....	(a).....12,064,940	.....13,521,273
1.2 Other bonds (unaffiliated).....	(a).....33,123,002	.....32,541,109
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....6,865,666	.....7,015,456
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....258,889	.....258,889
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....556,704	.....556,704
10. Total gross investment income.....	.....57,393,324	.....56,958,587
11. Investment expenses.....	.....	(g).....1,017,699
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....290
13. Interest expense.....	.....	(h).....2,413
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,020,402
17. Net investment income (Line 10 minus Line 16).....	.....	.....55,938,186

DETAILS OF WRITE-INS

0901. Prior Year Income.....	.....25,018	.....25,018
0902. Security Lending Interest Income.....	.....129,641	.....129,641
0903. ICMA Loan Interest Income.....	.....12,116	.....12,116
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....389,930	.....389,930
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....556,704	.....556,704
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....1,861,306 accrual of discount less \$.....4,236,133 amortization of premium and less \$.....1,029,111 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....45,759 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 \$.....1,017,990 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.....	.....819,275	.....	.....819,275	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....448,986	.....	.....448,986	.....	.....
1.2 Other bonds (unaffiliated).....	.....8,223,885	.....	.....8,223,885	.....(64,956)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....3,575,014	.....(19,860,676)	.....(16,285,662)	.....(14,010,749)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(40,023)	.....	.....(40,023)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....(155,000)	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....13,027,138	.....(19,860,676)	.....(6,833,538)	.....(14,230,705)	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,867,406	1,125,893	(741,513)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,867,406	1,125,893	(741,513)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	1,867,406	1,125,893	(741,513)

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Equities and deposits in pools and associations.....			.0
2502. Accounts Receivable State Tax Refunds.....			.0
2503. Accounts Receivable Miscellaneous.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement of Affiliated FM Insurance Company ("Company") has been completed in accordance with the NAIC Accounting Practices and Procedures Manual and the state laws of Rhode Island, except that the Company applies paragraph 5 (a) of SSAP 23, rather than paragraph 5(b) of SSAP 23, with respect to the methodology applied in translating the Company's Canadian branch to USD. This is consistent with the methodology used in prior years, and a permitted practice has been approved by the State of Rhode Island. The total adjustment to convert the balance sheet to USD is \$1,825,268, which appears on line 17 – "net adjustment in assets and liabilities due to foreign exchange rates", on page 3 – "Liabilities, Surplus and Other Funds" of the 2011 annual statement. There is no net impact on surplus, and the effect on 2011 net income would be an increase to net income in the amount of approximately \$376,000 (which would be offset by a corresponding decrease to surplus).

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. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business. 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.

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant interest rate method. Loan-backed bonds and structured securities are carried at amortized cost using the constant interest rate method, not including anticipated prepayment at the date of purchases.
3. Common Stocks, except investments of stocks of subsidiaries, are stated at market.
4. Preferred stocks are stated at the lower of cost or fair value.
5. The Company has no mortgage loans.
6. Loan-backed securities are valued using an effective yield based on current prepayment assumptions. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.
7. The Company has one non-insurance subsidiary, stated at GAAP equity value adjusted to a Statutory equity value.
8. Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
9. The Company has no derivatives.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including A & E reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred but not reported) loss estimates. 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 any adjustments are reflected in the period determined.
12. The Company has not changed its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables."

Note 2 – Accounting Changes and Correction of Errors

- A. There were no material changes in accounting principals or material correction of errors.

Note 3 – Business Combinations and Goodwill – Not applicableNote 4 – Discontinued Operations – Not applicableNote 5 – Investments

- A. Mortgage Loans – Not applicable
- B. Debt Restructuring – Not applicable
- C. Reverse Mortgages – Not applicable
- D. Loan-Backed Securities
 1. Loan-backed bonds and structured securities are valued at amortized costs using the constant interest rate method, not including anticipated prepayment at the date of purchase. Loan-backed securities are valued using an effective yield based on current prepayment assumptions obtained from Bloomberg. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.
 2. Not applicable
 3. Not applicable
 4. The aggregate amount of unrealized losses and the associated fair value for loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss are as follows:

NOTES TO FINANCIAL STATEMENTSNote 5 – Investments (continued from preceding page)

	Unrealized Loss	Fair Value
Aggregate unrealized losses less than 12 months	\$ 74,184	\$ 20,921,536
Aggregate unrealized losses greater than 12 months	-	-

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

1. Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.
2. Not applicable
3. Collateral permitted by contract to sell or repledge
 - a. Not applicable
 - b. The aggregate fair value of all securities acquired from the sale, trade or use of accepted collateral is \$73,499,030.
 - c. The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.
4. The company has no collateral for which the "one-line" reporting is optional.
5. The amortized cost and fair value of the reinvested cash collateral is \$73,499,030.

a. The maturity dates of the reinvested cash collateral are as follows:

Under 30 days	\$ 68,499,634
31 to 60 days	1,999,396
61 to 90 days	3,000,000
Total	\$ 73,499,030

b. The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

F. Real Estate – Not applicable

G. Investments in low-income housing tax credits – Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies – Not applicableNote 7 – Investment Income

- A. The Company does not admit investment income due and accrued if the amounts are over 90 days past due.
- B. Amounts Non-admitted - Not applicable

Note 8 – Derivative Instruments – Not applicable

NOTES TO FINANCIAL STATEMENTSNote 9 – Income Taxes

A. The components of the net DTA recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

1. Total of all DTAs and DTLs by tax character as well as the net change:

	December 31, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
A) Gross Deferred Tax Assets	34,801,000	9,720,000	44,521,000	31,843,000	3,404,000	35,247,000	2,958,000	6,316,000	9,274,000
B) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
C) Adjusted Gross Deferred Tax Assets (1a-1b)	34,801,000	9,720,000	44,521,000	31,843,000	3,404,000	35,247,000	2,958,000	6,316,000	9,274,000
D) Deferred Tax Liabilities	9,990,000	10,037,000	20,027,000	10,550,000	14,886,000	25,436,000	(560,000)	(4,849,000)	(5,409,000)
E) Subtotal (Net Deferred Tax Assets(Liabilities))	24,811,000	(317,000)	24,494,000	21,293,000	(11,482,000)	9,811,000	3,518,000	11,165,000	14,683,000
F) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
G) Net Admitted Deferred Tax Assets (Liabilities)(1e-1f)	24,811,000	(317,000)	24,494,000	21,293,000	(11,482,000)	9,811,000	3,518,000	11,165,000	14,683,000

2. The Company has not elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

3. Components by tax character of additional DTAs pursuant to SSAP 10R, paragraph 10e election - Not applicable.

4. DTA Admissibility

	December 31, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
A) Paragraph 10.a. (prior-year federal taxes recoverable by carrying back temporary differences reversing within one year)	29,278,000	-	29,278,000	26,602,000	-	26,602,000	2,676,000	-	2,676,000
B) Paragraph 10.b. (lesser of 10.b.i or 10.b.ii)	-	-	-	-	-	-	-	-	-
C) Paragraph 10.b.i (DTA after applying 10a, expected to be realized within one year)	-	-	-	-	-	-	-	-	-
D) Paragraph 10.b.ii (Ten percent of adjusted statutory capital and surplus from the most recent filed statement)	XXX	XXX	83,292,996	XXX	XXX	85,448,589	XXX	XXX	(2,155,593)
E) Paragraph 10.c. (Adjusted Gross DTA, after 10a and 10b that can be offset against existing DTLs)	5,523,000	9,720,000	15,243,000	5,241,000	3,404,000	8,645,000	282,000	6,316,000	6,598,000
F) Total (4a+4b+4e) - Admissible amount without Election	34,801,000	9,720,000	44,521,000	31,843,000	3,404,000	35,247,000	2,958,000	6,316,000	9,274,000

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

	December 31, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraph 10.e. (not applicable - not elected):									
G) Paragraph 10e.i. (prior-year federal taxes recoverable by carrying back temporary differences reversing within three years)			-			-			-
H) Paragraph 10e.ii. (lesser of 10.e.ii or 10.e.ii.a)			-			-			-
I) Paragraph 10e.ii.a. (DTA after applying 10.e.i, expected to be realized within three years)			-			-			-
J) Paragraph 10e.ii.b. (fifteen percent of adjusted statutory capital and surplus from the most recent filed statement)	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
K) Paragraph 10e.iii (Adjusted Gross DTA, after 10e.i and 10e.ii that can be offset against existing DTLs)			-			-			-
L) Total (4g+4h+4k) - Elective admissible amount	-	-	-	-	-	-	-	-	-
SSAP 10R, Paragraph 10.d.:									
M) Total Adjusted Capital	XXX	XXX	905,580,039	XXX	XXX	933,361,850	XXX	XXX	(27,781,811)
N) Authorized Control Level	XXX	XXX	66,543,666	XXX	XXX	59,375,929	XXX	XXX	7,167,737

5. Tax planning strategy summary – Not applicable

6. Amount of DTA (before 10e election, and with 10e election)

	December 31, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
A) Admitted Deferred Tax Assets (Liabilities)	24,811,000	(317,000)	24,494,000	21,293,000	(11,482,000)	9,811,000	3,518,000	11,165,000	14,683,000
B) Admitted Assets	XXX	XXX	1,874,643,260			1,915,425,380			(40,782,120)
C) Adjusted Statutory Surplus *	XXX	XXX	832,929,960			854,485,887			(21,555,927)
D) Total Capital from DTA's			24,494,000			9,811,000			14,683,000
SSAP 10R, paragraph 10.e. (not applicable - not elected):									
E) Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
F) Admitted Assets	-	-	-	-	-	-	-	-	-
G) Statutory Surplus									

*As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, Paragraph 10bii.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

B. Unrecognized DTL's – Not applicable

C. Current Tax and Change in Deferred Tax

	December 31, 2011		
	2011	2010	Change
A) Federal	(8,254,000)	38,575,000	(46,829,000)
B) Foreign	9,147,563	8,091,711	1,055,852
C) Subtotal	893,563	46,666,711	(45,773,148)
D) Realized capital gains	(2,392,000)	2,683,000	(5,075,000)
E) Other	-	-	-
F) Federal and foreign income taxes incurred	(1,498,437)	49,349,711	(50,848,148)

2. Deferred Tax Assets

	December 31, 2011		
	2011	2010	Change
A) Ordinary			
1) Discounting of unpaid losses and LAE	5,339,000	5,730,000	(391,000)
2) Unearned premium reserve	21,440,000	18,918,000	2,522,000
3) Nonadmitted assets	648,000	390,000	258,000
4) Tax credit carry-forward	5,738,000	4,489,000	1,249,000
5) Other	1,636,000	2,316,000	(680,000)
Subtotal	34,801,000	31,843,000	2,958,000
B) Statutory Valuation Allowance Adjustment	-	-	-
C) Nonadmitted Deferred Tax Assets	-	-	-
D) Admitted Ordinary Deferred Tax Assets	34,801,000	31,843,000	2,958,000
E) Capital			
1) Investments	9,544,000	3,314,000	6,230,000
2) Other	176,000	90,000	86,000
Subtotal	9,720,000	3,404,000	6,316,000
F) Statutory Valuation Allowance Adjustment	-	-	-
G) Nonadmitted Deferred Tax Assets	-	-	-
H) Admitted Capital Deferred Tax Assets	9,720,000	3,404,000	6,316,000
I) Admitted deferred tax assets (2d + 2h)	44,521,000	35,247,000	9,274,000

3. Deferred Tax Liabilities

	December 31, 2011		
	2011	2010	Change
A) Ordinary			
1) Investments	-	-	-
2) Other	9,990,000	10,550,000	(560,000)
Subtotal	9,990,000	10,550,000	(560,000)
B) Capital			
1) Investments	10,037,000	14,886,000	(4,849,000)
2) Other	-	-	-
Subtotal	10,037,000	14,886,000	(4,849,000)
C) Deferred Tax Liabilities	20,027,000	25,436,000	(5,409,000)

4. Net Deferred Tax Assets/Liabilities (2i-3c) 24,494,000 9,811,000 14,683,000

NOTES TO FINANCIAL STATEMENTSNote 9 – Income Taxes (continued from preceding page)

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

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

	December 31, 2011	Effective Tax Rate
Provision computed at statutory rate	(8,816,000)	35.0%
Tax exempt income deduction	(889,000)	3.5%
Unrealized foreign exchange gain	(112,000)	0.4%
Change in nonadmitted assets	(258,000)	1.0%
Dividends received deduction	(1,204,000)	4.8%
Proration of tax exempt investment income	314,000	-1.2%
Nondeductible expenses	1,000	0.0%
Effect of foreign operations	856,000	-3.4%
Adjustment – prior year	(1,178,000)	4.7%
Other	563	0.0%
Totals	(11,285,437)	44.8%
Federal and foreign income taxes incurred	893,563	74.1%
Current taxes on realized capital gains	(2,392,000)	-68.2%
Change in net deferred income taxes	(9,787,000)	38.9%
Total statutory income taxes	(11,285,437)	44.8%

E. Operating Loss and Tax Credit Carryforwards

- At December 31, 2011 the Company did not have any unused operating loss carry forwards available to offset against future taxable income.
- The following is the amount of consolidated Federal income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

Year	Amount
2011	-
2010	178,248,975

- The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with the following entities:

Factory Mutual Insurance Company	TSB Loss Control Consultants, Inc.
Affiliated FM Insurance Company	Corporate Insurance Services, Inc.
Appalachian Insurance Company	Watch Hill Insurance Company
Risk Engineering Insurance Company Limited	FMIC Holdings, Inc.

- The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled annually.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

All of the common stock outstanding of the Company is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of the Factory Mutual Insurance Company, Johnston, R.I. In addition to owning 100% of the common stock, FMIC Holdings, Inc. also owns 47,500 shares of the 7% cumulative preferred stock (\$100 par value) outstanding. Appalachian Insurance Company, a wholly-owned subsidiary of FMIC Holdings, Inc. owns 25,000 shares of the 7% cumulative preferred stock (\$100 par value) outstanding.

B. Detail of Transactions Greater than ½% of Admitted Assets:

The Company lists its transactions with affiliates on Schedule Y, Part 2. There were no non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

C. Change in terms of intercompany arrangements – Not applicable

D. Amounts Due to or from Related Parties:

Amounts shown on Page 2, Line 23 and/or Page 3, Line 19 include balances owed to and from affiliates relating to intercompany pooling arrangements (see Footnote 26) and Intercompany Cash Management Agreements.

E. Guarantees or Contingencies for Related Parties – Not applicable

F. Management, Service Contracts, Cost Sharing Agreements:

The Company receives certain accounting, management and other services from an insurance affiliate. Management fees are charged as part of a cost sharing agreement approved by the state of domicile.

G. Nature of Relationships that could affect operations:

The Company is owned by FMIC Holdings Inc., a wholly owned subsidiary of Factory Mutual Insurance Company.

H. Amounts deducted for Investment in Upstream Company:

The Company does not own shares, directly or indirectly, of an upstream intermediate or parent.

NOTES TO FINANCIAL STATEMENTS

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates (continued from preceding page)

- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets – Not applicable
- J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies – Not applicable
- K. The Company does not own any foreign subsidiaries; therefore this disclosure regarding interest rates and mortality assumptions used in connection with calculating an investment in a foreign subsidiary by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines is not applicable.
- L. The Company does not own any downstream non-insurance holding companies; therefore this disclosure regarding utilizing the look-through approach for the valuation of a downstream non-insurance holding company is not applicable.

Note 11 – Debt

- A. Capital Notes – Not applicable
- B. All other Debt – Not applicable

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

A. Defined Benefit Plans

The Company participates in non-contributory retirement income plans and a postretirement benefit plan covering substantially all employees. The plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

B. Defined Contribution Plans

The Company participates in a savings plan covering substantially all employees. Company contributions to the plan were \$2,064,000 in 2011 and \$1,860,000 in 2010. The Plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

C. Multiemployer Plans – Not applicable

D. Consolidated/Holding Company Plans

Employees of the Company participate in both non-contributory retirement income plans and a post-retirement benefit plan. The Company has no legal obligation for benefits under the plans and the net expense relating to the plans in 2011 was \$5,269,416.

E. Post-employment benefits and compensated absences – Not applicable

F. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable

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

1. Outstanding Shares

The Company has outstanding 72,500 shares of 7% cumulative preferred stock. Detailed support is shown on Schedule Y, Part 1. As of December 31, 2011, there were no accrued dividends outstanding.

2. Dividend Rate of Preferred Stock – 7% cumulative.

3. 4. & 5. Dividend Restrictions, Dividends Paid & Amount of Ordinary Dividends That May Be Paid

The maximum amount of dividends, which can be paid by State of Rhode Island insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval in 2011 is the lesser of:

- a. 10% of surplus as regards policyholders as of the 31st day of December next preceding, or
- b. Net income, not including realized gains, for the twelve month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

The maximum dividend payout, which may be made without prior approval in 2011, is \$81,459,945.

The Company paid two ordinary dividends of \$87,500 each on April 1, 2011 and October 1, 2011.

6. Restrictions on Unassigned Funds – Not applicable

7. Advances to Surplus Not Repaid – Not applicable

8. & 9. Changes in Special Surplus Funds and Company Stock Held for Special Purposes – Not applicable

10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$26,418,000. This unrealized gain is not net of the applicable deferred tax liability of \$9,242,000.

11. Surplus Notes – Not applicable

12. & 13. Quasi-Reorganizations – Not applicable

NOTES TO FINANCIAL STATEMENTSNote 14 – Contingencies

- A. Contingent Commitments – Not applicable
- B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums.

The Company has accrued a liability for guaranty fund and other assessments of \$200,000 and a related premium tax benefit asset of \$244,000. The amount recorded represents management's best estimates based on information received from the states in which the company writes business. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The asset is included in the guarantee funds receivable asset and is expected to be realized over the five to ten years following payment. The following reflects the current year change in the premium tax benefit asset. The Company accrues through policyholder surcharges as surcharge is collected therefore no related asset is recorded or included in the following calculation.

Description	Amount
a. Assets recognized from paid and accrued premium tax offsets prior year-end	\$ 369,000
b. Decreases in current year - Premium Tax offset applied	127,000
c. Increases current year - Premium Tax payments/refunds	-
d. Other adjustments	2,000
e. Assets recognized from paid and accrued premium tax offsets current year-end	\$ 244,000

- C. Gain Contingencies – Not applicable
- D. Extra Contractual Obligations and Bad Faith Losses – Not applicable
- E. 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.

Note 15 – Leases – Not applicableNote 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

- A. Financial Instruments with off-balance sheet risk – Not applicable
- B. Financial Instruments with concentrations of credit risk – Not applicable

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

- A. Transfers of receivables reported as sales – Not applicable
- B. Transfer and servicing of financial assets
 1. Transfer of financial assets – Not applicable
 2. Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$107,181,345 and \$209,753,069 at December 31, 2011 and December 31, 2010, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.
 3. Servicing assets and servicing liabilities – Not applicable
 4. Securitized financial assets that transfer as a sale – Not applicable
 5. Securitized financial assets held by transferor – Not applicable
 6. Transfers of receivables with recourse – Not applicable
- C. Wash Sales – Not applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans – Not applicableNote 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

As understood by the definition of "Managing General Agent" contained in Appendix A-225 of the NAIC Accounting Practices and Procedures Manual, Affiliated FM Insurance Company has no managing general agents.

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements

A. Inputs Used for Invested Assets Measured at Fair Value

1. Fair Value Measurements by Level

Assets measured at fair value - Levels 1, 2 and 3. The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy as reflected in the following table. Item 4 provides a discussion of each of these three levels.

Description	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Bonds	\$ -	\$ 4,153,256	-	\$ 4,153,256
Preferred Stocks	-	-	-	-
Common Stocks	446,687,022	-	-	446,687,022
Total Assets	\$ 446,687,022	\$ 4,153,256	-	\$ 450,840,278

2. Rollforward of Level 3

The Company has no assets measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

4. Inputs and Techniques used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable
- Level 3 Significant inputs to the valuation model are unobservable

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

5. Derivatives – Not applicable

B. Other Fair Value Disclosures – Not applicable

C. Reasons Not Practical to Estimate Fair Value – Not applicable

Note 21 – Other Items

A. Extraordinary Items – Not applicable

B. Troubled Debt Restructuring for Debtors – Not applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in foreign exchange adjustment" line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

D. Uncollectible Premiums Receivable – Not applicable

E. Business Interruption Insurance Recoveries – Not applicable

F. State Transferable Tax Credits – Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 21 – Other Items (continued from preceding page)****G. Subprime Mortgage Related Risk Exposure:**

1. Affiliated FM Insurance Company defines its exposure to sub prime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be sub prime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. In addition, the structure of the deal is monitored to assess the level of coverage and credit enhancement for the tranche held. The company has minimal exposure to sub prime securities and has no plans to increase its holding in sub prime securities at this time. This exposure will not materially affect the company's unrealized losses or anticipated cash flows.
2. None
3. Affiliated FM Insurance Company's only exposure to subprime bonds is one residential mortgage-backed security.
 - a. The actual cost of the subprime bond is \$724,044.
 - b. The book adjusted carrying value of the subprime bond is \$720,253.
 - c. The fair value of the subprime bond is \$720,253.
 - d. None.
4. None

Note 22 – Events Subsequent

Subsequent events have been considered through February 21, 2012 for these statutory financial statements which are to be issued February 22, 2012. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

Note 23 – Reinsurance**A. Unsecured Reinsurance Recoverable**

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
00000	AA-9995022	Excess & Casualty Reinsurance Assoc	\$27,801,000

B. Reinsurance Recoverable in Dispute – Not applicable**C. Reinsurance Assumed and Ceded**

(1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year, as applicable:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Reserve Premium (1)	Equity Commission (2)	Reserve Premium (3)	Equity Commission (4)	Reserve Premium (5)	Equity Commission (6)
I. Affiliates	\$ -	\$ -	\$ 21,930,702	\$ 7,127,478	\$ (21,930,702)	\$ (7,127,478)
II. All Other	\$ 2,013,668	\$ 36,688	\$ 65,961,400	\$ 17,596,570	\$ (63,947,732)	\$ (17,559,882)
III. TOTAL	\$ 2,013,668	\$ 36,688	\$ 87,892,102	\$ 24,724,048	\$ (85,878,434)	\$ (24,687,360)
IV. Direct Unearned Premium Reserve	\$393,440,827					

(2) Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. The following table summarizes amounts accrued at the end of the current year, if applicable:

Description	Direct	REINSURANCE		Net
		Assumed	Ceded	
(i) Contingent Commission	(1)	(2)	(3)	(4)
(ii) Sliding Scale Adjustment	-	-	-	-
(iii) Other Profit Commission Arrangements	-	-	-	-
(iv) TOTAL	-	-	-	-

(3) Protected Cells – Not Applicable

D. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: 0

Statement of Income Account	Amount
Losses Incurred	\$ -
Loss adjustment expenses incurred	
Premiums Earned	
Other	
Total	\$ -

Reinsurer	Amount
Total	\$ -

NOTES TO FINANCIAL STATEMENTSNote 23 – Reinsurance (continued from preceding page)

E. Commutation of Ceded Reinsurance

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

Statement of Income Account	Amount
Losses and Lae Incurred	\$ -
Premiums Earned	
Other	
Total	\$ -
Reinsurer	Amount
	\$ -

F. Retroactive Reinsurance – Not applicable

G. Reinsurance Accounted for as a Deposit – Not applicable

H. Reinsurance Run-off Agreements – Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Re-determination – Not applicableNote 25 – Changes in Incurred Losses and Loss Adjustment Expenses

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses decreased by \$70,306,000. The decrease in the prior years was primarily due to reductions of incurred-but-not-reported (IBNR) reserves based on actual experience, and decreases on a small number of individual losses.

No additional premiums or return of premiums have been accrued as a result of prior year effects.

Note 26 – Intercompany Pooling Arrangements

Factory Mutual Insurance Company, NAIC Code 21482, Affiliated FM Insurance Company, NAIC Code 10014, and Appalachian Insurance Company, NAIC Code 10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 7 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company.

The percentages represent the policyholder's surplus of each company to the combined policyholder's surplus for the three companies.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

The pooling results are reported in reinsurance lines 31-33 on the Underwriting and Investment Exhibit pages 6 – 10 and on Schedule P.

The Combined Annual Statement eliminates the results of all intercompany activity.

Note 27 – Structured Settlements – Not applicableNote 28 – Health Care Receivables – Not applicableNote 29 – Participating Policies – Not applicableNote 30 – Premium Deficiency Reserves

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2011 and determined that a premium deficiency reserve is not applicable. This evaluation was completed on February 2, 2012.

The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

Note 31 – High Deductibles – Not applicableNote 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjusting Expenses – Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos and Environmental Reserves**

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and subject to considerable certainty, due to the potential severity of the claims and the uncertain legal climate.

Direct – Asbestos	2007	2008	2009	2010	2011
Beginning reserves:	\$ 272,940,000	\$ 262,747,000	\$ 237,778,000	\$ 229,100,000	\$ 196,844,000
Incurring losses & loss adjustment expense:	-	-	5,126,000	(15,602,000)	2,000
Calendar year payments for losses & loss adjustment expense:	10,193,000	24,969,000	13,804,000	16,654,000	12,017,000
Ending Reserves:	\$ 262,747,000	\$ 237,778,000	\$ 229,100,000	\$ 196,844,000	\$ 184,829,000

Assumed Reinsurance - Asbestos	2007	2008	2009	2010	2011
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurring losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -

Net of Ceded Reinsurance – Asbestos	2007	2008	2009	2010	2011
Beginning reserves:	\$ 110,072,000	\$ 112,395,000	\$ 99,396,000	\$ 113,266,000	\$ 98,431,000
Incurring losses & loss adjustment expense:	360,000	(1,471,000)	20,582,000	(5,180,000)	(3,859,000)
Calendar year payments for losses & loss adjustment expense:	(1,963,000)	11,528,000	6,712,000	9,655,000	6,843,000
Ending Reserves:	\$ 112,395,000	\$ 99,396,000	\$ 113,266,000	\$ 98,431,000	\$ 87,729,000

Direct - Environmental	2007	2008	2009	2010	2011
Beginning reserves:	\$ 46,121,000	\$ 45,443,000	\$ 44,938,000	\$ 43,734,000	\$ 42,369,000
Incurring losses & loss adjustment expense:	-	-	(429,000)	-	-
Calendar year payments for losses & loss adjustment expense:	678,000	505,000	775,000	1,365,000	2,417,000
Ending Reserves:	\$ 45,443,000	\$ 44,938,000	\$ 43,734,000	\$ 42,369,000	\$ 39,952,000

Assumed Reinsurance - Environmental	2007	2008	2009	2010	2011
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurring losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -

Net of Ceded Reinsurance - Environmental	2007	2008	2009	2010	2011
Beginning reserves:	\$ 18,965,000	\$ 18,976,000	\$ 19,309,000	\$ 19,907,000	\$ 18,522,000
Incurring losses & loss adjustment expense:	368,000	507,000	947,000	(747,000)	1,992,000
Calendar year payments for losses & loss adjustment expense:	357,000	174,000	349,000	638,000	1,690,000
Ending Reserves:	\$ 18,976,000	\$ 19,309,000	\$ 19,907,000	\$ 18,522,000	\$ 18,824,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of \$129,187,000 (Asbestos) and \$34,545,000 (Environmental) on a direct basis and \$68,698,000 (Asbestos) and \$12,348,000 (Environmental) on a net basis at December 31, 2011.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in the amount of \$45,603,000 (Asbestos) and \$4,577,000 (Environmental) on a direct basis and \$22,300,000 (Asbestos) and \$1,963,000 (Environmental) on a net basis at December 31, 2011.

Note 34 – Subscriber Savings Accounts – Not Applicable

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 [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Rhode Island
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: 12/31/2008
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 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). 06/07/2010
- 3.4 By what department or departments? Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

1 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 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 02116-5072
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
John Dawson, Senior Consulting Actuary, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116-5072

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value
- 12.2 If yes, provide explanation.

GENERAL INTERROGATORIES

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

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

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? 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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0

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

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0

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

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

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 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 24.3)? Yes [] No [X]

24.2 If no, give full and complete information relating thereto.
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities

24.3 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).
The market value and collateral value of securities loaned as of year-end 2011 is \$107,181,345 and \$109,397,091 respectively. The amount of cash collateral carried on balance sheet is \$73,499,030. See Note 17 for a description of the securities lending program.

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

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$.....109,397,091

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.7 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
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.9 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
- 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 24.3) Yes No
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$.....0
 - 25.22 Subject to reverse repurchase agreements \$.....0
 - 25.23 Subject to dollar repurchase agreements \$.....0
 - 25.24 Subject to reverse dollar repurchase agreements \$.....0
 - 25.25 Pledged as collateral \$.....0
 - 25.26 Placed under option agreements \$.....0
 - 25.27 Letter stock or securities restricted as to sale \$.....0
 - 25.28 On deposit with state or other regulatory body \$.....5,547,405
 - 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 27.2 If yes, state the amount thereof at December 31 of the current year:

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Worldwide Securities Services	1 Chase Manhattan Plaza, New York, NY
RBC	200 Bay Street, Toronto, Ontario, Canada

- 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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
JP Morgan Worldwide Securities Srv	Standish Mellon	Boston, MA
RBC	BMO Asset Management (formally Jones Heward)	Toronto, Ontario

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
464286 40	ISHARES MSCI BRAZIL	5,739,000
464286 10	ISHARES AUSTRALIA ETF	2,144,000
29.2999. TOTAL		7,883,000

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
ISHARES MSCI BRAZIL	PETROLEO BRASILEIRO SA	578,950	12/31/2011
ISHARES MSCI BRAZIL	VALE SA	508,590	12/31/2011
ISHARES MSCI BRAZIL	ITAU UNIBANCO HOLDING	488,446	12/31/2011
ISHARES MSCI BRAZIL	PETROLEO BRASILEIRO SA	441,272	12/31/2011
ISHARES MSCI BRAZIL	BANCO BRADESCO SA	366,837	12/31/2011
ISHARES AUSTRALIA ETF	BHP BILLITON LTD	297,330	12/31/2011
ISHARES AUSTRALIA ETF	COMMONWEALTH BANK OF A	205,717	12/31/2011
ISHARES AUSTRALIA ETF	WESTPAC BANKING COPR	162,537	12/31/2011
ISHARES AUSTRALIA ETF	AUTRALIA & NEW ZEALAND	144,634	12/31/2011
ISHARES AUSTRALIA ETF	NATIONAL AUSTRALIA BANK	139,146	12/31/2011

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.....	1,105,430,710	1,194,942,417	89,511,707
30.2 Preferred stocks.....			0
30.3 Totals.....	1,105,430,710	1,194,942,417	89,511,707

30.4 Describe the sources or methods utilized in determining the fair values:
 Bonds and preferred stocks are priced by the SVO when available. When the SVO pricing is not available, bonds and preferred stocks are priced by the Company's external pricing source, IDC.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. All securities are priced by the SVO when available. When the SVO pricing is not available, the securities are priced by our external pricing source, IDC.
-
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:
-
-

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....98,457
- 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 |
|--|------------------|
| AAIS SERVICES CORPORATION | 26,519 |
| WASHINGTON SURVEYING AND RATING BUREAU | 43,527 |
- 34.1 Amount of payments for legal expenses, if any? \$.....39,146
- 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 |
|--------------|------------------|
| GIBBONS P.C. | 12,324 |
- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 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 |
|-----------|------------------|
| | |

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.
 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

- 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned
 1.62 Total incurred claims
 1.63 Number of covered lives
 All years prior to most current three years:
 1.64 Total premium earned
 1.65 Total incurred claims
 1.66 Number of covered lives

- 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned
 1.72 Total incurred claims
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned
 1.75 Total incurred claims
 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....352,995,327	\$.....335,486,589
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....763,472,168	\$.....691,197,587
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$.....1,697,489
 3.22 Non-participating policies \$.....771,967,553

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

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

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [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 []
 5.5 If yes, give full information:

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company does not issue Workers' Compensation contracts.

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company uses the AIR CLASIC/2 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.

- 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?
In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability we purchase risk and catastrophe reinsurance.

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

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
There are certain parts of the Company's catastrophe program in high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause was not required for those parts of the program.

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate 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 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No [X]
 - (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 - (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
-
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....0
 - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From%
 - 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit
 - 12.62 Collateral and other funds
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....90,575,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.4

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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:
Based on an intercompany Excess of Loss Treaty. Maximum retention is based upon the Largest Net Aggregate.

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

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

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

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

* Disclose type of coverage: _____

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes No
 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	\$.....569,000
17.12 Unfunded portion of Interrogatory 17.11	\$.....569,000
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	\$.....569,000
17.16 Unearned premium portion of Interrogatory 17.11	\$.....0
17.17 Contingent commission portion of Interrogatory 17.11	\$.....0

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
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).....	106	102	108	108	110
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	622,633,208	557,050,128	541,978,407	491,919,999	489,113,497
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	155,269,621	136,655,633	128,791,103	131,018,971	122,909,262
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	3	168			
6. Total (Line 35).....	777,902,938	693,706,031	670,769,618	622,939,078	612,022,869
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).....	106	102	108	108	110
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	490,263,057	431,314,694	427,473,347	390,864,386	369,462,413
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	89,108,731	79,775,215	78,977,045	82,711,774	72,562,673
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(190,159,084)	(163,420,415)	(124,692,601)	(137,403,380)	(108,347,434)
12. Total (Line 35).....	389,212,810	347,669,596	381,757,899	336,172,888	333,677,762
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(73,830,489)	72,021,133	119,567,743	4,383,157	98,612,113
14. Net investment gain (loss) (Line 11).....	51,496,648	61,635,854	58,582,879	55,014,096	58,778,172
15. Total other income (Line 15).....	(93,395)	(207,708)	(56,668)	(184,640)	(37,712)
16. Dividends to policyholders (Line 17).....	368,222	340,621	374,111	308,880	292,967
17. Federal and foreign income taxes incurred (Line 19).....	893,563	46,666,711	62,328,391	26,000,418	56,078,535
18. Net income (Line 20).....	(23,689,021)	86,441,946	115,391,452	32,903,315	100,981,071
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	1,874,643,261	1,915,425,380	1,621,716,617	1,470,531,711	1,361,223,254
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	121,499,543	113,024,653	106,287,116	96,379,617	91,528,924
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	969,063,222	982,063,530	793,502,604	774,996,920	685,718,337
22. Losses (Page 3, Line 1).....	373,027,211	364,365,549	298,597,356	361,473,939	296,032,596
23. Loss adjustment expenses (Page 3, Line 3).....	51,694,215	54,218,473	79,239,434	40,074,157	35,961,512
24. Unearned premiums (Page 3, Line 9).....	307,562,395	271,344,912	259,161,906	240,806,200	228,962,342
25. Capital paid up (Page 3, Lines 30 & 31).....	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000
26. Surplus as regards policyholders (Page 3, Line 37).....	905,580,039	933,361,850	828,214,013	695,534,791	675,504,917
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	33,905,327	118,468,116	135,147,470	77,802,749	104,231,654
Risk-Based Capital Analysis					
28. Total adjusted capital.....	905,580,039	933,361,850	828,214,013	695,534,791	675,504,916
29. Authorized control level risk-based capital.....	66,543,666	59,375,929	47,233,888	44,782,387	55,990,667
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).....	65.7	66.3	82.1	84.8	96.8
31. Stocks (Lines 2.1 & 2.2).....	27.1	19.1	7.5	2.3	2.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	2.8	7.4	10.4	12.9	0.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....			XXX	XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....	0.0	0.0	0.0	0.0	0.2
39. Securities lending reinvested collateral assets (Line 10).....	4.5	7.2	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. 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).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2011	2010	2009	2008	2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	(9,334,705)	19,434,421	3,925,425	(6,687,756)	(503,779)
51. Dividends to stockholders (Line 35).....	(507,500)	(507,500)	(507,500)	(507,500)	(507,500)
52. Change in surplus as regards policyholders for the year (Line 38).....	(27,781,812)	105,147,837	132,679,223	20,029,875	103,512,519
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	10,655,292	14,852,059	11,643,899	21,895,043	7,964,776
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	284,649,826	208,130,997	206,164,387	216,893,901	226,498,648
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	88,721,668	50,676,771	60,585,240	45,255,930	61,606,062
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(70,156)	6,829	(1,743,280)	(24,078)	44,931
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	27,920,400	62,316	41,450	167,483	32,334
58. Total (Line 35).....	411,877,030	273,728,973	276,691,696	284,188,279	296,146,751
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	5,061,829	7,613,243	4,638,632	8,739,871	(2,214,513)
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	225,596,132	174,758,813	165,479,296	145,470,060	158,102,161
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	56,809,739	34,779,968	42,191,937	31,452,751	44,789,342
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(32,637)	23,082	(513,356)	(448,297)	61,088
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	27,920,400	(125,142,360)	(11,584,375)	(16,873,287)	(59,568,719)
64. Total (Line 35).....	315,355,463	92,032,746	200,212,134	168,341,098	141,169,359
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	91.8	47.0	37.8	72.1	39.8
67. Loss expenses incurred (Line 3).....	3.4	3.7	4.1	5.5	4.8
68. Other underwriting expenses incurred (Line 4).....	25.7	27.8	25.3	21.1	25.4
69. Net underwriting gain (loss) (Line 8).....	(20.9)	21.5	32.9	1.4	30.0
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	23.3	26.9	24.1	20.4	25.1
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	95.2	50.7	41.8	77.6	44.6
72. 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).....	43.0	37.2	46.1	48.3	49.4
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(70,306)	(60,741)	(26,791)	(63,094)	(22,320)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(7.5)	(7.3)	(3.9)	(9.3)	(3.9)
Two Year Loss Development (000 omitted)					
75. 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).....	(76,720)	(45,635)	(49,249)	(51,824)	59,097
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(9.3)	(6.6)	(7.3)	(9.1)	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:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	10,259	5,540	3,872	1,245	379		445	7,725	XXX.....
2. 2002.....	352,841	287,756	65,085	111,168	154,865	3,594	4,094	9,843	8,818	7,060	(43,173)	XXX.....
3. 2003.....	460,612	384,128	76,484	155,035	182,628	1,240	2,158	11,409	8,920	3,247	(26,022)	XXX.....
4. 2004.....	499,313	359,245	140,068	149,526	126,946	4,036	7,022	14,157	23,287	2,469	10,464	XXX.....
5. 2005.....	498,033	185,908	312,125	324,332	162,354	9,627	2,104	18,220	6,145	4,846	181,575	XXX.....
6. 2006.....	572,453	246,126	326,327	197,980	114,469	9,510	8,632	18,933	16,759	6,529	86,562	XXX.....
7. 2007.....	612,522	283,678	328,844	230,654	118,731	1,371	1,440	20,951	7,158	5,363	125,647	XXX.....
8. 2008.....	614,834	290,505	324,329	311,134	63,818	2,019	4,665	23,607	12,965	5,171	255,312	XXX.....
9. 2009.....	645,041	281,638	363,402	179,345	42,229	1,810	16,676	23,345	39,442	3,483	106,154	XXX.....
10. 2010.....	677,450	341,965	335,485	299,577	200,489	2,807	22	23,668	3,045	2,230	122,496	XXX.....
11. 2011.....	733,010	380,014	352,996	217,221	38,528	96	3,594	14,042	9,726	616	179,511	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	2,186,232	1,210,597	39,982	51,653	178,552	136,265	41,459	1,006,250	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	71,396	39,800	150,940	78,303	9,053	5,352	36,161	21,410	10,946		133,631	XXX.....	
2. 2002.....	7										7	XXX.....	
3. 2003.....	43				8						51	XXX.....	
4. 2004.....	82										82	XXX.....	
5. 2005.....	1,090	54			6						1,042	XXX.....	
6. 2006.....	233				2						235	XXX.....	
7. 2007.....	312	6			5						311	XXX.....	
8. 2008.....	1,031	33	707	109	34	7			99	26	70	1,696	XXX.....
9. 2009.....	10,494	1,267	2,733	434	261	62			969	251	190	12,443	XXX.....
10. 2010.....	33,911	6,383	14,997	2,389	784	210			3,251	839	1,210	43,122	XXX.....
11. 2011.....	230,706	53,303	43,180	6,753	4,538	1,310			20,283	5,238	3,430	232,103	XXX.....
12. Totals.....	349,305	100,846	212,557	87,988	14,691	6,941	36,161	21,410	35,548	6,354	4,900	424,723	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			XXX.....	104,233	29,398
2. 2002.....	124,611	167,777	(43,166)	35.3	58.3	(66.3)			12.00	7	0
3. 2003.....	167,735	193,706	(25,971)	36.4	50.4	(34.0)			12.00	43	8
4. 2004.....	167,800	157,255	10,546	33.6	43.8	7.5			12.00	82	0
5. 2005.....	353,274	170,658	182,617	70.9	91.8	58.5			12.00	1,036	6
6. 2006.....	226,658	139,861	86,797	39.6	56.8	26.6			12.00	233	2
7. 2007.....	253,293	127,335	125,958	41.4	44.9	38.3			12.00	306	5
8. 2008.....	338,632	81,623	257,008	55.1	28.1	79.2			12.00	1,596	100
9. 2009.....	218,958	100,361	118,597	33.9	35.6	32.6			12.00	11,526	917
10. 2010.....	378,995	213,377	165,618	55.9	62.4	49.4			12.00	40,136	2,986
11. 2011.....	530,066	118,452	411,614	72.3	31.2	116.6			12.00	213,830	18,273
12. Totals.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	373,028	51,695

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
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior.....	101,069	145,992	202,447	196,119	237,973	237,110	237,452	246,651	240,921	242,678	1,757	(3,972)
2. 2002.....	(39,875)	(36,854)	(32,705)	(33,973)	(33,973)	(33,973)	(40,839)	(44,177)	(44,118)	(44,190)	(72)	(13)
3. 2003.....	XXX	(16,251)	(30,761)	(28,295)	(28,295)	(28,295)	(28,295)	(28,595)	(28,448)	(28,460)	(12)	136
4. 2004.....	XXX	XXX	32,623	19,228	19,228	19,228	19,228	19,387	19,605	19,676	71	289
5. 2005.....	XXX	XXX	XXX	175,720	193,825	193,825	170,845	177,621	177,726	170,542	(7,184)	(7,079)
6. 2006.....	XXX	XXX	XXX	XXX	101,096	79,639	79,639	85,917	85,021	84,623	(398)	(1,294)
7. 2007.....	XXX	XXX	XXX	XXX	XXX	154,636	121,046	116,118	112,733	112,165	(568)	(3,953)
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	299,283	258,647	249,284	246,293	(2,991)	(12,353)
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	182,455	140,558	133,976	(6,582)	(48,479)
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	196,910	142,583	(54,327)	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	392,253	XXX	XXX
12. Totals.....											(70,306)	(76,720)

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
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior.....	000	28,317	74,491	72,043	85,052	85,290	96,847	102,711	112,647	119,993	XXX	XXX
2. 2002.....	(89,776)	(62,925)	(49,345)	(46,494)	(43,938)	(43,933)	(43,900)	(44,185)	(44,127)	(44,197)	XXX	XXX
3. 2003.....	XXX	(75,195)	(44,246)	(31,769)	(29,570)	(29,239)	(28,393)	(28,683)	(28,515)	(28,511)	XXX	XXX
4. 2004.....	XXX	XXX	(37,916)	6,389	15,619	16,671	18,331	19,266	19,491	19,594	XXX	XXX
5. 2005.....	XXX	XXX	XXX	41,958	134,764	186,782	168,479	169,272	169,514	169,500	XXX	XXX
6. 2006.....	XXX	XXX	XXX	XXX	(6,455)	61,050	75,823	84,719	84,720	84,388	XXX	XXX
7. 2007.....	XXX	XXX	XXX	XXX	XXX	24,161	92,770	109,044	112,376	111,854	XXX	XXX
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	91,649	207,618	240,577	244,670	XXX	XXX
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,554	112,501	122,251	XXX	XXX
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(18,742)	101,873	XXX	XXX
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	175,195	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior.....	51,034	88,584	104,981	89,715	113,428	111,302	98,117	93,851	86,669	87,388
2. 2002.....	15,714	8,739	10,182	10,182	9,235	9,377	2,594			
3. 2003.....	XXX	14,891	3,444	515	298					
4. 2004.....	XXX	XXX	16,235	3,071	711	286				
5. 2005.....	XXX	XXX	XXX	41,145	20,088	4,823	6			
6. 2006.....	XXX	XXX	XXX	XXX	30,573	6,233	24	0		
7. 2007.....	XXX	XXX	XXX	XXX	XXX	44,796	7,361	2,744		
8. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	60,665	18,057	4,070	598
9. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	48,002	8,283	2,299
10. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	65,909	12,608
11. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	36,427

Annual Statement for the year 2011 of the **AFFILIATED FM INSURANCE COMPANY**
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL.....L.....		4,924,593	5,204,466	1,243	7,683,337	15,177,888	9,193,312		
2. Alaska.....AK.....L.....		3,868,500	3,502,438		1,640	398,923	404,325		
3. Arizona.....AZ.....L.....		7,940,281	7,217,406	532	20,489,359	11,241,133	8,033,316		
4. Arkansas.....AR.....L.....		5,608,170	4,789,982	188	2,601,379	2,015,890	577,666		
5. California.....CA.....L.....		117,033,397	111,815,159	63,526	32,644,185	21,049,600	31,777,768		
6. Colorado.....CO.....L.....		4,924,446	4,706,464	2,407	1,542,270	1,945,348	1,088,975		
7. Connecticut.....CT.....L.....		6,678,277	5,698,794	5,822	2,729,832	7,903,976	7,272,229		
8. Delaware.....DE.....L.....		1,655,045	1,384,182		339,333	962,264	622,931		
9. District of Columbia.....DC.....L.....		4,631,878	4,749,261		2,113,155	11,018,371	10,702,958		
10. Florida.....FL.....L.....		27,602,055	27,936,527	19,907	1,030,161	649,921	1,198,313		
11. Georgia.....GA.....L.....		10,170,406	10,012,004	1,967	3,551,565	5,171,950	2,334,841		
12. Hawaii.....HI.....L.....		939,455	1,110,959		19,600	1,685,142	1,665,542		
13. Idaho.....ID.....L.....		2,932,919	2,466,683	4,210	458,229	137,644	89,131		
14. Illinois.....IL.....L.....		26,891,222	25,669,094	3,316	20,907,370	6,824,720	72,379,164		
15. Indiana.....IN.....L.....		8,605,779	7,942,909	451	3,050,173	4,368,631	1,889,357		
16. Iowa.....IA.....L.....		2,495,059	2,447,239		5,115,436	6,456,841	1,775,117		
17. Kansas.....KS.....L.....		2,676,273	2,393,963	683	3,466,170	3,276,022	669,352		
18. Kentucky.....KY.....L.....		5,158,112	4,410,848	612	102,081	(1,391,374)	2,866,004		
19. Louisiana.....LA.....L.....		10,036,811	8,364,081		6,001,265	8,211,909	3,521,889		
20. Maine.....ME.....L.....		1,085,515	1,024,858	2,743	634,781	707,256	72,475		
21. Maryland.....MD.....L.....		9,290,079	8,241,119	690	5,949,525	2,211,879	2,652,409		
22. Massachusetts.....MA.....L.....		27,925,631	25,321,263	99,429	18,931,460	18,153,771	11,552,412		
23. Michigan.....MI.....L.....		9,985,190	8,415,114	1,488	1,509,652	4,949,954	38,264,470		
24. Minnesota.....MN.....L.....		8,993,358	8,160,764	3,437	27,055,887	34,578,817	17,484,942		
25. Mississippi.....MS.....L.....		8,368,507	8,119,332		2,663,706	2,329,339	1,465,262		
26. Missouri.....MO.....L.....		15,589,240	14,166,905	5,712	6,595,532	8,309,382	4,544,472		
27. Montana.....MT.....L.....		1,790,932	1,705,841		21,590,675	(17,804,664)	5,652		
28. Nebraska.....NE.....L.....		1,207,445	1,141,298		673,595	(6,211,757)	870,220		
29. Nevada.....NV.....L.....		11,298,243	11,716,875	275	1,436,508	1,337,274	1,191,150		
30. New Hampshire.....NH.....L.....		1,876,314	1,527,080	2,266	2,511,050	9,838,875	7,470,964		
31. New Jersey.....NJ.....L.....		22,054,287	20,760,886	14,753	12,285,847	20,461,970	28,774,360		
32. New Mexico.....NM.....L.....		2,535,136	2,444,417		2,256,875	2,977,186	3,666,388		
33. New York.....NY.....L.....		73,040,702	68,991,861	5,818	34,498,583	48,102,933	126,665,611		
34. North Carolina.....NC.....L.....		9,283,625	8,629,414	2,276	1,072,700	1,851,683	2,223,621		
35. North Dakota.....ND.....L.....		561,665	480,473		136,854	244,483	138,265		
36. Ohio.....OH.....L.....		18,601,696	17,275,078	4,915	5,192,922	5,446,357	7,215,877		
37. Oklahoma.....OK.....L.....		4,682,470	3,911,936		1,391,312	18,719,652	20,363,627		
38. Oregon.....OR.....L.....		20,252,107	18,667,895	1,053	3,113,015	3,496,500	1,555,833		
39. Pennsylvania.....PA.....L.....		15,980,068	14,829,716	8,377	7,865,458	7,924,457	12,744,298		
40. Rhode Island.....RI.....L.....		4,630,176	3,908,996	89,994	3,343,932	2,022,616	4,113,257		
41. South Carolina.....SC.....L.....		3,266,046	3,418,041	734	481,568	189,393	84,985		
42. South Dakota.....SD.....L.....		940,113	594,864						
43. Tennessee.....TN.....L.....		13,048,266	12,803,107		7,180,860	5,202,645	5,009,135		
44. Texas.....TX.....L.....		48,292,412	45,142,021		39,769,231	64,194,270	36,403,198		
45. Utah.....UT.....L.....		9,815,044	9,112,633		974,343	1,669,922	3,587,180		
46. Vermont.....VT.....L.....		640,265	679,386	115	951	160,310	159,359		
47. Virginia.....VA.....L.....		7,696,079	7,208,380	4,398	3,720,223	12,166,316	9,536,807		
48. Washington.....WA.....L.....		52,256,554	49,580,808	4,759	14,455,386	4,029,998	3,782,774		
49. West Virginia.....WV.....L.....		376,015	343,394		41,645	41,645			
50. Wisconsin.....WI.....L.....		6,960,337	6,308,241	681	983,901	1,911,149	1,558,489		
51. Wyoming.....WY.....L.....		855,165	797,279		200,644	782,953	720,173		
52. American Samoa.....AS.....N.....									
53. Guam.....GU.....L.....									
54. Puerto Rico.....PR.....L.....		73,268	274,402		18,212	55,212	48,000		
55. US Virgin Islands.....VI.....L.....		7,371	10,962						
56. Northern Mariana Islands.....MP.....L.....									
57. Canada.....CN.....L.....		105,423,099	101,152,352	9,445	40,688,423	36,896,039	43,737,301		
58. Aggregate Other Alien.....OT.....XXX.....		209,942	357,667	0	0	0	50	0	0
59. Totals.....(a).....55.....		773,665,042	729,047,116	368,222	383,071,797	404,052,612	555,725,208	0	0

DETAILS OF WRITE-INS

5801. AUSTRIA.....XXX.....		4,384	4,684						
5802. BELGIUM.....XXX.....			7,996						
5803. CHINA.....XXX.....		78,835	85,820						
5898. Summary of remaining write-ins for Line 58 from overflow page.....XXX.....		126,723	259,167	0	0	0	50	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above).....XXX.....		209,942	357,667	0	0	0	50	0	0

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

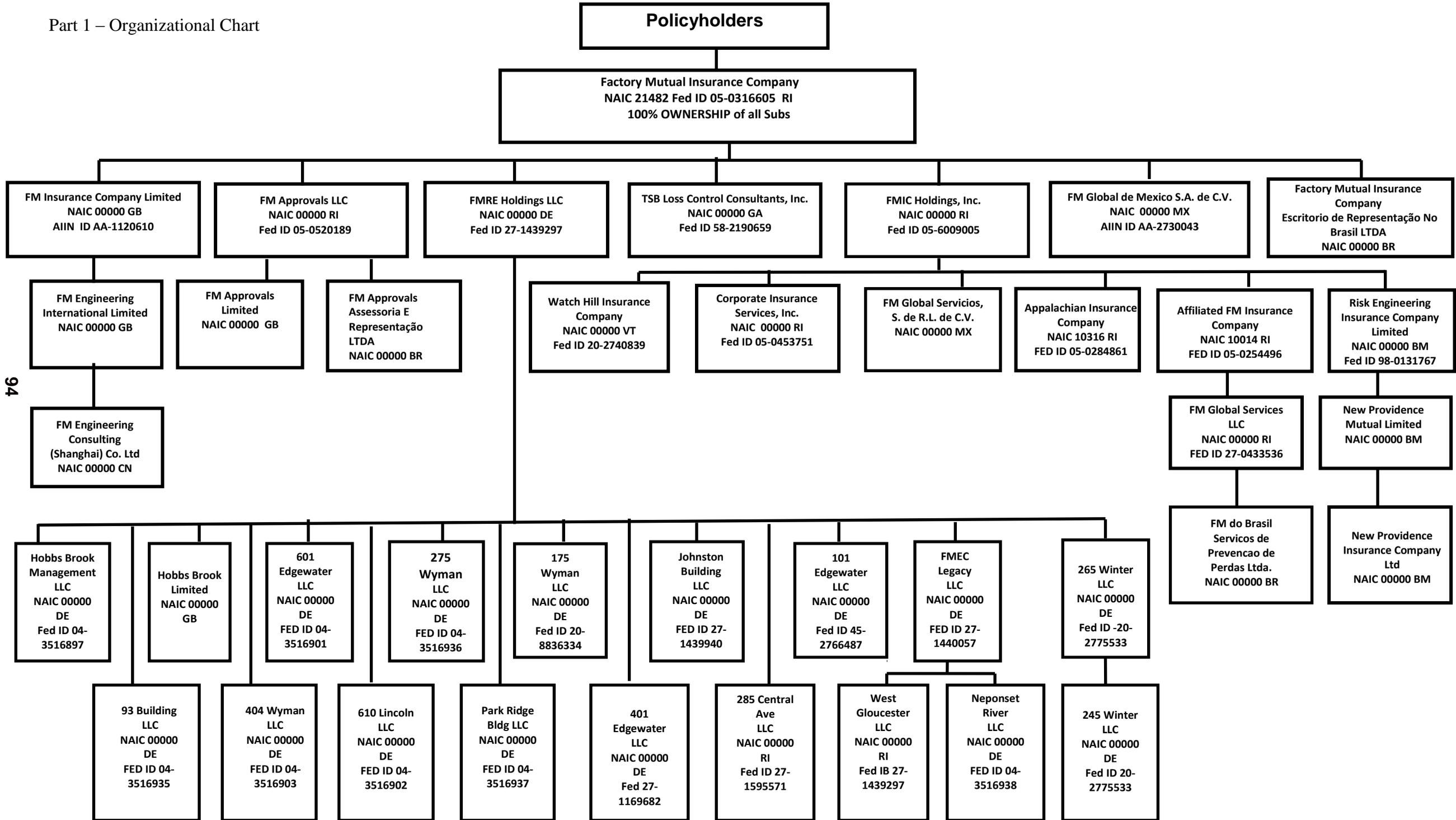
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

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

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

All premiums are allocated to the locations of the property.

Part 1 – Organizational Chart



2011 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	56
Cash Flow	5	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	56
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	57
Exhibit of Net Investment Income	12	Schedule P-Part 2J-Auto Physical Damage	57
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2K-Fidelity, Surety	57
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	57
Five-Year Historical Data	17	Schedule P-Part 2M-International	57
General Interrogatories	15	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	58
Jurat Page	1	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	58
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	58
Notes To Financial Statements	14	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	59
Overflow Page For Write-ins	98	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	59
Schedule A-Part 1	E01	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	59
Schedule A-Part 2	E02	Schedule P-Part 2T-Warranty	59
Schedule A-Part 3	E03	Schedule P-Part 3A-Homeowners/Farmowners	60
Schedule A-Verification Between Years	SI02	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	60
Schedule B-Part 1	E04	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	60
Schedule B-Part 2	E05	Schedule P-Part 3D-Workers' Compensation	60
Schedule B-Part 3	E06	Schedule P-Part 3E-Commercial Multiple Peril	60
Schedule B-Verification Between Years	SI02	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	61
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	61
Schedule BA-Part 2	E08	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	61
Schedule BA-Part 3	E09	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	61
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	61
Schedule D-Part 1	E10	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	62
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3J-Auto Physical Damage	62
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3K-Fidelity/Surety	62
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	62
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3M-International	62
Schedule D-Part 3	E13	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	63
Schedule D-Part 4	E14	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	63
Schedule D-Part 5	E15	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	63
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	64
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	64
Schedule D-Summary By Country	SI04	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	64
Schedule D-Verification Between Years	SI03	Schedule P-Part 3T-Warranty	64
Schedule DA-Part 1	E17	Schedule P-Part 4A-Homeowners/Farmowners	65
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	65
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	65
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4D-Workers' Compensation	65
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4E-Commercial Multiple Peril	65
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	66
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	66
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	66
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	66
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	66
Schedule DB-Part D	E22	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	67
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	67
Schedule DL-Part 1	E23	Schedule P-Part 4K-Fidelity/Surety	67
Schedule DL-Part 2	E24	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	67
Schedule E-Part 1-Cash	E25	Schedule P-Part 4M-International	67
Schedule E-Part 2-Cash Equivalents	E26	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	68
Schedule E-Part 3-Special Deposits	E27	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	68
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	68
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	69
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	69
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	69
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	69
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	70
Schedule F-Part 6	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	71
Schedule F-Part 7	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	72
Schedule F-Part 8	27	Schedule P-Part 5D-Workers' Compensation	73
Schedule H-Accident and Health Exhibit-Part 1	28	Schedule P-Part 5E-Commercial Multiple Peril	74
Schedule H-Accident and Health Exhibit-Part 2, Part 3 and Part 4	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	76
Schedule H-Accident and Health Exhibit-Part 5-Health Claims	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	75
Schedule P-Part 1-Summary	31	Schedule P-Part 5H-Other Liability-Claims-Made	78
Schedule P-Part 1A-Homeowners/Farmowners	33	Schedule P-Part 5H-Other Liability-Occurrence	77
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	34	Schedule P-Part 5R-Products Liability-Claims-Made	80
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	35	Schedule P-Part 5R-Products Liability-Occurrence	79
Schedule P-Part 1D-Workers' Compensation	36	Schedule P-Part 5T-Warranty	81
Schedule P-Part 1E-Commercial Multiple Peril	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	82
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	38	Schedule P-Part 6D-Workers' Compensation	82
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	39	Schedule P-Part 6E-Commercial Multiple Peril	83
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	40	Schedule P-Part 6H-Other Liability-Claims-Made	84
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	41	Schedule P-Part 6H-Other Liability-Occurrence	83
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	42	Schedule P-Part 6M-International	84
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	85
Schedule P-Part 1J-Auto Physical Damage	44	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	85
Schedule P-Part 1K-Fidelity/Surety	45	Schedule P-Part 6R-Products Liability-Claims-Made	86
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	46	Schedule P-Part 6R-Products Liability-Occurrence	86
Schedule P-Part 1M-International	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	87
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	89
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	49	Schedule P Interrogatories	91
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	50	Schedule T-Exhibit of Premiums Written	92
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	51	Schedule T-Part 2-Interstate Compact	93
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	53	Schedule Y-Detail of Insurance Holding Company System	95
Schedule P-Part 1T-Warranty	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	96
Schedule P-Part 2, Part 3 and Part 4 - Summary	32	Statement of Income	4
Schedule P-Part 2A-Homeowners/Farmowners	55	Summary Investment Schedule	SI01
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	55	Supplemental Exhibits and Schedules Interrogatories	97
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	55	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2D-Workers' Compensation	55	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2E-Commercial Multiple Peril	55	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	56	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	56	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	56	Underwriting and Investment Exhibit Part 3	11