



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

AFFILIATED FM INSURANCE COMPANY

NAIC Group Code.....0065, 0065 <small>(Current Period) (Prior Period)</small>	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 US 02919-4949 <small>(Street and Number) (City or Town, State, Country and Zip Code)</small>	
Main Administrative Office	270 Central Avenue..... Johnston RI US..... 02919-4949 <small>(Street and Number) (City or Town, State, Country and Zip Code)</small>	401-275-3000 <small>(Area Code) (Telephone Number)</small>
Mail Address	P.O. Box 7500..... Johnston RI US 02919-0750 <small>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</small>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI US 02919-4949 <small>(Street and Number) (City or Town, State, Country and Zip Code)</small>	401-275-3000 <small>(Area Code) (Telephone Number)</small>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <small>(Name)</small> jeffrey.black@fmglobal.com <small>(E-Mail Address)</small>	401-415-1559 <small>(Area Code) (Telephone Number) (Extension)</small> 401-946-8306 <small>(Fax Number)</small>

OFFICERS

Name	Title	Name	Title
1. Shivan Sivaswamy Subramaniam	President & Chief Executive Officer	2. John James Pomeroy	Senior Vice President & Secretary
3. William Alfred Mekrut	Vice President & 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	Shivan Sivaswamy Subramaniam	James Conrad Thyen
Alfred Joseph Verrecchia			

State of Rhode Island
County of 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 _____ 1. (Printed Name) President & Chief Executive Officer _____ (Title)	_____ (Signature) John James Pomeroy _____ 2. (Printed Name) Senior Vice President & Secretary _____ (Title)	_____ (Signature) Theresa Ann Molloy _____ 3. (Printed Name) Vice President & Controller _____ (Title)
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Subscribed and sworn to before me
This 25 day of February 2013

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).....	1,063,569,679		1,063,569,679	1,084,707,448
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	629,507,128		629,507,128	446,687,022
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 (\$.....(27,005,841), Schedule E-Part 1), cash equivalents (\$.....55,649,580, Schedule E-Part 2) and short-term investments (\$.....29,561,128, Schedule DA).....	58,204,867		58,204,867	45,587,394
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	3,646,923		3,646,923	2,085
10. Securities lending reinvested collateral assets (Schedule DL).....	59,021,560		59,021,560	73,499,030
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,813,950,157	.0	1,813,950,157	1,650,482,979
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	11,294,555		11,294,555	11,524,219
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	130,859,607	3,172,915	127,686,692	121,499,543
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.....	336,668,406		336,668,406	38,029,872
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.....			.0	9,579,159
18.2 Net deferred tax asset.....	3,583,000		3,583,000	24,494,000
19. Guaranty funds receivable or on deposit.....	119,737		119,737	243,587
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.....	575,096		575,096	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	8,255,188	.0	8,255,188	18,760,057
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,305,335,591	3,172,915	2,302,162,676	1,874,643,261
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	2,305,335,591	3,172,915	2,302,162,676	1,874,643,261

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.....	338,703		338,703	259,967
2503. Accounts Receivable Miscellaneous.....	328		328	122
2598. Summary of remaining write-ins for Line 25 from overflow page.....	7,566,157	.0	7,566,157	18,149,968
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,255,188	.0	8,255,188	18,760,057

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	562,923,744	373,027,211
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,653,961	31,188,347
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	48,386,482	51,694,215
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	60,751	3,062
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	6,703,004	6,067,182
7.1 Current federal and foreign income taxes (including \$.....6,476,000 on realized capital gains (losses)).....	40,356,448	
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 \$.....75,281,696 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).....	354,687,242	307,562,395
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	188,889	180,292
12. Ceded reinsurance premiums payable (net of ceding commissions).....	98,172,853	78,164,314
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.....	483,125	424,434
15. Remittances and items not allocated.....	14,464,791	2,024,373
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	9,721,287	9,982,854
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.....	54,988,648	20,833,016
20. Derivatives.....		
21. Payable for securities.....	6,144,320	2,895,888
22. Payable for securities lending.....	59,021,560	73,499,030
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	10,107,364	9,691,341
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,268,064,469	969,063,222
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,268,064,469	969,063,222
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.....	272,939,180	272,890,661
35. Unassigned funds (surplus).....	749,909,027	621,439,378
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).....	1,034,098,207	905,580,039
38. TOTALS (Page 2, Line 28, Col. 3).....	2,302,162,676	1,874,643,261

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....	10,107,364	9,691,341
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).....	10,107,364	9,691,341
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

AFFILIATED FM INSURANCE COMPANY STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	397,099,849	352,995,327
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	225,176,400	324,017,125
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	11,940,013	12,108,524
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	98,645,209	90,700,167
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	335,761,622	426,825,816
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	61,338,227	(73,830,489)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	52,661,331	55,938,186
10. Net realized capital gains (losses) less capital gains tax of \$.....6,476,000 (Exhibit of Capital Gains (Losses)).....	12,026,287	(4,441,538)
11. Net investment gain (loss) (Lines 9 + 10).....	64,687,618	51,496,648
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....136,939).....	(136,939)	(45,433)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(53,613)	(47,962)
15. Total other income (Lines 12 through 14).....	(190,552)	(93,395)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	125,835,293	(22,427,236)
17. Dividends to policyholders.....	378,823	368,222
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	125,456,470	(22,795,458)
19. Federal and foreign income taxes incurred.....	39,464,562	893,563
20. Net income (Line 18 minus Line 19) (to Line 22).....	85,991,908	(23,689,021)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	905,580,039	933,361,850
22. Net income (from Line 20).....	85,991,908	(23,689,021)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....22,052,000.....	40,621,780	(9,334,705)
25. Change in net unrealized foreign exchange capital gain (loss).....	2,400,364	(2,398,325)
26. Change in net deferred income tax.....	1,141,000	9,787,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(1,305,509)	(741,513)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	261,567	(1,713,295)
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.....	48,519	155,000
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(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.....	(133,961)	660,548
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	128,518,168	(27,781,811)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	1,034,098,207	905,580,039
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).....	(53,613)	(47,962)
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).....	(53,613)	(47,962)
3701. Foreign Exchange.....	(133,961)	660,548
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).....	(133,961)	660,548

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	456,740,577	381,516,374
2. Net investment income.....	55,941,466	59,404,865
3. Miscellaneous income.....	(190,552)	(93,395)
4. Total (Lines 1 through 3).....	512,491,491	440,827,843
5. Benefit and loss related payments.....	352,452,954	249,716,360
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	113,075,594	104,357,506
8. Dividends paid to policyholders.....	370,226	360,122
9. Federal and foreign income taxes paid (recovered) net of \$.....3,733,742 tax on capital gains (losses).....	(3,995,045)	52,488,529
10. Total (Lines 5 through 9).....	461,903,729	406,922,517
11. Net cash from operations (Line 4 minus Line 10).....	50,587,762	33,905,327
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	268,275,819	323,808,370
12.2 Stocks.....	162,264,940	123,998,363
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.....	(27,125)	(40,023)
12.7 Miscellaneous proceeds.....	3,248,432	189,915
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	433,762,066	447,956,625
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	241,605,120	283,023,227
13.2 Stocks.....	272,550,690	278,034,089
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	48,519	155,000
13.6 Miscellaneous applications.....	3,644,838	22,761,016
13.7 Total investments acquired (Lines 13.1 to 13.6).....	517,849,167	583,973,332
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).....	(84,087,101)	(136,016,707)
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.....	48,519	155,000
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).....	46,575,793	23,646,881
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	46,116,812	23,294,381
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).....	12,617,473	(78,816,999)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	45,587,394	124,404,394
19.2 End of year (Line 18 plus Line 19.1).....	58,204,867	45,587,394

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	227,909,708	113,626,895	120,923,848	220,612,755
2.	Allied lines.....	131,409,348	62,634,798	67,925,340	126,118,806
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....	1,710,541	956,404	999,833	1,667,112
5.	Commercial multiple peril.....	59,343,321	33,909,649	30,892,594	62,360,376
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	19,809,232	9,973,776	10,302,801	19,480,207
9.	Inland marine.....	182,824,332	85,807,279	96,899,020	171,732,591
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.....	108	55	55	109
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.....	72,380,065	653,539	26,743,752	46,289,853
28.	Credit.....				0
29.	International.....				0
30.	Warranty.....				0
31.	Reinsurance - nonproportional assumed property.....	(251,161,959)			(251,161,959)
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
35.	TOTALS.....	444,224,696	307,562,395	354,687,242	397,099,849

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

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	120,923,848				120,923,848
2.	Allied lines.....	67,925,340				67,925,340
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	999,833				999,833
5.	Commercial multiple peril.....	30,892,594				30,892,594
6.	Mortgage guaranty.....					0
8.	Ocean marine.....	10,302,801				10,302,801
9.	Inland marine.....	96,899,020				96,899,020
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.....	26,743,752				26,743,752
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.....	354,687,242	0	0	0	354,687,242
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					354,687,242

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 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	276,735,325	1,677,352		811,359	49,691,610	227,909,708
2. Allied lines.....	177,734,369	896,480	242,425	841,289	46,622,637	131,409,348
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	1,741,729				31,188	1,710,541
5. Commercial multiple peril.....	75,402,552				16,059,231	59,343,321
6. Mortgage guaranty.....						0
8. Ocean marine.....	21,559,476	516,141	95,272		2,361,657	19,809,232
9. Inland marine.....	237,227,738	1,251,443		958,916	54,695,933	182,824,332
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.....	108					108
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.....	52,916,548	262,008		(20,153,473)	951,964	72,380,065
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX			251,161,959		(251,161,959)
32. Reinsurance - nonproportional assumed liability.....	XXX					0
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.....	843,317,845	4,603,424	337,697	233,620,050	170,414,220	444,224,696

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.....	75,052,797	121,225	13,158,225	62,015,797	89,581,598	52,756,406	98,840,989	44.8
2. Allied lines.....	75,597,061	111,696	9,839,016	65,869,741	71,508,863	40,336,165	97,042,439	76.9
3. Farmowners multiple peril.....				0			0	
4. Homeowners multiple peril.....	951,028			951,028	428,526	92,795	1,286,759	77.2
5. Commercial multiple peril.....	31,632,255		6,040,341	25,591,914	46,184,063	34,904,616	36,871,361	59.1
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....	23,405,756	921,904	737,308	23,590,352	32,184,543	24,269,158	31,505,737	161.7
9. Inland marine.....	269,493,619	654,985	60,274,796	209,873,808	212,942,555	97,012,643	325,803,720	189.7
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.....	302,200		255,288	46,912	446,742	776,841	(283,187)	(259,805.0)
17.1 Other liability - occurrence.....	1,811,808	(13,487)	763,349	1,034,972	6,655,602	6,534,505	1,156,069	
17.2 Other liability - claims-made.....				0			0	
17.3 Excess workers' compensation.....				0			0	
18.1 Products liability - occurrence.....	18,841,671		9,489,330	9,352,341	80,036,230	89,984,783	(596,212)	
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.....	(73,652)		(39,569)	(34,083)			(34,083)	
24. Surety.....				0			0	
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....	45,046,895	482,219	19,917,906	25,611,208	18,736,339	22,106,905	22,240,642	48.0
28. Credit.....				0			0	
29. International.....				0			0	
30. Warranty.....				0			0	
31. Reinsurance - nonproportional assumed property.....	XXX		388,657,201	(388,657,201)			(388,657,201)	154.7
32. Reinsurance - nonproportional assumed liability.....	XXX	33,077		33,077	4,218,684	4,252,394	(634)	
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.....	542,061,438	2,311,619	509,093,191	35,279,866	562,923,744	373,027,211	225,176,399	56.7

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.....	91,459,922	70,107	14,759,081	76,770,948	16,075,899	23,751	3,289,000	89,581,598	3,112,881
2. Allied lines.....	69,953,135		6,717,272	63,235,863	8,948,000		675,000	71,508,863	2,539,000
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	428,526			428,526				428,526	
5. Commercial multiple peril.....	54,431,408		13,822,345	40,609,063	6,963,000		1,388,000	46,184,063	1,539,000
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	36,639,104	562,520	9,704,081	27,497,543	4,687,000			32,184,543	1,508,000
9. Inland marine.....	380,190,319	142,160	223,660,615	156,671,864	67,118,691		10,848,000	212,942,555	12,630,000
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.....	1,358,977		1,117,857	241,120	2,942,238		2,736,616	446,742	75,096
17.1 Other liability - occurrence.....	5,593,275	96,200	4,396,588	1,292,887	12,109,660	696,900	7,443,845	6,655,602	1,157,866
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	53,630,051		28,983,796	24,646,255	116,111,173		60,721,198	80,036,230	24,852,347
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.....	17,588,309		2,111,970	15,476,339	5,805,000		2,545,000	18,736,339	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	484,153	545	483,608	XXX	3,735,076		4,218,684	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.....	711,273,026	1,355,140	305,274,150	407,354,016	240,760,661	4,455,726	89,646,659	562,923,744	48,386,482
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.....	15,282,391			15,282,391
1.2 Reinsurance assumed.....	10,807,070			10,807,070
1.3 Reinsurance ceded.....	18,449,002			18,449,002
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	7,640,459	0	0	7,640,459
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		75,570,496		75,570,496
2.2 Reinsurance assumed, excluding contingent.....		2,968,613		2,968,613
2.3 Reinsurance ceded, excluding contingent.....		39,130,586		39,130,586
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	39,408,523	0	39,408,523
3. Allowances to manager and agents.....				0
4. Advertising.....		745,271		745,271
5. Boards, bureaus and associations.....		24,597		24,597
6. Surveys and underwriting reports.....		298,643		298,643
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	3,054,599	21,697,971	351,448	25,104,018
8.2 Payroll taxes.....	170,153	1,369,962	15,872	1,555,987
9. Employee relations and welfare.....	548,782	4,808,785	73,630	5,431,197
10. Insurance.....	6,725	631,802	209	638,736
11. Directors' fees.....		33,170		33,170
12. Travel and travel items.....	116,287	1,258,837	2,738	1,377,862
13. Rent and rent items.....	255,149	1,649,422		1,904,571
14. Equipment.....	19,218	578,141	1,117	598,476
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	33,885	372,736	4,771	411,392
17. Postage, telephone and telegraph, exchange and express.....	26,423	1,124,620	40,588	1,191,631
18. Legal and auditing.....	68,325	164,850		233,175
19. Totals (Lines 3 to 18).....	4,299,546	34,758,807	490,373	39,548,726
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		22,148,845		22,148,845
20.2 Insurance department licenses and fees.....		636,636		636,636
20.3 Gross guaranty association assessments.....		551,652		551,652
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	23,337,133	0	23,337,133
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	8	1,140,746	331,529	1,472,283
25. Total expenses incurred.....	11,940,013	98,645,209	821,902	(a) 111,407,124
26. Less unpaid expenses - current year.....	48,386,482	6,763,755		55,150,237
27. Add unpaid expenses - prior year.....	51,694,214	6,070,244		57,764,458
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).....	15,247,745	97,951,698	821,902	114,021,345

DETAILS OF WRITE-INS

2401. Bank Activity Fees.....	8	6,371	42,940	49,319
2402. Consultants.....		819,927		819,927
2403. Foreign Exchange Revaluations.....		101,521		101,521
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	212,927	288,589	501,516
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	8	1,140,746	331,529	1,472,283

(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).....10,874,725	.....11,787,998
1.1 Bonds exempt from U.S. tax.....	(a).....2,946,753	.....1,711,726
1.2 Other bonds (unaffiliated).....	(a).....30,484,839	.....29,891,043
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....8,799,774	.....9,475,348
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).....260,872	.....260,872
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....375,974	.....375,974
10. Total gross investment income.....	.....53,742,937	.....53,502,961
11. Investment expenses.....	.....	(g).....821,902
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....19,727
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).....	.....	.....841,629
17. Net investment income (Line 10 minus Line 16).....	.....	.....52,661,331

DETAILS OF WRITE-INS

0901. Prior Year Income.....	.....1,637	.....1,637
0902. Securities Lending Income.....	.....159,485	.....159,485
0903. ICMA Loan Interest Income.....	.....17,265	.....17,265
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....197,586	.....197,586
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....375,974	.....375,974
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 \$.....1,382,914 accrual of discount less \$.....4,567,337 amortization of premium and less \$.....779,308 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 \$.....42,713 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....3,199,817	.....	.....3,199,817	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....214,500	.....	.....214,500	.....	.....
1.2 Other bonds (unaffiliated).....	.....5,223,964	.....	.....5,223,964	.....79,071	.....
1.3 Bonds of affiliates.....	.....0	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....15,354,143	.....(5,463,013)	.....9,891,130	.....62,643,228	.....
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.....	.....(27,125)	.....	.....(27,125)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....(48,519)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....23,965,300	.....(5,463,013)	.....18,502,287	.....62,673,780	.....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.....	3,172,915	1,867,406	(1,305,509)
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).....	3,172,915	1,867,406	(1,305,509)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	3,172,915	1,867,406	(1,305,509)

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.....			.0
2502.....			.0
2503.....			.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, Impact of NAIC/State Differences**

The accompanying financial statements of Affiliated FM Insurance Company ("Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Division of Insurance.

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioner' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance.

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 \$575,096, which appears on line 22 – "Net adjustment in assets and liabilities due to foreign exchange rates", on page 2 – "Assets" of the 2012 annual statement. There is no net impact on surplus, and the effect on 2012 net income would be an increase to net income in the amount of \$475 (which would be offset by a corresponding decrease to surplus).

NET INCOME

Description	State of Domicile	2012	2011
1. Net Income state basis	RI	\$ 85,991,908	\$ (23,689,021)
2. State Prescribed Practices that increase (decrease) NAIC SAP		-	-
3. State Permitted Practices that increase (decrease) NAIC SAP	RI	(475)	(376,000)
Application of SSAP 23 regarding translating the Canadian branch to USD			
4. Net Income NAIC SAP basis		\$ 85,992,383	\$ (23,313,021)

POLICYHOLDERS' SURPLUS

Description	State of Domicile	2012	2011
5. Policyholders' Surplus state basis	RI	\$ 1,034,098,207	\$ 905,580,039
6. State Prescribed Practices that increase (decrease) NAIC SAP		-	-
7. State Permitted Practices that increase (decrease) NAIC SAP	RI	-	-
Application of SSAP 23 regarding translating the Canadian branch to USD			
8. Policyholders' Surplus NAIC SAP basis		\$ 1,034,098,207	\$ 905,580,039

B. Use of Estimates

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.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

- Short-term investments are stated at amortized cost using the interest method.
- Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.
- Common Stocks, except investments of stocks of subsidiaries, are stated at market.
- Preferred stocks are stated at the lower of cost or fair value.
- The Company has no mortgage loans.
- U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.
- The Company has one non-insurance subsidiary, stated at GAAP equity value adjusted to a Statutory equity value.
- Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
- The Company has no derivatives.
- The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
- Unpaid losses and loss adjustment expenses (including Asbestos and Environmental 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.

NOTES TO FINANCIAL STATEMENTSNote 1 – Summary of Significant Accounting Policies (continued from preceding page)

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. The Company adopted the provisions of SSAP 101 - "Income Taxes A Replacement of SSAP 10R and SSAP 10", effective January 1, 2012.

SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets. Material differences between recalculated amounts as of January 1, 2012, and amounts actually reported in the prior year financial statements are required to be disclosed and treated as a change in accounting principle under SSAP 3 - "Accounting Changes and Corrections of Errors", if applicable.

The cumulative effect of adopting the provisions of SSAP 101 is zero and therefore there is no increase in unassigned funds as of January 1, 2012.

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

- A. Mortgage Loans – Not applicable
- B. Troubled Debt Restructuring for Creditors– Not applicable
- C. Reverse Mortgages – Not applicable
- D. Loan-Backed and Structured 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:
 - a. Aggregate amount of unrealized loss

1. Less than twelve months	\$ 2,983
2. Twelve months or longer	-
3. Total	\$ 2,983

- b. Aggregate fair value of securities with unrealized loss

1. Less than twelve months	\$ 134,237
2. Twelve months or longer	-
3. Total	\$ 134,237

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 Received
 - a. Aggregate Amount of Cash Collateral Received:
 1. Repurchase Agreement – Not Applicable
 2. Securities Lending

	Fair Value
30 days or less	\$ 52,025,463
31 to 60 days	6,996,097
61 to 90 days	-
Total	\$ 59,021,560

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

3. Dollar Repurchase Agreement – Not Applicable
- b. The aggregate fair value of all securities acquired from the sale, trade or use of accepted collateral is \$59,021,560.
- 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 administered by an affiliated agent.
5. Collateral Reinvestment
- a. Aggregate Amount of Cash Collateral Reinvested:
1. Repurchase Agreement – Not Applicable
2. Securities Lending

	Amortized Cost	Fair Value
30 days or less	\$ 52,025,463	\$ 52,025,463
31 to 60 days	6,996,097	6,996,097
61 to 90 days	-	-
Total	\$ 59,021,560	\$ 59,021,560

3. Dollar Repurchase Agreement – Not Applicable

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

- F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features – Not applicable
- G. Low Income Housing Tax Credits – Not applicable

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

- A. Accrued Investment Income

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 applicableNote 9 – Income Taxes

- A. Deferred Tax Asset/(Liability)

1. Component of Net Deferred Tax Asset/(Liability)

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 Ordinary	8 Capital	9 (Col 7+8) Total
a) Gross deferred tax assets	42,170,000	4,932,000	47,102,000	34,801,000	9,720,000	44,521,000	7,369,000	(4,788,000)	2,581,000
b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
c) Adjusted gross deferred tax assets (1a-1b)	42,170,000	4,932,000	47,102,000	34,801,000	9,720,000	44,521,000	7,369,000	(4,788,000)	2,581,000
d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
e) Subtotal net admitted deferred tax assets (1c-1d)	42,170,000	4,932,000	47,102,000	34,801,000	9,720,000	44,521,000	7,369,000	(4,788,000)	2,581,000
f) Deferred tax liabilities	12,221,000	31,298,000	43,519,000	10,781,000	9,246,000	20,027,000	1,440,000	22,052,000	23,492,000
g) Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	29,949,000	(26,366,000)	3,583,000	24,020,000	474,000	24,494,000	5,929,000	(26,840,000)	(20,911,000)

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

2. Admission Calculation Components:

	2012			2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 Ordinary	8 Capital	9 (Col 7+8) Total
a) Federal income taxes paid in prior years recoverable through loss carrybacks	37,090,000	-	37,090,000	29,278,000	-	29,278,000	7,812,000	-	7,812,000
b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	-	-	-	-	-	-	-	-	-
1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2) Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	155,652,181	XXX	XXX	124,939,494	XXX	XXX	30,712,687
c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	5,080,000	4,932,000	10,012,000	5,523,000	9,720,000	15,243,000	(443,000)	(4,788,000)	(5,231,000)
d) Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	42,170,000	4,932,000	47,102,000	34,801,000	9,720,000	44,521,000	7,369,000	(4,788,000)	2,581,000

3. Other Admissibility Criteria

	2012	2011
a. Ratio percentage used to determine recovery period and threshold limitation amount	1,040.71%	1,360.88%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,034,098,207	\$ 905,580,039

4. Impact of Tax Planning Strategies

	December 31, 2012			December 31, 2011			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a) Adjusted gross DTAs (% of Total Adjusted Gross DTA's)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTA's)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

c. Does the company's tax-planning strategies include use of reinsurance? Yes No

B. Deferred Tax Liabilities Not Recognized – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2012	2011	(Col. 1-2)
			Change
a) Federal	44,227,000	(8,254,000)	52,481,000
b) Foreign	(4,762,438)	9,147,563	(13,910,001)
c) Subtotal	39,464,562	893,563	38,570,999
d) Federal income tax on net capital gains	6,476,000	(2,392,000)	8,868,000
e) Utilization of capital loss carry-forwards			
f) Other			
g) Federal and Foreign income taxes incurred	45,940,562	(1,498,437)	47,438,999

2. Deferred Tax Assets

	1	2	3
	2012	2011	(Col. 1-2)
			Change
a. Ordinary:			
1. Discounting of unpaid losses	7,887,000	5,339,000	2,548,000
2. Unearned premium reserve	24,855,000	21,440,000	3,415,000
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward			
12. Tax credit carry-forward	6,467,000	5,738,000	729,000
13. Other (including items <5% of total ordinary assets)	1,847,000	1,636,000	211,000
14. Other assets - nonadmitted	1,114,000	648,000	466,000
99. Subtotal	42,170,000	34,801,000	7,369,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	42,170,000	34,801,000	7,369,000
e. Capital:			
1. Investments	4,870,000	9,544,000	(4,674,000)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)	62,000	176,000	(114,000)
99. Subtotal	4,932,000	9,720,000	(4,788,000)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	4,932,000	9,720,000	(4,788,000)
i. Admitted deferred tax assets (2d+2h)	47,102,000	44,521,000	2,581,000

3. Deferred Tax Liabilities

	1	2	3
	2012	2011	(Col. 1-2)
			Change
a. Ordinary:			
1. Investments			
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax assets)	12,221,000	10,781,000	1,440,000
6. Additional acquisition costs-installment premiums			
7. Discount of accrued salvage and subrogation			
8. Guaranty funds receivable			
99. Subtotal	12,221,000	10,781,000	1,440,000
b. Capital:			
1. Investments	31,298,000	9,246,000	22,052,000
2. Real estate			
3. Other (including items <5% of total capital tax assets)			
99. Subtotal	31,298,000	9,246,000	22,052,000
c. Deferred Tax Liabilities (3a99+3b99)	43,519,000	20,027,000	23,492,000

4. Net Deferred Tax Assets (2i-3c) 3,583,000 24,494,000 (20,911,000)

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)****D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

Among the more significant book to tax adjustments were the following:

	December 31, 2012	Effective Tax Rate (%)
Provision computed at statutory rate	46,177,000	35.0
Change in nonadmitted assets	(466,000)	(0.4)
Tax exempt income deduction	(1,007,000)	(0.8)
Dividends received deduction	(1,767,000)	(1.4)
Unrealized foreign exchange gain	1,201,000	0.9
Proration of tax exempt investment income	416,000	0.4
Effect of foreign operations	(88,000)	(0.1)
Accrual adjustment - prior year	309,000	0.2
Other	24,562	0.2
Totals	44,799,562	34.0
Federal and foreign income taxes incurred	39,464,562	30.0
Realized capital gains (losses) tax	6,476,000	4.9
Change in net deferred income taxes	(1,141,000)	(0.9)
Total statutory income taxes	44,799,562	34.0

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- At December 31, 2012, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
- The following is the amount of consolidated Federal income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

Year	Amount
2012	170,743,000
2011	-

- 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 (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

- The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily 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.

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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, RI. 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**

The amounts reported due to (from) affiliates are as follows:

Affiliate	2012	2011
Factory Mutual Insurance Company (Parent)	\$ (55,165,852)	\$ (18,769,685)
FM Insurance Company Ltd	217,299	(196,028)
FM Global de Mexico S.A. de C.V.	(40,095)	(1,534,803)
FMIC Holdings, Inc.	-	(332,500)
Totals	\$ (54,988,648)	\$ (20,833,016)

Settlement terms/procedures are 60 days or 90 days from the end of each quarter.

NOTES TO FINANCIAL STATEMENTSNote 10 – Information Concerning Parent, Subsidiaries and Affiliates (continued from preceding page)

E. Guarantees or Undertakings 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 – Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets – Not applicable

J. Write-down for Impairments of Investments in Affiliates – Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM – Not applicable

L. Downstream Holding Company Valued Using Look-Through Method – Not applicable

Note 11 – Debt – Not applicableNote 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 \$2,112,000 in 2012 and \$2,064,000 in 2011. The Plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System.

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 was \$5,833,080 in 2012 and \$5,269,416 in 2011.

E. Postemployment Benefits and Compensated Absences – Not applicable

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

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

A. Outstanding Shares

All of the common stock, 80,000 shares (\$50 par value), is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, Johnston, RI.

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, 2012, there were no accrued dividends outstanding.

B. Dividend Rate of Preferred Stock

7% Cumulative

C. Dividend Restrictions

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 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.

Due to a net loss for 2011, no dividends could have been paid in 2012 without prior approval. For 2013, the maximum dividend payout which may be made without prior approval is \$73,965,621.

D. Dates and Amounts of Dividends Paid

The Company paid two ordinary dividends of \$87,500 each on April 1, 2012 and October 1, 2012.

E. Amount of Ordinary Dividends That May Be Paid – Not applicable

F. Restrictions on Unassigned Funds – Not applicable

G. Mutual Surplus Advances – Not applicable

NOTES TO FINANCIAL STATEMENTSNote 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations (continued from preceding page)

- H. Company Stock Held for Special Purposes – Not applicable
- I. Changes in Special Surplus Fund – Not applicable
- J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$89,423,000. This unrealized gain is not net of the applicable deferred tax liability of \$31,298,000.

- K. Surplus Notes – Not applicable
- L. Impact of Quasi-Reorganizations – Not applicable
- M. Date of Quasi-Reorganizations – Not applicable

Note 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 \$350,000 and a related premium tax benefit asset of \$120,000. 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 guaranty 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 also has the ability to recover certain assessments through policyholder surcharges. The related asset for these transactions, which appears within Page 2 line 25, is \$206,000 and is not included in the following table.

Description	Amount
a. Assets recognized from paid and accrued premium tax offsets prior year-end	\$ 244,000
b. Decreases in current year - Premium Tax offset applied	128,000
c. Increases current year - Premium Tax offset accrued	4,000
d. Assets recognized from paid and accrued premium tax offsets current year-end	\$ 120,000

- C. Gain Contingencies – Not applicable
- D. Extra Contractual Obligations and Bad Faith Losses – Not applicable
- E. Product Warranties – Not applicable
- F. 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 – Not applicableNote 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 \$139,619,582 and \$107,181,345 at December 31, 2012 and December 31, 2011, 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 applicable

NOTES TO FINANCIAL STATEMENTS

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – Not applicable

Note 20 – Fair Value Measurements

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

1. Items Measured and Reported at Fair Value by Levels 1, 2 and 3

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	\$ -	\$ -	\$ -	\$ -
Preferred Stocks	-	-	-	-
Common Stocks				
Industrial & Misc.	609,408,178	-	-	609,408,178
Mutual Funds	20,098,950	-	-	20,098,950
Total Common Stocks	629,507,128	-	-	629,507,128
Total Assets	\$ 629,507,128	\$ -	\$ -	\$ 629,507,128

2. Rollforward of Level 3 Items

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. 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. Derivative Fair Values – Not applicable

B. Other Fair Value Disclosures – Not applicable

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair value and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

Type of Financial Instrument - Assets	Fair Value	Admitted Value	Level 1	Level 2	Level 3
Bonds	\$ 1,158,685,401	\$ 1,063,569,679	\$ -	\$ 1,158,685,401	\$ -
Common Stocks	629,507,128	629,507,128	629,507,128	-	-
Cash, cash equivalents and short-term investments	58,204,867	58,204,867	58,204,867	-	-
Securities lending reinvested collateral assets	59,021,560	59,021,560	59,021,560	-	-
Total assets	\$ 1,905,418,956	\$ 1,810,303,234	\$ 746,733,555	\$ 1,158,685,401	\$ -

D. Financial Instruments for which it is not Practicable to Estimate Fair Values – Not applicable

NOTES TO FINANCIAL STATEMENTS**Note 21 – Other Items**

- A. Extraordinary Items – Not applicable
- B. Troubled Debt Restructuring for Debtors – Not applicable
- C. Other Disclosures

The Boiler and Machinery Coverage and Equipment Breakdown Coverage 100 Percent Quota Share Internal Reinsurance Treaty agreement between Factory Mutual Insurance Company, Affiliated FM Insurance Company, Appalachian Insurance Company, and FM Insurance Company Limited was terminated and commuted as of January 1, 2012. In accordance with the termination and commutation agreement FMIC returned all unearned premiums and paid Affiliated FM and FMI all unpaid losses and loss adjustment expenses that were outstanding as of December 31, 2011, for a total paid by FMIC in the amount of \$26,879,581.

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 net unrealized 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 and Non-transferable Tax Credits – Not applicable
- 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. 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 \$763,381.
 - c. The fair value of the subprime bond is \$1,314,464.
 - d. None.
4. None

Note 22 – Events Subsequent

- A. Subsequent events have been considered through February 25, 2013 for these statutory financial statements which are to be issued February 25, 2013. 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
11551	35-2293075	Endurance Reinsurance Corp of America	\$ 48,668,000
26921	22-2005057	Everest Reinsurance Company	\$ 37,249,000
22039	13-2673100	General Reinsurance Corporation	\$ 32,394,000
20583	13-1290712	XL Reinsurance America, Inc.	\$ 32,763,000

- B. Reinsurance Recoverable in Dispute – Not applicable
- C. Reinsurance Assumed and Ceded and Protected Cells

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	
	Premium Reserve (1)	Commission Equity (2)	Premium Reserve (3)	Commission Equity (4)	Premium Reserve (5)	Commission Equity (6)
a. Affiliates	\$ 2,138,192	\$ -	\$ 1,173,777	\$ 363,871	\$ 964,415	\$ (363,871)
b. All Other	246,682	36,854	74,107,919	20,308,483	(73,861,237)	(20,271,629)
c. TOTAL	\$ 2,384,874	\$ 36,854	\$ 75,281,696	\$ 20,672,354	\$ (72,896,822)	\$ (20,635,500)
d. Direct Unearned Premium Reserve	\$427,584,063					

2. Profit Sharing Arrangements – Not applicable
 3. Protected Cells – Not Applicable
- D. Uncollectible Reinsurance – Not applicable

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
a. Losses Incurred	\$ 23,738
b. Loss adjustment expenses incurred	
c. Premiums Earned	
d. Other	
Total	\$ 23,738

Reinsurer	Amount
Global Re/Gerling	\$ 23,738
Factory Mutual Insurance Company - See Note 21	
Total	\$ 23,738

F. Retroactive Reinsurance – Not applicable

G. Reinsurance Accounted for as a Deposit – Not applicable

H. Run-Off Agreements – Not Applicable

I. Certified Reinsurer Downgraded or Status Subject to Revocation – Not Applicable

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

- A. As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses increased by \$19,359,000. The increase is due to an increase of incurred-but-not-reported (IBNR) reserves based on actual experience, and increases 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

- A. Factory Mutual Insurance Company (lead insurer), 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. 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.

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 8 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 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 amount due to / from the lead entity and the pool participants as of December 31, 2012 are as follows:

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$ 88,755,732	\$ 286,611,567
Affiliated FM Insurance Company	\$ 269,777,714	\$ 72,638,975
Appalachian Insurance Company	\$ 16,833,853	\$ 16,116,757

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 applicable

NOTES TO FINANCIAL STATEMENTS**Note 30 – Premium Deficiency Reserves**

- A. The Company evaluated whether a premium deficiency reserve is required as of December 31, 2012 and determined that a premium deficiency reserve is not applicable. This evaluation was completed on February 4, 2013.

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

1. Liability carried for premium deficiency reserve	\$ -
2. Date of most recent evaluation of this liability	February 4, 2013
3. Was anticipated investment income utilized in the calculation?	NO

Note 31 – High Deductibles – Not applicable**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjusting Expenses – Not applicable****Note 33 – Asbestos and Environmental Reserves**

- A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net

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 are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

1. Direct - Asbestos	2008	2009	2010	2011	2012
a. Beginning reserves:	\$ 262,747,000	\$ 237,778,000	\$ 229,100,000	\$ 196,844,000	\$ 184,829,000
b. Incurred losses & loss adjustment expense:		5,126,000	(15,602,000)	2,000	(2,555,000)
c. Calendar year payments for losses & loss adjustment expense:	24,969,000	13,804,000	16,654,000	12,017,000	20,782,000
d. Ending Reserves:	\$ 237,778,000	\$ 229,100,000	\$ 196,844,000	\$ 184,829,000	\$ 161,492,000

2. Assumed Reinsurance – Asbestos	2008	2009	2010	2011	2012
a. Beginning reserves:					
b. Incurred losses & loss adjustment expense:			NONE		
c. Calendar year payments for losses & loss adjustment expense:					
d. Ending Reserves:					

3. Net of Ceded Reinsurance – Asbestos	2008	2009	2010	2011	2012
a. Beginning reserves:	\$ 112,395,000	\$ 99,396,000	\$ 113,266,000	\$ 98,431,000	\$ 87,729,000
b. Incurred losses & loss adjustment expense:	(1,471,000)	20,582,000	(5,180,000)	(3,859,000)	815,000
c. Calendar year payments for losses & loss adjustment expense:	11,528,000	6,712,000	9,655,000	6,843,000	10,948,000
d. Ending Reserves:	\$ 99,396,000	\$ 113,266,000	\$ 98,431,000	\$ 87,729,000	\$ 77,596,000

- B. Asbestos IBNR and Bulk Reserve, Direct, Assumed and Net

1. Direct	\$ 115,323,000
2. Assumed	NONE
3. Net	\$ 61,939,000

- C. Asbestos LAE Reserve, Direct, Assumed and Net

1. Direct	\$ 43,737,000
2. Assumed	NONE
3. Net	\$ 20,373,000

- D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

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 are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos and Environmental Reserves (continued from preceding page)**

1. Direct – Environmental	2008	2009	2010	2011	2012
a. Beginning reserves:	\$ 45,443,000	\$ 44,938,000	\$ 43,734,000	\$ 42,369,000	\$ 39,952,000
b. Incurred losses & loss adjustment expense:		(429,000)			
c. Calendar year payments for losses & loss adjustment expense:	505,000	775,000	1,365,000	2,417,000	3,816,000
d. Ending Reserves:	\$ 44,938,000	\$ 43,734,000	\$ 42,369,000	\$ 39,952,000	\$ 36,136,000

2. Assumed Reinsurance – Environmental	2008	2009	2010	2011	2012
a. Beginning reserves:					
b. Incurred losses & loss adjustment expense:			NONE		
c. Calendar year payments for losses & loss adjustment expense:					
d. Ending Reserves:					

3. Net of Ceded Reinsurance – Environmental	2008	2009	2010	2011	2012
a. Beginning reserves:	\$ 18,976,000	\$ 19,309,000	\$ 19,907,000	\$ 18,522,000	\$ 18,824,000
b. Incurred losses & loss adjustment expense:	507,000	947,000	(747,000)	1,992,000	(639,000)
c. Calendar year payments for losses & loss adjustment expense:	174,000	349,000	638,000	1,690,000	2,611,000
d. Ending Reserves:	\$ 19,309,000	\$ 19,907,000	\$ 18,522,000	\$ 18,824,000	\$ 15,574,000

E. Environmental IBNR and Bulk Reserve, Direct, Assumed and Net

1. Direct	\$ 31,004,000
2. Assumed	NONE
3. Net	\$ 10,342,000

F. Environmental LAE Reserve, Direct, Assumed and Net

1. Direct	\$ 2,436,000
2. Assumed	NONE
3. Net	\$ 205,000

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: N/A
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116

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

Annual Statement for the year 2012 of the **AFFILIATED FM INSURANCE COMPANY**
GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [] No [X]

24.02 If no, give full and complete information relating thereto.

JP Morgan Worldwide Securities Services and RBC (Toronto) holds custody of the securities

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
 The market value and collateral value of securities loaned as of year-end 2012 is \$139,619,582 and \$142,535,957 respectively. The amount of cash collateral carried on the balance sheet is \$59,021,560. See Note 17 for a description of the securities lending program.
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....142,535,957
 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....59,021,560
 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....59,021,560
 24.103 Total payable for securities lending reported on the liability page. \$.....59,021,560
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes No
 25.2 If yes, state the amount thereof at December 31 of the current year:
 25.21 Subject to repurchase agreements \$.....0
 25.22 Subject to reverse repurchase agreements \$.....0
 25.23 Subject to dollar repurchase agreements \$.....0
 25.24 Subject to reverse dollar repurchase agreements \$.....0
 25.25 Pledged as collateral \$.....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 \$.....5,943,944
 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 Investor Services | 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 Investor Services | BMO Asset Management | 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 0 | IShares MSCI Brazil | 5,594,000 |
| 464286 10 3 | IShares Australia ETF | 2,514,000 |
| 922042 71 8 | Vanguard Intl Equity ETF | 8,634,550 |
| 76464A 69 8 | SPDR Series Trust | 3,356,400 |
| 29.2999. TOTAL | | 20,098,950 |

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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	VALE SA	472,413	12/31/2012
ISHARES MSCI BRAZIL	PETROLEO BRASILEIRO SA	439,912	12/31/2012
ISHARES MSCI BRAZIL	ITAU UNIBANCO HOLDING	417,368	12/31/2012
ISHARES MSCI BRAZIL	BANCO BRADESCO SA	361,149	12/31/2012
ISHARES MSCI BRAZIL	CIA DE BEBIDAS DAS AMERICA	345,877	12/31/2012
ISHARES AUSTRALIA ETF	BHP BILLITON LTD	323,074	12/31/2012
ISHARES AUSTRALIA ETF	COMMONWEALTH BANK OF A	264,423	12/31/2012
ISHARES AUSTRALIA ETF	WESTPAC BANKING CORP	212,860	12/31/2012
ISHARES AUSTRALIA ETF	AUSTRALIA & NEW ZEALAND	180,430	12/31/2012
ISHARES AUSTRALIA ETF	NATIONAL AUSTRALIA BANK	151,091	12/31/2012
VANGUARD INTL EQUITY ETF	PEMBINA PIPELINE CORP	36,351	12/31/2012
VANGUARD INTL EQUITY ETF	FRANCO-NEVADA CORP	31,689	12/31/2012
VANGUARD INTL EQUITY ETF	VITERRA INC	27,890	12/31/2012
VANGUARD INTL EQUITY ETF	METRO INC	24,954	12/31/2012
VANGUARD INTL EQUITY ETF	BAYTEX ENERGY CORP	24,436	12/31/2012
SPDR SERIES TRUST	POPULAR INC	72,935	12/31/2012
SPDR SERIES TRUST	SVB FINANCIAL GROUP	68,135	12/31/2012
SPDR SERIES TRUST	REGIONS FINANCIAL CORP	65,013	12/31/2012
SPDR SERIES TRUST	PRIVATEBANCORP INC	64,812	12/31/2012
SPDR SERIES TRUST	TCF FINANCIAL CORP	64,309	12/31/2012

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.....	1,098,780,387	1,193,896,109	95,115,722
30.2 Preferred stocks.....			0
30.3 Totals.....	1,098,780,387	1,193,896,109	95,115,722

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, the securities are priced by our external pricing source, IDC. The company utilized IDC's prices for common stocks where the SVO prices provided were materially different and not in agreement with the exchange prices.

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. If SVO prices are not available or determined to be incorrect, the company uses the pricing of its 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? \$.....73,139

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
WASHINGTON SURVEYING AND RATING BUREAU	44,913

34.1 Amount of payments for legal expenses, if any? \$.....69,100

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
SCHOPF & WEISS	52,500

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.....	\$.....397,099,849	\$.....352,995,327
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....967,651,429	\$.....763,472,168
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 \$.....1,741,729
 3.22 Non-participating policies \$.....841,576,116

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 affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?
- Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 - (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 - (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or
 - (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
 - (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): \$.....90,558,000
- 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	\$.....16,957,000
17.12 Unfunded portion of Interrogatory 17.11	\$.....16,957,000
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	\$.....16,957,000
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 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	108	106	102	108	108
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	695,765,132	622,633,208	557,050,128	541,978,407	491,919,999
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	152,493,726	155,269,621	136,655,633	128,791,103	131,018,971
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).....	848,258,966	777,902,938	693,706,031	670,769,618	622,939,078
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).....	108	106	102	108	108
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	542,143,388	490,263,057	431,314,694	427,473,347	390,864,386
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	153,243,159	89,108,731	79,775,215	78,977,045	82,711,774
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(251,161,959)	(190,159,084)	(163,420,415)	(124,692,601)	(137,403,380)
12. Total (Line 35).....	444,224,696	389,212,810	347,669,596	381,757,899	336,172,888
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	61,338,227	(73,830,489)	72,021,133	119,567,743	4,383,157
14. Net investment gain (loss) (Line 11).....	64,687,618	51,496,648	61,635,854	58,582,879	55,014,096
15. Total other income (Line 15).....	(190,552)	(93,395)	(207,708)	(56,668)	(184,640)
16. Dividends to policyholders (Line 17).....	378,823	368,222	340,621	374,111	308,880
17. Federal and foreign income taxes incurred (Line 19).....	39,464,562	893,563	46,666,711	62,328,391	26,000,418
18. Net income (Line 20).....	85,991,908	(23,689,021)	86,441,946	115,391,452	32,903,315
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	2,302,162,676	1,874,643,261	1,915,425,380	1,621,716,617	1,470,531,711
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	127,686,692	121,499,543	113,024,653	106,287,116	96,379,617
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).....	1,268,064,469	969,063,222	982,063,530	793,502,604	774,996,920
22. Losses (Page 3, Line 1).....	562,923,744	373,027,211	364,365,549	298,597,356	361,473,939
23. Loss adjustment expenses (Page 3, Line 3).....	48,386,482	51,694,215	54,218,473	79,239,434	40,074,157
24. Unearned premiums (Page 3, Line 9).....	354,687,242	307,562,395	271,344,912	259,161,906	240,806,200
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).....	1,034,098,207	905,580,039	933,361,850	828,214,013	695,534,791
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	50,587,762	33,905,327	118,468,116	135,147,470	77,802,749
Risk-Based Capital Analysis					
28. Total adjusted capital.....	1,034,098,207	905,580,039	933,361,850	828,214,013	695,534,791
29. Authorized control level risk-based capital.....	99,020,699	66,543,666	59,375,929	47,233,888	44,782,387
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).....	58.6	65.7	66.3	82.1	84.8
31. Stocks (Lines 2.1 & 2.2).....	34.7	27.1	19.1	7.5	2.3
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).....	3.2	2.8	7.4	10.4	12.9
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....	0.2		0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10).....	3.3	4.5	7.2	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 (subtotals included in Schedule DA, Verification, Column 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. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	40,621,780	(9,334,705)	19,434,421	3,925,425	(6,687,756)
52. Dividends to stockholders (Line 35).....	(507,500)	(507,500)	(507,500)	(507,500)	(507,500)
53. Change in surplus as regards policyholders for the year (Line 38).....	128,518,168	(27,781,812)	105,147,837	132,679,223	20,029,875
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	20,942,192	10,655,292	14,852,059	11,643,899	21,895,043
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	421,031,383	284,649,826	208,130,997	206,164,387	216,893,901
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	102,440,057	88,721,668	50,676,771	60,585,240	45,255,930
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(73,652)	(70,156)	6,829	(1,743,280)	(24,078)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	33,077	27,920,400	62,316	41,450	167,483
59. Total (Line 35).....	544,373,057	411,877,030	273,728,973	276,691,696	284,188,279
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	10,434,225	5,061,829	7,613,243	4,638,632	8,739,871
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	337,759,346	225,596,132	174,758,813	165,479,296	145,470,060
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	75,744,502	56,809,739	34,779,968	42,191,937	31,452,751
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(34,083)	(32,637)	23,082	(513,356)	(448,297)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(388,624,124)	27,920,400	(125,142,360)	(11,584,375)	(16,873,287)
65. Total (Line 35).....	35,279,866	315,355,463	92,032,746	200,212,134	168,341,098
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	56.7	91.8	47.0	37.8	72.1
68. Loss expenses incurred (Line 3).....	3.0	3.4	3.7	4.1	5.5
69. Other underwriting expenses incurred (Line 4).....	24.8	25.7	27.8	25.3	21.1
70. Net underwriting gain (loss) (Line 8).....	15.4	(20.9)	21.5	32.9	1.4
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	22.2	23.3	26.9	24.1	20.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	59.7	95.2	50.7	41.8	77.6
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	43.0	43.0	37.2	46.1	48.3
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	19,359	(70,306)	(60,741)	(26,791)	(63,094)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	2.1	(7.5)	(7.3)	(3.9)	(9.3)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(50,699)	(76,720)	(45,635)	(49,249)	(51,824)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(5.4)	(9.3)	(6.6)	(7.3)	(9.1)

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.....	.....21,522	.....10,554	.....3,894	.....1,069	.....276	.....	.....25	.....14,070	.....XXX.....
2. 2003.....	.....460,612	.....384,128	.....76,484	.....155,051	.....182,628	.....1,243	.....2,158	.....11,411	.....8,920	.....3,247	.....(26,001)	.....XXX.....
3. 2004.....	.....499,313	.....359,245	.....140,068	.....151,739	.....127,963	.....4,658	.....7,051	.....14,182	.....23,281	.....2,475	.....12,285	.....XXX.....
4. 2005.....	.....498,033	.....185,908	.....312,125	.....324,690	.....163,168	.....9,707	.....2,141	.....18,234	.....6,139	.....6,630	.....181,183	.....XXX.....
5. 2006.....	.....572,453	.....246,126	.....326,327	.....197,815	.....114,440	.....9,525	.....8,632	.....18,934	.....16,758	.....6,709	.....86,443	.....XXX.....
6. 2007.....	.....612,522	.....283,678	.....328,844	.....230,812	.....118,758	.....1,384	.....1,445	.....20,267	.....7,158	.....6,018	.....125,101	.....XXX.....
7. 2008.....	.....614,834	.....290,505	.....324,329	.....324,412	.....63,880	.....3,812	.....4,675	.....23,631	.....12,973	.....5,431	.....270,327	.....XXX.....
8. 2009.....	.....645,041	.....281,638	.....363,402	.....191,911	.....43,404	.....2,823	.....16,816	.....23,700	.....39,418	.....4,930	.....118,795	.....XXX.....
9. 2010.....	.....677,450	.....341,965	.....335,485	.....335,348	.....206,092	.....3,575	.....95	.....26,245	.....3,484	.....4,360	.....155,496	.....XXX.....
10. 2011.....	.....733,010	.....380,014	.....352,996	.....410,480	.....84,263	.....986	.....3,785	.....24,553	.....11,081	.....2,421	.....336,891	.....XXX.....
11. 2012.....	.....813,744	.....416,645	.....397,099	.....265,399	.....444,136	.....32	.....4,999	.....12,274	.....10,936	.....79	.....(182,366)	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....2,609,178	.....1,559,285	.....41,639	.....52,866	.....193,707	.....140,148	.....42,324	.....1,092,224	.....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.....	.....61,270	.....34,499	.....139,995	.....72,702	.....8,286	.....5,192	.....33,094	.....20,768	.....10,678	.....	.....	.....120,162	.....XXX.....
2. 2003.....	.....28	.....	.....	.....	.....5	.....	.....	.....	.....	.....	.....	.....33	.....XXX.....
3. 2004.....	.....75	.....	.....	.....	.....0	.....	.....	.....	.....	.....	.....	.....76	.....XXX.....
4. 2005.....	.....861	.....40	.....	.....	.....6	.....	.....	.....	.....	.....	.....	.....827	.....XXX.....
5. 2006.....	.....194	.....	.....	.....	.....1	.....	.....	.....	.....	.....	.....	.....195	.....XXX.....
6. 2007.....	.....287	.....6	.....	.....	.....4	.....	.....	.....	.....	.....	.....	.....285	.....XXX.....
7. 2008.....	.....623	.....0	.....4	.....	.....5	.....	.....	.....	.....	.....	.....	.....632	.....XXX.....
8. 2009.....	.....2,729	.....163	.....1,990	.....310	.....44	.....8	.....	.....	.....117	.....30	.....100	.....4,370	.....XXX.....
9. 2010.....	.....3,427	.....127	.....6,575	.....1,010	.....78	.....8	.....	.....	.....131	.....34	.....400	.....9,032	.....XXX.....
10. 2011.....	.....71,284	.....17,657	.....18,067	.....3,531	.....579	.....156	.....	.....	.....2,413	.....623	.....1,000	.....70,376	.....XXX.....
11. 2012.....	.....571,849	.....252,781	.....78,586	.....12,094	.....4,907	.....1,417	.....	.....	.....21,941	.....5,667	.....4,000	.....405,325	.....XXX.....
12. Totals.....	.....712,628	.....305,274	.....245,217	.....89,647	.....13,915	.....6,780	.....33,094	.....20,768	.....35,280	.....6,354	.....5,500	.....611,311	.....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.....	.....94,064	.....26,098
2. 2003.	.....167,737	.....193,706	.....(25,969)	.....36.4	.....50.4	.....(34.0)	.....	.....	.....12.00	.....28	.....5
3. 2004.	.....170,655	.....158,294	.....12,360	.....34.2	.....44.1	.....8.8	.....	.....	.....12.00	.....75	.....0
4. 2005.	.....353,498	.....171,488	.....182,010	.....71.0	.....92.2	.....58.3	.....	.....	.....12.00	.....821	.....6
5. 2006.	.....226,468	.....139,831	.....86,638	.....39.6	.....56.8	.....26.5	.....	.....	.....12.00	.....194	.....1
6. 2007.	.....252,754	.....127,368	.....125,386	.....41.3	.....44.9	.....38.1	.....	.....	.....12.00	.....281	.....4
7. 2008.	.....352,487	.....81,528	.....270,959	.....57.3	.....28.1	.....83.5	.....	.....	.....12.00	.....627	.....5
8. 2009.	.....223,314	.....100,150	.....123,165	.....34.6	.....35.6	.....33.9	.....	.....	.....12.00	.....4,246	.....124
9. 2010.	.....375,379	.....210,850	.....164,528	.....55.4	.....61.7	.....49.0	.....	.....	.....12.00	.....8,865	.....167
10. 2011.	.....528,363	.....121,095	.....407,267	.....72.1	.....31.9	.....115.4	.....	.....	.....12.00	.....68,162	.....2,214
11. 2012.	.....954,988	.....732,029	.....222,959	.....117.4	.....175.7	.....56.1	.....	.....	.....12.00	.....385,561	.....19,765
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....562,924	.....48,387

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior.....	143,746	204,350	196,754	238,608	237,745	231,221	237,082	231,411	233,096	233,682	586	2,271
2. 2003.....	(16,251)	(30,761)	(28,295)	(28,295)	(28,295)	(28,295)	(28,595)	(28,448)	(28,460)	(28,460)	(0)	(12)
3. 2004.....	XXX	32,623	19,228	19,228	19,228	19,228	19,387	19,605	19,676	21,459	1,783	1,854
4. 2005.....	XXX	XXX	175,720	193,825	193,825	170,845	177,621	177,726	170,542	169,915	(628)	(7,812)
5. 2006.....	XXX	XXX	XXX	101,096	79,639	79,639	85,917	85,021	84,623	84,462	(162)	(560)
6. 2007.....	XXX	XXX	XXX	XXX	154,636	121,046	116,118	112,733	112,165	112,277	113	(455)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	299,283	258,647	249,284	246,293	260,301	14,008	11,017
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	182,455	140,558	133,976	138,796	4,820	(1,762)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	196,910	142,583	141,670	(913)	(55,240)
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	392,253	392,005	(248)	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	205,347	XXX	XXX
12. Totals.....											19,359	(50,699)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior.....	000	59,754	60,157	75,722	75,965	87,554	93,134	103,128	110,404	124,198	XXX	XXX
2. 2003.....	(75,195)	(44,246)	(31,769)	(29,570)	(29,239)	(28,393)	(28,683)	(28,515)	(28,511)	(28,492)	XXX	XXX
3. 2004.....	XXX	(37,916)	6,389	15,619	16,671	18,331	19,266	19,491	19,594	21,384	XXX	XXX
4. 2005.....	XXX	XXX	41,958	134,764	186,782	168,479	169,272	169,514	169,500	169,088	XXX	XXX
5. 2006.....	XXX	XXX	XXX	(6,455)	61,050	75,823	84,719	84,720	84,388	84,267	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	24,161	92,770	109,044	112,376	111,854	111,992	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	91,649	207,618	240,577	244,670	259,669	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	41,554	112,501	122,251	134,513	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(18,742)	101,873	132,735	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	175,195	323,419	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(183,704)	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	97,323	115,163	99,898	122,663	120,679	100,711	93,851	86,669	87,388	79,619
2. 2003.....	14,891	3,444	515	298						
3. 2004.....	XXX	16,235	3,071	711	286					
4. 2005.....	XXX	XXX	41,145	20,088	4,823	6				
5. 2006.....	XXX	XXX	XXX	30,573	6,233	24	0			
6. 2007.....	XXX	XXX	XXX	XXX	44,796	7,361	2,744			0
7. 2008.....	XXX	XXX	XXX	XXX	XXX	60,665	18,057	4,070	598	4
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	48,002	8,283	2,299	1,680
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	65,909	12,608	5,565
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	36,427	14,536
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,492

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	6,485,735	5,703,261	1,008	8,872,348	597,447	918,412		
2. Alaska.....AK	L	4,488,729	4,078,105		1,571,832	2,393,890	1,226,382		
3. Arizona.....AZ	L	7,888,794	7,930,359	553	6,327,879	2,098,778	3,804,216		
4. Arkansas.....AR	L	6,250,319	5,616,218	195	707,716	732,441	602,391		
5. California.....CA	L	117,548,598	117,340,683	58,923	27,250,580	14,945,950	19,473,139		
6. Colorado.....CO	L	9,365,540	7,737,456	2,503	16,132,282	16,255,172	1,211,865		
7. Connecticut.....CT	L	7,233,193	6,862,877	6,252	7,526,268	4,355,952	4,101,913		
8. Delaware.....DE	L	2,403,454	2,355,904		5,200,160	37,627,201	33,049,971		
9. District of Columbia.....DC	L	5,424,655	5,229,642		5,046,455	5,292,939	10,949,442		
10. Florida.....FL	L	32,202,258	30,288,336	23,284	4,272,637	8,872,786	5,798,463		
11. Georgia.....GA	L	13,272,895	11,090,523	1,945	4,832,342	5,677,646	3,180,144		
12. Hawaii.....HI	L	626,232	637,845		552,397	(1,113,146)			
13. Idaho.....ID	L	3,054,233	2,932,933	4,119	641,027	693,604	141,709		
14. Illinois.....IL	L	30,046,200	28,847,380	4,617	18,246,710	36,599,385	90,731,840		
15. Indiana.....IN	L	9,135,584	8,968,076		3,006,231	2,140,859	1,023,984		
16. Iowa.....IA	L	2,889,011	2,789,136		1,650,800	60,416	184,733		
17. Kansas.....KS	L	2,988,117	2,899,025	713	2,185,353	2,248,963	732,961		
18. Kentucky.....KY	L	5,200,664	5,363,409	634	622,247	5,091,085	7,334,842		
19. Louisiana.....LA	L	11,619,564	10,588,683		4,398,782	8,280,072	7,403,180		
20. Maine.....ME	L	1,247,201	1,112,051	2,795	14,736	2,563,730	2,621,470		
21. Maryland.....MD	L	12,030,576	10,422,088	778	5,794,180	27,806,953	24,665,182		
22. Massachusetts.....MA	L	32,746,445	29,384,565	102,338	13,807,526	10,587,071	8,331,957		
23. Michigan.....MI	L	11,304,819	10,747,968	1,889	13,980,056	1,464,339	25,748,753		
24. Minnesota.....MN	L	9,120,856	9,584,795	4,105	9,276,206	6,600,197	14,808,933		
25. Mississippi.....MS	L	10,427,743	9,435,693		2,494,055	6,345,864	5,317,071		
26. Missouri.....MO	L	18,441,781	17,685,189	5,943	16,268,829	23,106,007	11,381,650		
27. Montana.....MT	L	1,781,575	1,779,789		375,111	633,795	264,336		
28. Nebraska.....NE	L	1,824,359	1,414,464		5,179,419	4,336,409	27,211		
29. Nevada.....NV	L	12,800,751	11,932,908		1,685,422	2,208,647	1,714,375		
30. New Hampshire.....NH	L	2,267,374	2,119,641	2,338	5,090,621	(2,037,927)	342,416		
31. New Jersey.....NJ	L	21,376,191	21,911,407	16,067	33,762,143	71,177,568	66,189,786		
32. New Mexico.....NM	L	2,199,657	2,342,982		2,544,742	1,833,035	2,954,681		
33. New York.....NY	L	83,164,509	77,147,424	6,112	131,484,885	360,443,340	355,624,066		
34. North Carolina.....NC	L	10,400,353	9,788,768	2,286	1,893,542	2,027,528	2,357,607		
35. North Dakota.....ND	L	807,316	593,849		261,170	200,468	77,563		
36. Ohio.....OH	L	19,369,030	19,220,872	4,551	7,187,168	14,297,171	14,325,880		
37. Oklahoma.....OK	L	2,961,073	3,842,119		10,706,673	5,256,357	14,913,311		
38. Oregon.....OR	L	18,468,711	20,001,604	1,068	12,667,902	15,502,310	4,390,242		
39. Pennsylvania.....PA	L	19,538,430	17,993,975	8,661	7,425,840	6,154,349	11,472,808		
40. Rhode Island.....RI	L	4,794,039	4,855,184	93,934	2,686,501	1,904,155	3,330,911		
41. South Carolina.....SC	L	4,082,392	4,100,334	938	1,915,423	3,482,340	1,651,901		
42. South Dakota.....SD	L	836,432	833,943		26,581	26,581			
43. Tennessee.....TN	L	13,023,601	12,859,984		6,204,791	7,359,532	6,163,876		
44. Texas.....TX	L	53,131,956	51,396,300		43,020,503	72,609,610	65,992,305		
45. Utah.....UT	L	10,928,171	10,736,616		3,945,611	988,859	630,427		
46. Vermont.....VT	L	741,599	620,332	122	126,569	47,511	80,301		
47. Virginia.....VA	L	9,543,542	8,850,063	4,508	16,543,628	13,043,800	6,036,978		
48. Washington.....WA	L	51,500,572	51,767,666	4,798	9,409,653	11,724,725	6,097,847		
49. West Virginia.....WV	L	468,428	483,622		141,115	141,115			
50. Wisconsin.....WI	L	7,803,307	7,385,918	693	3,656,040	3,600,719	1,503,168		
51. Wyoming.....WY	L	995,932	964,596		943,898	593,284	369,560		
52. American Samoa.....AS	N								
53. Guam.....GU	L								
54. Puerto Rico.....PR	L	278,614	198,194		77,240	29,240			
55. US Virgin Islands.....VI	L	3,632	3,117						
56. Northern Mariana Islands.....MP	L								
57. Canada.....CAN	L	114,144,543	108,010,679	10,153	52,419,614	109,459,793	100,777,480		
58. Aggregate Other Alien.....OT	XXX	638,562	386,057	0	0	0	50	0	0
59. Totals.....(a).55		843,317,844	809,174,608	378,823	542,061,436	938,369,915	952,033,687	0	0

DETAILS OF WRITE-INS

58001. AUT AUSTRIA	XXX	8,192	5,646						
58002. BAN BANGLADESH	XXX	8,544	6,207						
58003. BEL BELGIUM	XXX	15,600	7,864						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	606,226	366,340	0	0	0	50	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	638,562	386,057	0	0	0	50	0	0

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

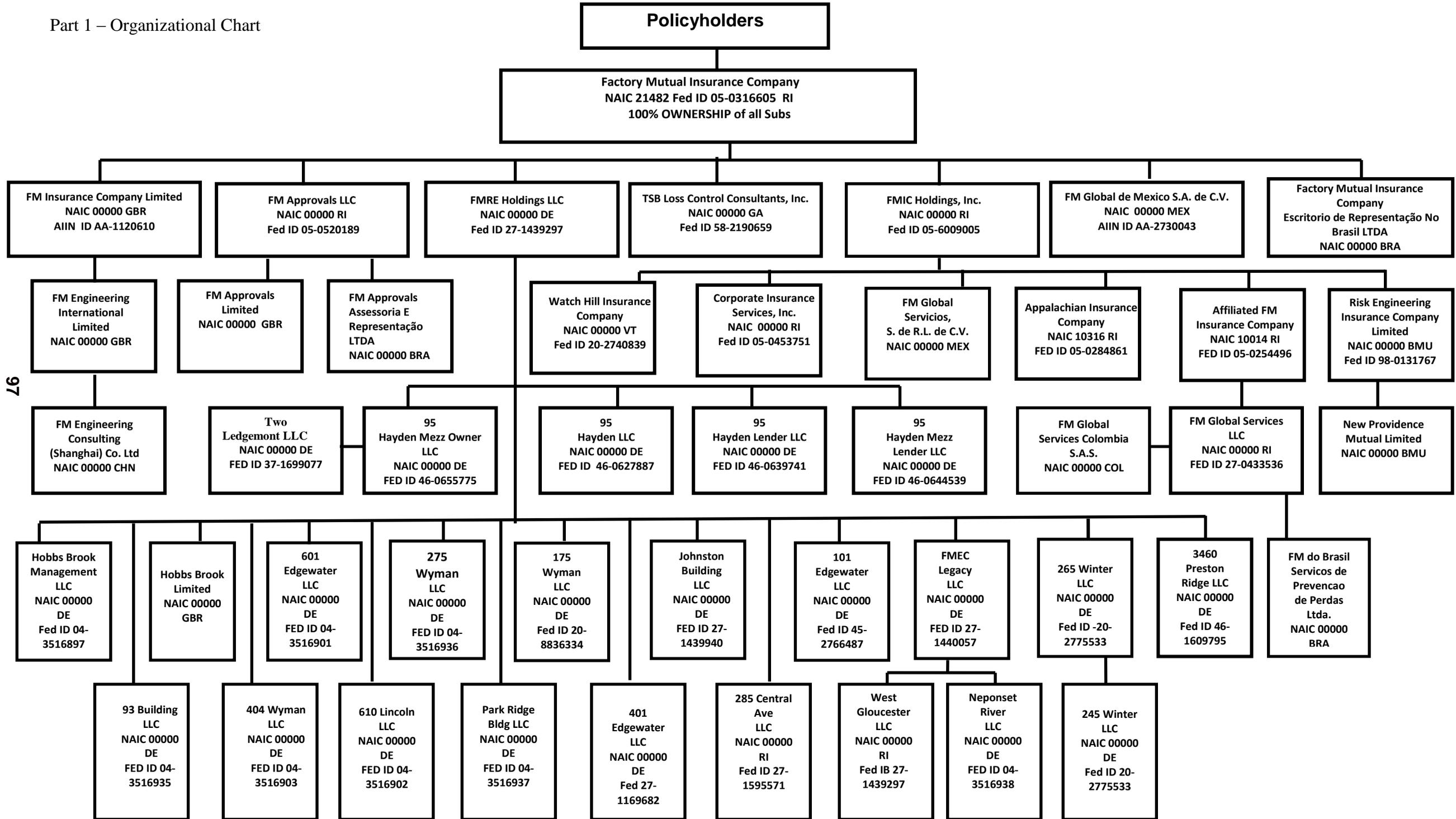
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(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



2012 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	59
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	59
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	59
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	60
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	60
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	60
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