

ANNUAL STATEMENT

OF THE

BEACON MUTUAL INSURANCE COMPANY

of WARWICK

in the state of RHODE ISLAND

TO THE

Insurance Department

OF THE

STATE OF RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012



24017201220100100

ANNUAL STATEMENT

For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code 3490 3490 **NAIC Company Code** 24017 **Employer's ID Number** 05-0458697
(Current Period) (Prior Period)

Organized under the Laws of Rhode Island, **State of Domicile or Port of Entry** Rhode Island
Country of Domicile US

Incorporated/Organized July 11, 1990 **Commenced Business** August 12, 1992

Statutory Home Office One Beacon Centre, Warwick, RI, US 02886-1378
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office One Beacon Centre
(Street and Number)
Warwick, RI, US 02886-1378 401-825-2667
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address One Beacon Centre, Warwick, RI, US 02886-1378
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records One Beacon Centre Warwick, RI, US 02886-1378 401-825-2667
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.beaconmutual.com

Statutory Statement Contact Ann Lazzareschi 401-825-2621
(Name) (Area Code) (Telephone Number) (Extension)
alazzareschi@beaconmutual.com 401-825-2659
(E-Mail Address) (Fax Number)

OFFICERS

	Name	Title
1.	<u>James Vincent Rosati</u>	<u>President & CEO</u>
2.	<u>Brian Joseph Spero #</u>	<u>COO & Assistant Secretary</u>
3.	<u>Cynthia Lee Lawlor</u>	<u>Chief Financial Officer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Brian Joseph Spero #</u>	<u>Executive Vice President & COO</u>	<u>Pamela Lee Alarie</u>	<u>Vice President</u>
<u>Timothy Francis Benson</u>	<u>Vice President</u>	<u>Robert Glenn DeOrsey</u>	<u>Vice President</u>
<u>Michael Dennis Lynch</u>	<u>Vice President</u>	<u>Rajani Mahadevan</u>	<u>Vice President</u>

DIRECTORS OR TRUSTEES

<u>Margaret Mary Antone</u>	<u>Harry Robert Bacon</u>	<u>Raymond Christopher Coia</u>	<u>Richard James DeRienzo</u>
<u>James Vincent Rosati</u>	<u>Michael John Ruggieri</u>	<u>Carol Elaine Saccucci</u>	<u>John Francis Treanor</u>

State of Rhode Island

County of Kent ss

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

<u>(Signature)</u> <u>James Vincent Rosati</u>	<u>(Signature)</u> <u>Brian Joseph Spero</u>	<u>(Signature)</u> <u>Cynthia Lee Lawlor</u>
<u>(Printed Name)</u> <u>1.</u>	<u>(Printed Name)</u> <u>2.</u>	<u>(Printed Name)</u> <u>3.</u>
<u>President & CEO</u>	<u>COO & Assistant Secretary</u>	<u>Chief Financial Officer</u>
<u>(Title)</u>	<u>(Title)</u>	<u>(Title)</u>

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 2013, by _____

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	305,103,416		305,103,416	291,611,104
2. Stocks (Schedule D):				
2.1 Preferred stocks	1,047,400		1,047,400	17,094,000
2.2 Common stocks	33,704,533		33,704,533	40,095,850
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	12,483,211		12,483,211	12,836,736
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (1,589,641), Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 11,679,005, Schedule DA)	10,089,364		10,089,364	6,880,231
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	445,134		445,134	424,888
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	362,873,058		362,873,058	368,942,809
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,438,003		3,438,003	3,642,917
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,843,001	36,212	2,806,789	4,435,020
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	25,799,632	2,762	25,796,870	23,618,639
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	510,082		510,082	423,133
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	667,285	458,102	209,183	276,060
21. Furniture and equipment, including health care delivery assets (\$ 0)	137,399	137,399		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				131,060
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	2,699,126	1,689,449	1,009,677	968,365
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	398,967,586	2,323,924	396,643,662	402,438,003
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	398,967,586	2,323,924	396,643,662	402,438,003

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	1,655,825	1,655,825		
2502. SERP Accounts	1,009,677		1,009,677	968,365
2503. Miscellaneous Receivables	33,624	33,624		
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,699,126	1,689,449	1,009,677	968,365

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	135,847,010	147,589,784
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	269,513	435,799
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	25,234,769	27,826,056
4. Commissions payable, contingent commissions and other similar charges	3,138,972	3,014,543
5. Other expenses (excluding taxes, licenses and fees)	6,502,191	6,686,097
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	7,378,957	6,672,852
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 89,377 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)	50,884,215	47,721,168
10. Advance premium	2,592,926	2,393,522
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	5,278,361	3,564,088
12. Ceded reinsurance premiums payable (net of ceding commissions)	907,941	20,788
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	97,450	86,224
15. Remittances and items not allocated	125,367	176,568
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		3,591
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	909,054	86,809
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	239,166,726	246,277,889
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	239,166,726	246,277,889
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	20,758,685	20,758,685
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	136,718,251	135,401,429
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	157,476,936	156,160,114
38. Totals (Page 2, Line 28, Col. 3)	396,643,662	402,438,003

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	830,241	
2502. Retroactive Reinsurance Reserve Assumed	78,387	86,809
2503. Miscellaneous Liabilities	426	
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	909,054	86,809
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	NONE	
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. Capital assessment by RI Dept of Labor to provide residual market	20,758,685	20,758,685
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	20,758,685	20,758,685

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	94,165,417	85,008,388
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	60,727,776	49,290,379
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	16,324,168	16,403,772
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	34,813,412	32,566,889
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	111,865,356	98,261,040
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(17,699,939)	(13,252,652)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	18,757,978	13,376,610
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	5,718,428	4,664,669
11. Net investment gain (loss) (Lines 9 + 10)	24,476,406	18,041,279
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 149,105 amount charged off \$ (323,472))	(174,367)	(74,662)
13. Finance and service charges not included in premiums	148,655	139,855
14. Aggregate write-ins for miscellaneous income	42,382	145,982
15. Total other income (Lines 12 through 14)	16,670	211,175
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	6,793,137	4,999,802
17. Dividends to policyholders	4,220,408	2,692,971
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)	2,572,729	2,306,831
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	2,572,729	2,306,831
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	156,160,114	156,419,186
22. Net income (from Line 20)	2,572,729	2,306,831
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(1,989,727)	(2,718,853)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	733,820	152,950
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
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		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,316,822	(259,072)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	157,476,936	156,160,114

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Impaired Loss - Subsidiary	63,507	
1402. Gain (Loss) on Disposal of Assets	3,375	
1403. Interest Expense	(250)	(3,538)
1498. Summary of remaining write-ins for Line 14 from overflow page	(24,250)	149,520
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	42,382	145,982
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	98,057,858	82,859,062
2. Net investment income	20,446,115	15,497,181
3. Miscellaneous income	16,669	196,093
4. Total (Lines 1 through 3)	118,520,642	98,552,336
5. Benefit and loss related payments	72,714,685	71,603,326
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	53,091,340	50,095,181
8. Dividends paid to policyholders	2,506,135	1,917,289
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	128,312,160	123,615,796
11. Net cash from operations (Line 4 minus Line 10)	(9,791,518)	(25,063,460)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	88,734,059	82,220,563
12.2 Stocks	33,214,895	26,455,906
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		68,654
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		3,591
12.8 Total investment proceeds (Lines 12.1 to 12.7)	121,948,954	108,748,714
13. Cost of investments acquired (long-term only):		
13.1 Bonds	99,061,559	57,206,018
13.2 Stocks	10,677,667	32,441,803
13.3 Mortgage loans		
13.4 Real estate	16,763	
13.5 Other invested assets		
13.6 Miscellaneous applications	3,591	88,753
13.7 Total investments acquired (Lines 13.1 to 13.6)	109,759,580	89,736,574
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	12,189,374	19,012,140
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		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	811,277	276,917
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	811,277	276,917
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,209,133	(5,774,403)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,880,231	12,654,634
19.2 End of year (Line 18 plus Line 19.1)	10,089,364	6,880,231

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	97,328,464	47,721,168	50,884,214	94,165,418
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess workers' compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	97,328,464	47,721,168	50,884,214	94,165,418

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liability—claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	49,723,566			1,160,648	50,884,214
17.1 Other liability—occurrence					
17.2 Other liability—claims-made					
17.3 Excess workers' compensation					
18.1 Products liability—occurrence					
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	49,723,566			1,160,648	50,884,214
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					50,884,214

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	101,367,035		4,392,884		8,431,455	97,328,464
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess workers' compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	101,367,035		4,392,884		8,431,455	97,328,464

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

NONE

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] 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								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	72,787,528	3,290,111	3,607,089	72,470,550	135,847,011	147,589,784	60,727,777	64.491
17.1 Other liability—occurrence								
17.2 Other liability—claims-made								
17.3 Excess workers' compensation								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	72,787,528	3,290,111	3,607,089	72,470,550	135,847,011	147,589,784	60,727,777	64.491

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			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 Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	125,924,824	4,855,520	34,346,585	96,433,759	43,677,464	5,753,978	10,018,190	135,847,011	25,234,769
17.1 Other liability—occurrence									
17.2 Other liability—claims-made									
17.3 Excess workers' compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	125,924,824	4,855,520	34,346,585	96,433,759	43,677,464	5,753,978	10,018,190	135,847,011	25,234,769
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,745,437			2,745,437
1.2 Reinsurance assumed	422,796			422,796
1.3 Reinsurance ceded	(222,439)			(222,439)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,390,672			3,390,672
2. Commission and brokerage:				
2.1 Direct, excluding contingent		6,574,047		6,574,047
2.2 Reinsurance assumed, excluding contingent		925,669		925,669
2.3 Reinsurance ceded, excluding contingent		1,494,348		1,494,348
2.4 Contingent—direct		2,952,991		2,952,991
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		(36,281)		(36,281)
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		8,994,640		8,994,640
3. Allowances to manager and agents				
4. Advertising		367,073		367,073
5. Boards, bureaus and associations		583,693		583,693
6. Surveys and underwriting reports		39,988		39,988
7. Audit of assureds' records		186,565		186,565
8. Salary and related items:				
8.1 Salaries	7,206,780	7,545,534	132,576	14,884,890
8.2 Payroll taxes	538,804	564,965	9,898	1,113,667
9. Employee relations and welfare	1,957,382	2,052,319	35,958	4,045,659
10. Insurance	255,189	267,447	4,688	527,324
11. Directors' fees	77,813	81,808	1,429	161,050
12. Travel and travel items	63,361	150,135	1,676	215,172
13. Rent and rent items	740,477	805,173		1,545,650
14. Equipment	400,027	947,885	10,580	1,358,492
15. Cost or depreciation of EDP equipment and software	232,176	550,153	6,140	788,469
16. Printing and stationery	64,974	153,627	1,718	220,319
17. Postage, telephone and telegraph, exchange and express	191,514	463,276	5,065	659,855
18. Legal and auditing	1,143,036	1,878,618	25,615	3,047,269
19. Totals (Lines 3 to 18)	12,871,533	16,638,259	235,343	29,745,135
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		9,051,234		9,051,234
20.2 Insurance department licenses and fees	61,963	71,043	1,138	134,144
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		58,236		58,236
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	61,963	9,180,513	1,138	9,243,614
21. Real estate expenses			747,040	747,040
22. Real estate taxes			269,761	269,761
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			406,589	406,589
25. Total expenses incurred	16,324,168	34,813,412	1,659,871	(a) 52,797,451
26. Less unpaid expenses—current year	25,234,769	17,020,121		42,254,890
27. Add unpaid expenses—prior year	27,826,056	16,373,493		44,199,549
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	18,915,455	34,166,784	1,659,871	54,742,110

DETAILS OF WRITE-IN LINES				
2401. Investment Expense			406,589	406,589
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			406,589	406,589

(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) 2,108,211	1,941,857
1.1 Bonds exempt from U.S. tax	(a) 9,696	56,995
1.2 Other bonds (unaffiliated)	(a) 10,519,764	10,455,576
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 111,906	104,094
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	700,953	687,094
2.21 Common stocks of affiliates	6,000,000	6,000,000
3. Mortgage loans	(c)	
4. Real estate	(d) 1,518,550	1,518,550
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 584	584
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	23,387	23,387
10. Total gross investment income	20,993,051	20,788,137
11. Investment expenses		(g) 1,658,733
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,138
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 370,287
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		2,030,158
17. Net investment income (Line 10 minus Line 16)		18,757,979

DETAILS OF WRITE-IN LINES			
0901. SERP Accounts		23,387	23,387
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		23,387	23,387
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 65,692 accrual of discount less \$ 1,256,746 amortization of premium and less \$ 461,322 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 \$ 1,518,550 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 1,658,733 investment expenses and \$ 1,138 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 \$ 370,287 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	1,819,286		1,819,286		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	2,538,233		2,538,233	(831,893)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	269,567		269,567	169,200	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,089,086		1,089,086	2,849,123	
2.21 Common stocks of affiliates				(4,277,666)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets		(325)	(325)	20,572	
9. Aggregate write-ins for capital gains (losses)	2,581		2,581	80,937	
10. Total capital gains (losses)	5,718,753	(325)	5,718,428	(1,989,727)	

DETAILS OF WRITE-IN LINES					
0901. SERP Accounts		2,581	2,581	80,937	
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		2,581	2,581	80,937	

NONE Exhibit of Nonadmitted Assets

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of The Beacon Mutual Insurance Company (the "Company") have been prepared in conformity with insurance accounting practices prescribed or permitted by the Rhode Island Insurance Department. 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 Commissioners' (NAIC) Accounting Practices and Procedures Manual.

SSAP 97 requires investments in subsidiaries to be carried at the entity's underlying audited statutory equity. As the Castle Hill Insurance subsidiary ("Castle Hill") has been inactive since its inception, the State of Rhode Island has granted the subsidiary an exemption from filing audited financial statements. As such, the State of Rhode Island has also granted a permitted practice to allow Castle Hill to be recorded on the Company's balance sheet as an invested asset at its unaudited statutory equity value.

A summary of the impact of the permitted practice on the Company's net income and surplus as a result of recording Castle Hill as an invested asset is estimated to be as follows:

	December 31, 2012		December 31, 2011	
	<u>Surplus</u>	<u>Net Income</u>	<u>Surplus</u>	<u>Net Income</u>
Rhode Island Basis	\$157,476,936	\$2,572,729	\$156,160,114	\$2,306,831
State Permitted Practice:				
Value of Castle Hill subsidiary	(\$1,264,386)	-	(\$24,542,052)	-
NAIC SAP	\$156,212,550	\$2,572,729	\$131,618,062	\$2,306,831

See footnote 10B for an explanation of the decrease in the value of the Castle Hill subsidiary.

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

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the Company's loss and loss adjustment expense reserves which have a significant effect on Incurred Losses and Loss Adjustment Expenses and related Net Income. Actual results could differ from these estimates.

C. Accounting Policies

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

Real estate investments are classified in the balance sheet as properties occupied by the Company and carried at depreciated cost less encumbrances, if any. The fair values reported in Schedule A - Part 1 were obtained from an external independent appraisal company with values as of December 12, 2008.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair market value.

NOTES TO FINANCIAL STATEMENTS

2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
3. Common stocks, other than investments in stocks of subsidiaries, are stated at fair market value.
4. Redeemable preferred stocks are stated at cost or amortized cost in accordance with NAIC guidance. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. The Company does not own mortgage loans.
6. Loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities.
7. The Company values its investments in subsidiaries as follows: GAAP basis for BMIC Service Corporation and the Statutory Equity Method for Castle Hill Insurance Company as described in part Eight, Section 3a(ii) C and Part Eight Section 3 a (ii) A & F, respectively, of the NAIC Purposes and Procedures Manual of the Securities Valuation Office.
8. The Company has minor ownership interests in joint ventures and partnerships which are carried at fair market value.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2012.
11. The Company provides reserves for unpaid insurance losses and loss adjustment expenses which cover events that occurred in the current and prior years. These reserves reflect estimates of the total cost of claims reported but not yet paid, and the cost of claims not yet reported, as well as the estimated expenses necessary to settle the claims. Reserve estimates are based on past loss experience modified for current claim trends as well as prevailing social, economic and legal conditions. Final claim payments may ultimately differ from the established reserves, particularly when these payments may not occur for several years. Reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

Reserves are reduced for amounts to be recovered through reinsurance agreements but are not discounted or reduced for estimated salvage and subrogation recoveries. Salvage and subrogation recoveries are recorded when received.
12. The Company has a written capitalization policy for the purchase of items such as land, buildings and improvements, leasehold improvements, furniture and equipment, leased property, software, electronic data processing equipment, vehicles and other equipment. No change has taken place during the year.
13. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

5. Investments

- A. The Company does not invest in mortgages loans, including mezzanine real estate loans.

NOTES TO FINANCIAL STATEMENTS

- B. The Company does not invest in debt restructuring.
- C. The Company does not invest in reverse mortgages.
- D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage backed/ asset-backed securities were obtained from an external investment manager.
2. Not applicable.
3. The Company did not recognize an other-than-temporary impairment during 2012.
4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

a. The aggregate amount of unrealized losses:		
1. Less than 12 Months	\$	(91,004)
2. 12 Months or Longer		<u>(5,809)</u>
		(96,813)
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months	\$	10,144,501
2. 12 Months or Longer		<u>1,361,927</u>
		11,506,428

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2012, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2012, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other than temporary impairments in the future on some of the securities held at December 31, 2012 if future events, information, and the passage of time causes it to conclude that declines in value are other than temporary.

E. Repurchase Agreements

Not applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales and Retail Land Sales

Not applicable

G. Low Income Housing Tax Credits

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. When it appears probable that the Company will be unable to recover the outstanding carrying value of an investment, or there is evidence indicating an inability of the investee to sustain earnings which would justify the carrying value of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the carrying value over the estimated fair value of the investment. During 2012, the Company did not recognize any impairments for its investments in Point Judith Venture Fund or Minority Investment Development. The estimated fair value was determined by evaluating the Company's current equity value in the underlying investment, performed by assessing the corporations' balance sheet and current financial condition.

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:
All investment income due and accrued with amounts that are over 90 days past due.

B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

The Company is tax exempt under section 501 (c) (27) of the Internal Revenue Code.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is a non-profit public corporation organized and operated as a domestic mutual insurance company under the laws enacted by the Rhode Island legislature. In accordance with its enabling legislation, the Company is managed by a Board of Directors, the majority of whom serve via appointment by the Governor of the State of Rhode Island. The Company is not directly or indirectly owned or controlled by any other Company. The Company is a parent company of its wholly owned subsidiaries - BMIC Service Corporation and Castle Hill Insurance Company.

The Company's charter provides extraordinary provisions to ensure the continued adequacy of the Company's capitalization and solvency. Most importantly, the Company's charter provides for the implementation and continuation of a special state-wide capital assessment funding mechanism to be administered by the Rhode Island Department of Labor and Training, as a means to establish and maintain the reserves and surplus required for the company to meet policyholder obligations and serve Rhode Island's residual risk market. Provisions for the Capital Assessment are set forth in Public Law 2003, Chapter 410, Section 19 which provides that the Director of the Rhode Island Department of Business Regulation shall place an assessment (for the benefit of the Company) upon all premiums for workers' compensation and employers' liability insurance written or renewed within the State in an amount required to ensure both the solvency of the Company and the Company's ability to establish surplus reasonably adequate to allow it to write required insurance. If required, such law provides for continuing capital assessment funding of the Company at whatever level may be necessary to assure the Company's future solvency on an indefinite basis.

B. Detail of Transactions Greater than 1/2% of Admitted Assets

By resolution of the Company's Board of Directors on November 13, 2012, the Company was granted approval to restructure Castle Hill by redeeming all of its issued and outstanding preferred stock and 4,000 shares of common stock at a redemption price of par value per share, totaling \$19,000,000. The shares were redeemed by a transfer of fixed income securities at fair market value as of December 10, 2012, accrued income on those securities, and the residual amount in short term money market funds.

In accordance with SSAP 25, *Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties*, the Company deferred the net effects of the gain and increase in surplus resulting by recording a deferred gain and a decrease to surplus. The deferred gain will be recognized by the Company when arms length transactions with independent third parties give rise to appropriate recognition of the gain.

Subsequent to the stock redemption on December 27, 2012, a dividend of \$6,000,000 was declared by Castle Hill and paid by a transfer of short term money market funds for the 1,000 outstanding common stock shares held by the Company.

C. Change in Terms of Intercompany Arrangements

See disclosure in B.

NOTES TO FINANCIAL STATEMENTS

D. Amounts Due to or from Related Parties

At the end of the current year, the Company has no current year amounts payable to or due from its subsidiaries. The inception-to-date impairment of the BMIC Service Corporation receivable at December 31, 2012 and 2011 is \$440,922 and \$504,428, respectively; no additional impairments were necessary during 2012 and the Company recognized a recovery on impaired receivables of \$63,506 from BMIC Service Corporation in 2012.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiaries.

G. Nature of Relationships that Could Affect Operations

Not applicable

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in SCA Entity Greater than 10% of Admitted Assets

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2012.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2012.

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

A. The Company has no defined benefit plans.

B. The Company sponsors a qualified 401(k) defined contribution plan for all employees. The Company matches 50% of the employee's contribution up to 6% of an individual's gross salary and may contribute additional amounts as authorized by the Board of Directors within IRS limitations on compensation, elective deferrals and annual additions. Employees vest ratably in the matching contribution over five years. The Company's expense under this plan totaled \$1,714,005 and \$1,620,630 for the years ended December 31, 2012 and 2011, respectively. At December 31, 2012, the fair value of plan assets was \$40,443,445.

C. Multiemployer Plan

Not applicable

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

During 2003, the Company entered into employment agreements with certain key employees; the Company's total commitment for officers under these employment agreements was \$2,180,471 at December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

The Company also established a Rabbi Trust for a former executive officer, during 2002, with an initial value of \$1,358,258. This account includes bonds, equities and money market funds; the fair value of the trust was \$478,685 at December 31, 2012 and is listed in other assets of the Company. During 2007, an additional trust was established for an active senior executive with initial funding of \$75,000. Additional annual payments of \$75,000 were made for years 2008 through 2012. In addition, payments of \$75,000 are scheduled to be made for the next year subject to the executive remaining employed by the Company. This trust account includes bonds, equities and money market funds; the fair value of the trust was \$530,992 at December 31, 2012 and is listed in other assets of the Company.

Obligations for post-employment benefits and compensated absences have been accrued in accordance with SSAP 11.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 02-17)

The Company does not sponsor a postretirement health care benefit plan.

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

A. Authorized and Outstanding Shares

Not applicable

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Policyholder dividends are paid out of unassigned surplus in accordance with a percentage or amounts approved by the Board of Directors. Dividends declared and unpaid are recorded as a liability. The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its enabling act, the Company may declare a dividend when there is an excess of assets over liabilities and minimum surplus requirements.

The Company maintains a shared earnings program in support of its loss prevention and claim cost containment initiatives. Shared earnings are computed 18 months after policy inception based on an individual policy's incurred loss experience. These shared plans are estimated, accrued and accounted for as retrospectively rated policies.

D. Dates and Amounts of Dividends Paid

In December 2012, the Board of Directors declared a dividend of 4% of final audited premium, representing approximately \$4,135,021, to be paid to all eligible policyholders of record as of December 30, 2012. In December 2011, the Board of Directors declared a dividend of 3% of final audited premium, representing approximately \$2,787,994, to be paid to all eligible policyholders of record as of December 30, 2011.

E. Amount of Ordinary Dividends that May Be Paid

No restriction other than stated above.

F. Restrictions on Unassigned Funds

There were no restrictions placed on the Company's surplus.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

NOTES TO FINANCIAL STATEMENTS

J. Change in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains (net of losses) is as follows:

Unrealized gains or (losses): \$1,765,138

K. Surplus Notes

Not applicable

L. Impact of Quasi-Reorganizations

Not applicable

M. Date of Quasi-Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

Not applicable

B. Guaranty Fund and Other Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. All Other Contingencies FOR DISCUSSION AT AUDIT COMMITTEE MEETING

The Company is and may become involved in various actions and legal proceedings arising out of and incidental to its normal course of business. Management, based on its review with counsel, is unable to reasonably estimate the impact and scope of any potential liability, if any, that may exist as a result of these actions or proceedings.

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office equipment under various noncancelable operating lease agreements that expire in 2017. Total lease and rent expense for 2012 and 2011 was approximately \$1,558,020 and \$1,729,478, respectively. Rental expense recognized as part of occupancy costs and included in lease and rent expense totalled \$1,477,750 in each year.

2. Future minimum aggregate lease commitments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	48,144
2014	26,668
2015	25,092
2016	25,092
2017	<u>2,091</u>
	\$127,087

The Company is not involved in any sales – leaseback arrangement.

B. Lessor Leasing Arrangements

The Company owns a commercial real estate building which leases office space to a tenant. The typical lease period is five years. The Company is responsible for the payment of property tax, insurance, and repair and maintenance costs related to the leased property. The Company records expenses related to the building as investment expenses and accrues lease payments due as investment income.

NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments receivable under the noncancelable leasing arrangement as of December 31, 2012 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 44,700
2014	47,400
2015	<u>12,000</u>
	\$ 104,100

16. Information About Financial Instruments With Off-Balance Sheet Risk

The Company does not have any financial instruments with off-balance sheet risk.

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

Not Applicable

C. Wash Sales

1. Occasionally, market conditions prevail such that a security fitting a sell profile will resurface quickly as an attractive investment for purchase. In these circumstances, investment opportunities are taken irrespective of the proximity of prior transaction dates.
2. At December 31, 2012, no securities with an NAIC Designation 3 or below were sold and reacquired within 30 days of the sale date.

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

The Company does not write Accident & Health business.

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

The Company does not utilize managing general agents or third party administrators to write business.

20. Fair Value Measurement

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

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

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 –Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 –Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, prepayment speeds, spreads and yield curves.

Level 3 –Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

	Level 1	Level 2	Level 3	Total
<i>Assets at fair value</i>				
Preferred Stock	-	\$1,047,400	-	\$1,047,400
Common Stock	\$32,440,147	-	-	\$32,440,147
Total	<u>\$32,440,147</u>	<u>\$1,047,400</u>	-	<u>\$33,487,547</u>

NOTES TO FINANCIAL STATEMENTS

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 between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

During 2012, the Company had no transfers into or out of Level 3.

2. Rollforward of Level 3 Items

The Company has no assets or liabilities 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. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

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

The Company's investments in bond and debt securities and preferred stock reported at fair value are classified in Level 2. Fair values of the investments reported in this category are provided by independent pricing services. Where independent pricing services provide fair values, the Company has obtained an understanding of the methods, models and inputs used in pricing and has controls in place to validate that the amounts provided represent current fair values.

Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. Because some preferred and common stocks do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates.

B. Other Fair Value Disclosures

Not applicable

C. Reasons Not Practical to Estimate Fair Values

Not applicable

21. Other Items

A. Extraordinary Items

Not applicable

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

No securities other than those indicated in Schedule E Part 3 have been pledged as collateral.

D. Uncollectible Premiums Receivable

At December 31, 2012 and 2011 the Company has admitted assets of \$28,603,658 and \$29,474,888, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Balances over 90 days have been non-admitted per NAIC guidance. A Bad Debt Reserve for \$98,603 has been established for balances less than 90 days at December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

During 2012 and 2011 there were no transferable state tax credits.

G. Subprime Mortgage Related Risk Exposure

1. The Company's exposure to subprime lending is limited to investments within the fixed income investment portfolio which contains asset-backed securities that are backed by subprime loans. The Company believes its greatest exposure is to unrealized losses from declines in asset values rather than realized losses resulting from future defaults. The Company manages its subprime risk exposure by limiting its holdings in these types of securities, continuing its conservative investment guidelines, maintaining high credit quality investments, and performing ongoing analysis of its portfolio.

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposures – Other Investment Classes

a. Structured Securities

The values of structured securities in the investment portfolio with subprime exposure are as indicated below. These securities represent less than 1% of the total fixed income investment portfolio.

	Cost	Book/Adjusted Carrying Value	Fair Value	Impairments Recognized	Rating
Subprime/HELOC	\$540,370	\$538,726	\$514,192	(24,895)	B+/CCC-

4. Underwriting Exposure

Not applicable

22. Events Subsequent

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Unsecured reinsurance recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium in excess of 3% of the Company's policyholder surplus is as follows:

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurance</u>	(000 omitted) <u>Amount</u>
22039	13-2673100	General Reinsurance Corp.	\$43,843

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2012.

C. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore return commission is zero. At December 31, 2012, the unearned premium reserves for direct and assumed premiums were \$48,123,926 and \$1,599,640, respectively. The unearned premium reserves for ceded premiums was \$89,377 at December 31, 2012.

Certain reinsurance contracts provide for additional or return contingent commission based on actual loss experience of the reinsured business. The Company has contingent commission receivable of \$240,177 at December 31, 2012.

D. Uncollectible Reinsurance

None

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company commuted one reinsurance contract during 2012 with General Reinsurance Corp. The Company recognized the amounts received from the reinsurer as a reduction to ceded losses and direct cost containment (DCC) reserves to recognize the effect of releasing the reinsurer from its obligation under the contract. The net effect of the commutation was a decrease in losses and DCC incurred of \$199,253. This amount is shown below by Statement of Income classification:

Losses Incurred	\$ (198,612)
DCC Incurred	<u>(641)</u>
	\$ (199,253)

F. Retroactive Reinsurance

Part (1)

1. Reserves Transferred:		Assumed
a. Initial Reserves		(\$1,845,479)
b. Adjustments – Prior Yr.		237,871
c. Adjustments – Current Yr.		<u>(8,824)</u>
d. Current Total		(\$1,616,432)
2. Consideration Paid or Received:		
a. Initial Consideration		\$ 1,845,479
b. Adjustments – Prior Yr.		-
c. Adjustments – Current Yr.		<u>-</u>
d. Current Total		\$ 1,845,479
3. Paid Losses Reimbursed or Recovered:		
a. Prior Year		\$ 1,520,800
b. Current Year		<u>17,245</u>
c. Current Total		\$ 1,538,045
4. Special Surplus from Retroactive Reinsurance:		
a. Initial Surplus Gain or Loss		\$ -
b. Adjustments – Prior Year		237,871
c. Adjustments – Current Year		<u>(8,824)</u>
d. Current Year Restricted Surplus		-
e. Cumulative total Transferred to Unassigned Funds		\$ 229,047

In 2012, the Company has no ceded retroactive reinsurance.

5. Insurers included in the above transactions:

Fairfield Insurance	NAIC#44784	\$1,616,432
---------------------	------------	-------------

G. Reinsurance Accounted for as a Deposit

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

The Company maintains a shared earnings program in support of its loss prevention and claim cost containment initiatives. Shared earnings are computed 18 months after policy inception based on an individual policy's incurred loss experience. These shared plans are estimated, accrued and accounted for as retrospectively rated policies.

B. Method Used to Record

The Company records the retrospective premium accruals as earned by adjusting unearned premiums. These amounts are not recorded as premiums written until they are billed to the policyholders. Return premiums are recorded as liabilities and additional premiums are recorded as assets.

C. Amount and Percent of Net Retrospective Premiums

See Schedule P - Part 7A

D. Calculation of Nonadmitted Accrued Retrospective Premiums

The Company has no accrued additional retrospective premiums as of December 31, 2012 and, therefore, no nonadmitted retrospective premium.

NOTES TO FINANCIAL STATEMENTS

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$9 million during 2012. Decreases (or increases) of this nature take place as the result of settlement of claims during the year as well as the ongoing review of claim reserves as additional information becomes available.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

a. Reserves Released due to Purchase of Annuities

The Company has purchased annuities with the claimant as payee and has received a signed release from the claimant eliminating any future liability for the Company. The Company has released reserves of \$2,091,546 and \$650,015 through the purchase of annuities during 2012 and 2011, respectively.

b. Annuity Life Insurers with Balances due Greater than 1% of Policyholder's Surplus

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 53 - Property-Casualty Contract Premiums and was not required to record a premium deficiency reserve as of December 31, 2012.

31. High Deductibles

The Company has no High Deductible plans.

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

The Company does not discount unpaid losses and unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

The likelihood of material liability related to asbestos and environmental loss is remote since reported claim activity levels are minimal and the Company does not write lines of business which are typically exposed to such losses. To-date, payments of \$172,245 have been made for nine claims including denial and dismissal settlements and loss expenses; there are currently no outstanding reserves.

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

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(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....

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

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

.....

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Pricewaterhouse Coopers, LLP; 125 High Street; Boston, MA 02110

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

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

.....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

.....

GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A

10.6 If the response to 10.5 is no or n/a, please explain:

.....

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

David Mohrman; Towers Watson; 175 Powder Forest Drive; Weatogue, CT 06089-9658

.....

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

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?

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

Yes No

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

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

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

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 thereof? Yes [X] No []

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

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

FINANCIAL

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

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

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

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	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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	\$ _____

GENERAL INTERROGATORIES

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

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

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided):

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. \$ _____

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 \$ _____

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

24.103 Total payable for securities lending reported on the liability page \$ _____

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	\$ _____
	25.22	Subject to reverse repurchase agreements	\$ _____
	25.23	Subject to dollar repurchase agreements	\$ _____
	25.24	Subject to reverse dollar repurchase agreements	\$ _____
	25.25	Pledged as collateral	\$ <u>16,841,660</u>
	25.26	Placed under option agreements	\$ _____
	25.27	Letter stock or securities restricted as to sale	\$ _____
	25.28	On deposit with state or other regulatory body	\$ <u>1,267,515</u>
	25.29	Other	\$ _____

25.3 For category (25.27) provide the following:

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

GENERAL INTERROGATORIES

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement. Yes No N/A
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America	100 Federal Street; Boston, MA 02110

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

1 Central Registration Depository Number(s)	2 Name	3 Address
105900	New England Asset Management	76 Batterson Park Road, Farmington, CT 06032

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/Adjusted Carrying Value
78462F-10-3	SPDR S&P 500 ETF TRUST	17,559,153
464287-23-4	ISHARES MSCI EMERGING MKT IN	4,732,145
464286-67-3	ISHARES MSCI SINGAPORE	287,490
29.2999 TOTAL		22,578,788

GENERAL INTERROGATORIES

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
SPDR S&P 500 ETF TRUST	Apple Inc.	690,075	12/31/2012
SPDR S&P 500 ETF TRUST	Exxon Mobil Corporation	544,334	12/31/2012
SPDR S&P 500 ETF TRUST	General Electric Co	303,773	12/31/2012
SPDR S&P 500 ETF TRUST	Chevron Corp New	291,482	12/31/2012
SPDR S&P 500 ETF TRUST	International Business Mach	280,946	12/31/2012
ISHARES MSCI EMERGING M	Samsung Electr Co Ltd	195,438	12/31/2012
ISHARES MSCI EMERGING M	Taiwan Semiconductor Manuf	95,589	12/31/2012
ISHARES MSCI EMERGING M	China Mobil Ltd	87,545	12/31/2012
ISHARES MSCI EMERGING M	China Construction Bank-H	70,982	12/31/2012
ISHARES MSCI EMERGING M	Gazprom Oao	61,045	12/31/2012
ISHARES MSCI SINGAPORE I	DBS Group Holding Ltd	30,991	12/31/2012
ISHARES MSCI SINGAPORE I	Singapore Telecom Ltd	29,841	12/31/2012
ISHARES MSCI SINGAPORE I	United Overseas Bank Ltd	29,036	12/31/2012
ISHARES MSCI SINGAPORE I	Oversea-Chinese Banking Corp	28,778	12/31/2012
ISHARES MSCI SINGAPORE I	Keppel Corp Ltd	19,147	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	316,782,421	345,616,378	28,833,957
30.2 Preferred stocks	1,047,400	1,047,400	
30.3 Totals	317,829,821	346,663,778	28,833,957

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

Fair values were obtained from pricing services such as Merrill Lynch indices, Interactive Data Corp, Reuters, S&P and Bloomberg.

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

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:

Fair values have not been obtained from brokers/custodians; pricing has been obtained from pricing services such as Merrill Lynch indices, Interactive Data Corp, Reuters, S&P and Bloomberg.

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

Yes No

32.2 If no, list exceptions:

OTHER

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

\$ 604,885

GENERAL INTERROGATORIES

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
NCCI	\$ 586,165
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 975,549

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
Bingham McCutchen, LLP	\$ 565,756
.....	\$
.....	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 75,000

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
RCF & P Professional Services	\$ 50,000
Gayle Wolf	\$ 25,000
.....	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only. \$ _____

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		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ _____		\$ _____	
2.3 Premium Ratio (2.1/2.2)				
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ _____		\$ _____	
2.6 Reserve Ratio (2.4/2.5)				

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

4.2 Does the reporting entity issue non-assessable policies? Yes [X] 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 [X]

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
 The Company has excess of loss workers' compensation treaties as well as catastrophe coverage which provides additional protection.

.....

.....

.....

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
N/A. The Company is a monoline workers' compensation carrier.
- 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?
Property Insurance is not written.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
- 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 []
- 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 [X] No []
- 8.2 If yes, give full information
In 2002, 25 GenRe insurance claims were capped at \$5,532,5233 in the aggregate. Of the 25 capped claims, 23 are closed and will not have an impact on losses. Additionally, reinsurance claims with GenRe for the policy years 7/1/2003 - 6/30/2004 and 7/1/2004 - 6/30/2005 have been commuted.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 11.2 If yes, give full information

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|---|--|----|--|
| 12.11 Unpaid losses | | \$ | |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | |
- 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? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | |
|------------|--|--|---------|
| 12.41 From | | | _____ % |
| 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
- 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): \$ _____
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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

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

- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | | 1 | 2 | 3 | 4 | 5 |
|------------------|----|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ | | | | | |
| 16.12 Products | \$ | | | | | |
| 16.13 Automobile | \$ | | | | | |
| 16.14 Other* | \$ | | | | | |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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

18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

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

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2012	2011	2010	2009	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)	105,759,919	94,109,182	89,235,244	94,652,704	115,130,156
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	105,759,919	94,109,182	89,235,244	94,652,704	115,130,156
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)	97,328,464	86,658,347	81,206,967	87,479,192	105,158,550
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	97,328,464	86,658,347	81,206,967	87,479,192	105,158,550
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(17,699,939)	(13,252,652)	(18,068,565)	(16,130,183)	(5,245,644)
14. Net investment gain (loss) (Line 11)	24,476,406	18,041,279	25,746,358	22,475,899	13,248,214
15. Total other income (Line 15)	16,670	211,175	447,289	165,275	2,206,706
16. Dividends to policyholders (Line 17)	4,220,408	2,692,971	2,788,406	2,062,452	6,284,776
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	2,572,729	2,306,831	5,336,676	4,448,539	3,924,500
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	396,643,662	402,438,003	423,848,874	435,956,842	443,691,963
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	2,806,789	4,435,020	4,438,861	4,678,127	3,606,916
20.2 Deferred and not yet due (Line 15.2)	25,796,870	23,618,639	19,967,285	20,629,916	24,575,899
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	239,166,726	246,277,889	267,429,688	283,458,524	301,792,949
22. Losses (Page 3, Line 1)	135,847,010	147,589,784	169,873,383	181,688,419	192,594,654
23. Loss adjustment expenses (Page 3, Line 3)	25,234,769	27,826,056	30,063,979	33,006,924	32,875,234
24. Unearned premiums (Page 3, Line 9)	50,884,215	47,721,168	44,871,554	46,633,860	53,944,043
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	157,476,936	156,160,114	156,419,186	152,498,318	141,899,014
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(9,791,518)	(25,063,460)	(18,237,904)	(16,283,265)	(16,820,531)
Risk-Based Capital Analysis					
28. Total adjusted capital	157,476,936	156,160,114	156,419,186	152,498,318	141,899,014
29. Authorized control level risk-based capital	16,177,542	15,535,933	15,568,754	15,726,480	14,978,363
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)	84.1	79.0	80.3	82.6	76.0
31. Stocks (Lines 2.1 & 2.2)	9.6	15.5	13.0	14.3	12.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	3.4	3.5	3.4	3.4	3.4
34. Cash, cash equivalents and short-term investments (Line 5)	2.8	1.9	3.2	(0.3)	8.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)	0.1	0.1	0.1	0.1	0.1
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)				X X X	X X X
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)		15,000,000	15,000,000	15,000,000	15,000,000
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	1,264,386	9,542,052	8,965,867	8,090,403	7,441,927
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	1,264,386	24,542,052	23,965,867	23,090,403	22,441,927
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)	0.8				

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)	(1,989,727)	(2,718,853)	(2,400,299)	6,841,053	(7,366,774)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	1,316,822	(259,072)	3,920,868	10,599,304	(2,167,890)
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)	76,077,639	73,646,895	68,118,352	72,302,928	78,853,920
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	76,077,639	73,646,895	68,118,352	72,302,928	78,853,920
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)	72,470,550	71,573,978	67,150,912	71,071,569	76,870,668
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	72,470,550	71,573,978	67,150,912	71,071,569	76,870,668
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)	64.5	58.0	66.3	63.7	58.0
68. Loss expenses incurred (Line 3)	17.3	19.3	17.9	18.8	14.4
69. Other underwriting expenses incurred (Line 4)	37.0	38.3	37.4	34.6	32.4
70. Net underwriting gain (loss) (Line 8)	(18.8)	(15.6)	(21.7)	(17.1)	(4.8)
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)	35.8	37.3	37.9	37.2	31.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	81.8	77.3	84.2	82.5	72.4
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)	61.8	55.5	51.9	57.4	74.1
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)	(8,711)	(21,459)	(17,865)	(20,875)	(17,744)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(5.6)	(13.7)	(11.7)	(14.7)	(12.3)
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)	(28,384)	(33,421)	(35,821)	(40,138)	(39,809)
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)	(18.1)	(21.9)	(25.2)	(27.9)	(28.8)

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

Yes [] No []

If no, please explain:

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

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	2,529	975	118	21	108		1,759	X X X	
2. 2003	150,662	11,063	139,599	79,837	775	6,979	17	14,290	1,778	100,314	X X X	
3. 2004	157,326	9,746	147,580	79,196	1,202	6,685	9	15,341	2,581	100,011	X X X	
4. 2005	169,051	11,054	157,997	78,773	2,007	6,231	13	18,528	1,727	101,512	X X X	
5. 2006	159,213	11,915	147,298	80,783	573	5,817	3	16,748	2,165	102,772	X X X	
6. 2007	136,208	11,343	124,865	77,348	1,114	4,852	6	16,708	2,139	97,788	X X X	
7. 2008	118,728	9,972	108,756	65,528		3,781		16,408	964	85,717	X X X	
8. 2009	101,670	7,173	94,497	61,898		3,457		12,932	702	78,287	X X X	
9. 2010	91,451	8,028	83,423	52,817	500	2,824	12	13,211	446	68,340	X X X	
10. 2011	92,459	7,451	85,008	44,510		3,278		12,624	336	60,412	X X X	
11. 2012	102,597	8,432	94,165	21,089		1,862		10,217	40	33,168	X X X	
12. Totals	X X X	X X X	X X X	644,308	7,146	45,884	81	147,115	12,878	830,080	X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	20,976	13,704	227		341	104	25		2,035			9,796	X X X
2. 2003	3,344		1,048		179		4		288			4,863	X X X
3. 2004	3,298		687		69		11		407			4,472	X X X
4. 2005	6,992	2,097	840	242	115	4	24		793			6,421	X X X
5. 2006	4,205	727	1,951	399	169	12	29		622			5,838	X X X
6. 2007	11,839	7,296	1,176	453	242	17	5		1,343			6,839	X X X
7. 2008	5,994		1,576	621	384		11		755			8,099	X X X
8. 2009	13,138	4,565	2,531	880	431	18	50		1,557			12,244	X X X
9. 2010	17,003	3,161	2,780	571	643	18	72		1,983			18,731	X X X
10. 2011	18,458	60	8,124	2,898	1,142	1	202	15	2,575			27,527	X X X
11. 2012	25,533	2,737	28,492	3,954	2,130	6	450	30	6,374			56,252	X X X
12. Totals	130,780	34,347	49,432	10,018	5,845	180	883	45	18,732			161,082	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	7,499	2,297
2. 2003	105,969	792	105,177	70.336	7.159	75.342				4,392	471
3. 2004	105,694	1,211	104,483	67.182	12.426	70.798				3,985	487
4. 2005	112,296	4,363	107,933	66.427	39.470	68.313				5,493	928
5. 2006	110,324	1,714	108,610	69.293	14.385	73.735				5,030	808
6. 2007	113,513	8,886	104,627	83.338	78.339	83.792				5,266	1,573
7. 2008	94,437	621	93,816	79.541	6.227	86.263				6,949	1,150
8. 2009	95,994	5,463	90,531	94.417	76.161	95.803				10,224	2,020
9. 2010	91,333	4,262	87,071	99.871	53.089	104.373				16,051	2,680
10. 2011	90,913	2,974	87,939	98.328	39.914	103.448				23,624	3,903
11. 2012	96,147	6,727	89,420	93.713	79.779	94.961				47,334	8,918
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	135,847	25,235

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	133,616	135,683	116,905	103,410	90,474	87,939	85,552	83,264	83,457	84,629	1,172	1,365	
2. 2003	106,888	106,294	96,010	94,310	93,342	92,844	91,708	90,054	91,328	90,599	(729)	545	
3. 2004	X X X	113,292	92,957	99,430	97,573	94,881	93,162	91,037	90,473	88,735	(1,738)	(2,302)	
4. 2005	X X X	X X X	111,683	104,578	99,969	95,144	92,320	90,652	89,214	88,612	(602)	(2,040)	
5. 2006	X X X	X X X	X X X	113,178	105,827	104,289	97,740	94,709	94,301	91,240	(3,061)	(3,469)	
6. 2007	X X X	X X X	X X X	X X X	107,830	102,174	94,395	92,676	89,299	86,576	(2,723)	(6,100)	
7. 2008	X X X	X X X	X X X	X X X	X X X	84,231	85,750	83,289	77,607	76,653	(954)	(6,636)	
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	84,563	81,644	76,090	76,042	(48)	(5,602)	
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	76,022	70,119	71,877	1,758	(4,145)	
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	74,526	72,740	(1,786)	X X X	
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	72,829	X X X	X X X	
											12. Totals	(8,711)	(28,384)

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	28,100	47,049	57,096	63,605	68,565	71,307	73,488	75,217	76,868	X X X	X X X
2. 2003	25,772	54,508	68,310	75,330	80,365	83,225	85,025	85,637	85,707	86,024	X X X	X X X
3. 2004	X X X	27,779	57,483	71,236	77,887	81,575	83,340	84,127	84,685	84,670	X X X	X X X
4. 2005	X X X	X X X	26,837	56,603	69,905	77,532	80,097	81,663	83,134	82,984	X X X	X X X
5. 2006	X X X	X X X	X X X	28,745	56,546	71,459	79,497	82,937	85,162	86,024	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	27,723	54,203	65,963	72,997	76,936	81,080	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	21,739	45,872	58,896	65,943	69,309	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	22,460	44,923	58,064	65,355	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,837	42,857	55,129	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	23,047	47,788	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,951	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	74,107	53,608	24,447	18,210	9,398	6,468	4,844	1,771	635	252
2. 2003	42,458	27,358	11,371	7,968	5,398	4,450	3,090	1,226	1,293	1,052
3. 2004	X X X	47,210	21,609	11,396	9,214	6,146	3,856	1,875	1,612	698
4. 2005	X X X	X X X	49,828	20,336	12,767	9,292	5,898	3,637	2,079	622
5. 2006	X X X	X X X	X X X	41,993	19,954	12,371	7,749	4,440	4,387	1,581
6. 2007	X X X	X X X	X X X	X X X	37,123	18,264	9,326	4,836	2,529	728
7. 2008	X X X	X X X	X X X	X X X	X X X	27,073	12,179	6,547	3,130	966
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	26,746	9,312	2,444	1,701
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,521	3,960	2,281
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	22,862	5,413
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	24,958

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 Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	L							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	L	101,367,035	97,856,247	4,051,442	72,787,529	60,139,648	169,602,288	145,120
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 2		101,367,035	97,856,247	4,051,442	72,787,529	60,139,648	169,602,288	145,120

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

NONE

(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.

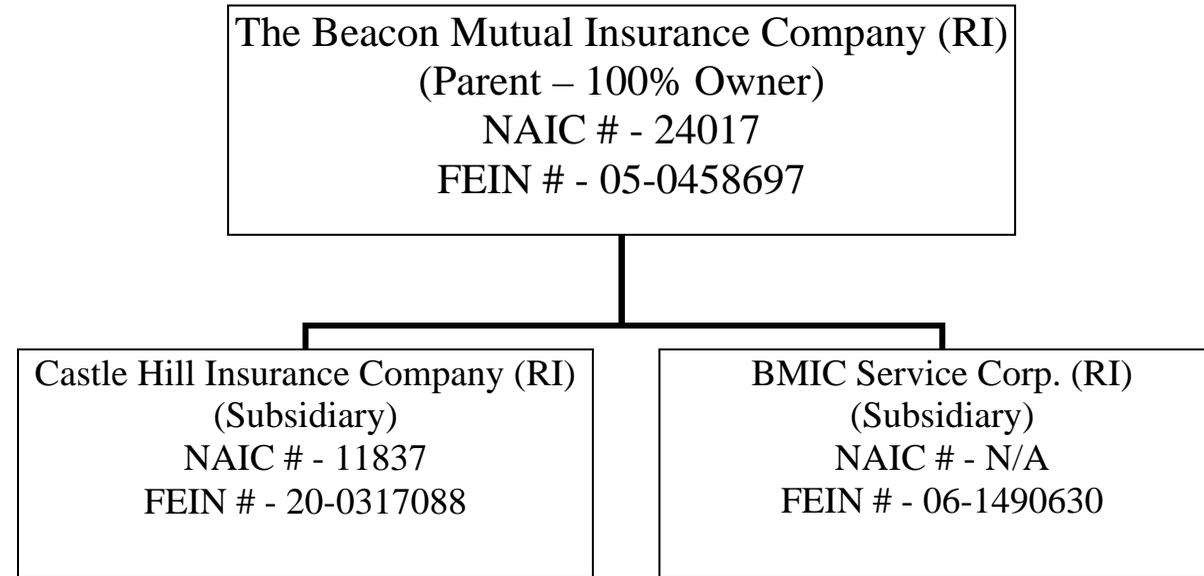
Explanation of basis of allocation of premiums by states, etc.

None

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

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	1	2
	Current Year	Prior Year
1404. Retroactive Reinsurance Gain (Loss)	(8,824)	112,700
1405. Miscellaneous Income	(15,426)	36,820
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	(24,250)	149,520

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