



ANNUAL STATEMENT
For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
Providence Washington Insurance Company

NAIC Group Code 4725, 4725 NAIC Company Code 24295 Employer's ID Number 05-0204450
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States
Incorporated/Organized 01/05/1799 Commenced Business 02/01/1799
Statutory Home Office 475 Kilvert Street, Suite 330, Warwick, RI, US 02886
Main Administrative Office 475 Kilvert Street, Suite 330, Warwick, RI, US 02886 401-453-7000
Mail Address 475 Kilvert Street, Suite 330, Warwick, RI, US 02886
Primary Location of Books and Records 475 Kilvert Street, Suite 330, Warwick, RI, US 02886 401-453-7132
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OFFICERS

Name Title Name Title
KARL JOHN WALL, President / Chairman THOMAS JOHN BALKAN, Corporate Secretary
DONALD EDWARD WOELLNER, Senior VP, Treasurer, COO

OTHER OFFICERS

JOSEPH PATRICK FOLLIS, Executive Vice President - Claims THOMAS JAMES NICHOLS #, Chief Financial Officer
JOHN ANSANO DORE, Assistant Secretary

DIRECTORS OR TRUSTEES

KARL JOHN WALL, JOSEPH PATRICK FOLLIS, DONALD EDWARD WOELLNER, JOHN ANSANO DORE
STEVEN WESLEY GIVEN #, THOMAS JAMES NICHOLS #

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.

KARL JOHN WALL
President / Chairman

THOMAS JOHN BALKAN
Corporate Secretary

DONALD EDWARD WOELLNER
Senior VP, Treasurer, COO

Subscribed and sworn to before me
this 8th day of February, 2013

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

Deborah Marquis, Notary
February 17, 2015

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

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).....	68,970,364		68,970,364	79,668,822
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	11,115,364		11,115,364	10,537,181
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$1,319,421 , Schedule E-Part 1), cash equivalents (\$1,699,759 , Schedule E-Part 2) and short-term investments (\$5,430,574 , Schedule DA).....	8,449,754		8,449,754	6,949,495
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	6,336,849		6,336,849	6,100,317
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	94,872,331	0	94,872,331	103,255,815
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	443,362		443,362	563,029
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	286,649		286,649	660,548
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,349,186		1,349,186	1,379,651
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	543,498		543,498	0
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	121,550	0	121,550	133,578
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	97,616,576	0	97,616,576	105,992,621
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	97,616,576	0	97,616,576	105,992,621
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. EQUITIES AND DEPOSITS IN POOLS AND ASSOCIATIONS.....	120,050		120,050	133,578
2502. OTHER ASSETS.....	1,500		1,500	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	121,550	0	121,550	133,578

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	31,301,131	43,596,937
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,713,751	1,492,720
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	6,685,619	10,026,795
4. Commissions payable, contingent commissions and other similar charges	(22,805)	(17,584)
5. Other expenses (excluding taxes, licenses and fees)	12,193,548	10,882,470
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	721,460	1,000,814
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	1,762,253	537,034
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	0	0
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,634,102	1,882,696
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	469,044	812,477
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		142,174
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	273,268	543,703
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	56,731,371	70,900,236
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	56,731,371	70,900,236
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	5,021,200	5,021,200
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	80,233,079	80,233,079
35. Unassigned funds (surplus)	(44,369,074)	(50,161,894)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	40,885,205	35,092,385
38. Totals (Page 2, Line 28, Col. 3)	97,616,576	105,992,621
DETAILS OF WRITE-INS		
2501. DIRECT PAYABLE EQUITIES & DEPOSITS.....	140,906	420,241
2502. SURTAX PAYABLE.....	110,139	112,544
2503. ESCHEAT RESERVE.....		928
2598. Summary of remaining write-ins for Line 25 from overflow page	22,223	9,990
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	273,268	543,703
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	221,298	165,820
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	(7,448,066)	(4,306,788)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	(595,966)	212,393
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,339,742	2,025,576
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	(5,704,290)	(2,068,819)
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	5,925,588	2,234,639
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,027,118	2,512,914
10. Net realized capital gains (losses) less capital gains tax of \$	262,056	362,866
11. Net investment gain (loss) (Lines 9 + 10)	2,289,174	2,875,780
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$1,866 amount charged off \$	1,866	341
13. Finance and service charges not included in premiums	0	0
14. Aggregate write-ins for miscellaneous income	8,465	(73,957)
15. Total other income (Lines 12 through 14)	10,331	(73,616)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	8,225,093	5,036,803
17. Dividends to policyholders	0	0
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)	8,225,093	5,036,803
19. Federal and foreign income taxes incurred	1,494,033	537,034
20. Net income (Line 18 minus Line 19) (to Line 22)	6,731,060	4,499,769
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	35,092,385	33,446,847
22. Net income (from Line 20)	6,731,060	4,499,769
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$104,242	779,811	203,476
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(632,104)	(29,899,761)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	0	28,784,896
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	343,433	375,084
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	(1,429,380)	(2,317,926)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	5,792,820	1,645,538
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	40,885,205	35,092,385
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. OTHER INCOME (EXPENSE)	8,465	(636)
1402. GAIN (LOSS) ON DISPOSITION OF FIXED ASSETS	0	(73,321)
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	8,465	(73,957)
3701. CHANGE IN ADDITIONAL PENSION LIABILITY, NET OF TAX	(1,429,380)	(2,317,926)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(1,429,380)	(2,317,926)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	346,603	502,903
2. Net investment income.....	2,842,088	3,377,227
3. Miscellaneous income.....	10,331	(73,616)
4. Total (Lines 1 through 3).....	3,199,022	3,806,514
5. Benefit and loss related payments.....	4,596,244	3,630,787
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	4,058,450	2,206,466
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	268,814	(847,538)
10. Total (Lines 5 through 9).....	8,923,508	4,989,715
11. Net cash from operations (Line 4 minus Line 10).....	(5,724,486)	(1,183,201)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	39,459,551	20,156,996
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	368	211
12.7 Miscellaneous proceeds.....	0	1
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	39,459,919	20,157,208
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	29,125,368	15,405,233
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	2,500,000
13.6 Miscellaneous applications.....	2	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	29,125,370	17,905,233
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	10,334,549	2,251,975
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(3,109,805)	(2,976,260)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(3,109,805)	(2,976,260)
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).....	1,500,258	(1,907,486)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	6,949,495	8,856,981
19.2 End of year (Line 18 plus Line 19.1).....	8,449,753	6,949,495

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	0	0	0	0
2. Allied lines	0	0	0	0
3. Farmowners multiple peril	0	0	0	0
4. Homeowners multiple peril	0	0	0	0
5. Commercial multiple peril	99,477	0	0	99,477
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	0	0	0	0
10. Financial guaranty	0	0	0	0
11.1 Medical professional liability-occurrence	0	0	0	0
11.2 Medical professional liability-claims-made	0	0	0	0
12. Earthquake	0	0	0	0
13. Group accident and health	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0
15. Other accident and health	0	0	0	0
16. Workers' compensation	86,984	0	0	86,984
17.1 Other liability - occurrence	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0
18.1 Products liability-occurrence	0	0	0	0
18.2 Products liability-claims-made	0	0	0	0
19.1,19.2 Private passenger auto liability	158	0	0	158
19.3,19.4 Commercial auto liability	34,679	0	0	34,679
21. Auto physical damage	0	0	0	0
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	0	0	0	0
24. Surety	0	0	0	0
26. Burglary and theft	0	0	0	0
27. Boiler and machinery	0	0	0	0
28. Credit	0	0	0	0
29. International	0	0	0	0
30. Warranty	0	0	0	0
31. Reinsurance-nonproportional assumed property	0	0	0	0
32. Reinsurance-nonproportional assumed liability	0	0	0	0
33. Reinsurance-nonproportional assumed financial lines	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0
35. TOTALS	221,298	0	0	221,298
DETAILS OF WRITE-INS				
3401.	0	0	0	0
3402.	0	0	0	0
3403.	0	0	0	0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					0
2. Allied lines					0
3. Farmowners multiple peril					0
4. Homeowners multiple peril					0
5. Commercial multiple peril					0
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine					0
10. Financial guaranty					0
11.1 Medical professional liability-occurrence					0
11.2 Medical professional liability-claims-made					0
12. Earthquake					0
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation					0
17.1 Other liability-occurrence					0
17.2 Other liability-claims-made					0
17.3 Excess workers' compensation					0
18.1 Products liability-occurrence					0
18.2 Products liability-claims-made					0
19.1,19.2 Private passenger auto liability					0
19.3,19.4 Commercial auto liability					0
21. Auto physical damage					0
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft					0
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Warranty					0
31. Reinsurance-nonproportional assumed property					0
32. Reinsurance-nonproportional assumed liability					0
33. Reinsurance-nonproportional assumed financial lines					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	0	0	0	0	0
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					0
DETAILS OF WRITE-INS					
3401.					0
3402.					0
3403.					0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril				13,565	(113,042)	99,477
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation			97	11,861	(98,748)	86,984
17.1 Other liability-occurrence						0
17.2 Other liability-claims-made						0
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence						0
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability				21	(179)	158
19.3,19.4 Commercial auto liability			210	4,729	(39,198)	34,679
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	0	0	307	30,176	(251,167)	221,298
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

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	(2,650)		(318)	(2,332)	(1,121)	8,222	(11,675)	.00
2. Allied lines				0	(57)	420	(477)	.00
3. Farmowners multiple peril				0	0	0	0	.00
4. Homeowners multiple peril	45,150	(35)	5,414	39,701	84,289	436,879	(312,889)	.00
5. Commercial multiple peril	43,655	18,056	(152,662)	214,373	2,143,123	3,224,806	(867,310)	(871.9)
6. Mortgage guaranty				0	0	0	0	.00
8. Ocean marine				0	0	0	0	.00
9. Inland marine				0	0	0	0	.00
10. Financial guaranty				0	0	0	0	.00
11.1 Medical professional liability-occurrence				0	0	0	0	.00
11.2 Medical professional liability-claims-made				0	0	0	0	.00
12. Earthquake				0	0	0	0	.00
13. Group accident and health				0	0	0	0	.00
14. Credit accident and health (group and individual)				0	0	0	0	.00
15. Other accident and health				0	0	0	0	.00
16. Workers' compensation	4,882,887	325,433	1,325,915	3,882,405	16,089,630	24,540,882	(4,568,847)	(5,252.5)
17.1 Other liability-occurrence	259,764		74,183	185,581	2,113,563	3,024,147	(725,003)	.00
17.2 Other liability-claims-made				0	0	0	0	.00
17.3 Excess workers' compensation				0	0	0	0	.00
18.1 Products liability-occurrence				0	0	0	0	.00
18.2 Products liability-claims-made				0	0	0	0	.00
19.1,19.2 Private passenger auto liability	11,123		1,335	9,788	10,073	74,433	(54,572)	(34,539.2)
19.3,19.4 Commercial auto liability	66,698	41,171	81,848	26,021	99,216	347,167	(221,930)	(640.0)
21. Auto physical damage	(9,171)	(1,347)	(1,262)	(9,256)	0	12	(9,268)	.00
22. Aircraft (all perils)				0	0	0	0	.00
23. Fidelity				0	0	0	0	.00
24. Surety				0	0	14,960	(14,960)	.00
26. Burglary and theft				0	0	0	0	.00
27. Boiler and machinery				0	0	0	0	.00
28. Credit				0	0	0	0	.00
29. International				0	0	0	0	.00
30. Warranty				0	0	0	0	.00
31. Reinsurance-nonproportional assumed property	XXX			0	0	162,714	(162,714)	.00
32. Reinsurance-nonproportional assumed liability	XXX	569,840	68,381	501,459	10,762,415	11,762,295	(498,421)	.00
33. Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	.00
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	.00
35. TOTALS	5,297,456	953,118	1,402,834	4,847,740	31,301,131	43,596,937	(7,448,066)	(3,365.6)
DETAILS OF WRITE-INS								
3401.				0	0	0	0	.00
3402.				0	0	0	0	.00
3403.				0	0	0	0	.00
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	.00
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	.00

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

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			1,121	(1,121)				(1,121)	
2. Allied lines			57	(57)				(57)	
3. Farmowners multiple peril				0				0	
4. Homeowners multiple peril	48,945	5,740	5,684	49,001	40,100		4,812	84,289	22,928
5. Commercial multiple peril	1,874,974	42,475	376,580	1,540,869	669,725	14,655	82,126	2,143,123	857,828
6. Mortgage guaranty				0				0	
8. Ocean marine				0				0	
9. Inland marine				0				0	
10. Financial guaranty				0				0	
11.1 Medical professional liability-occurrence				0				0	
11.2 Medical professional liability-claims-made				0				0	
12. Earthquake				0				0	
13. Group accident and health				0				(a) 0	
14. Credit accident and health (group and individual)				0				(a) 0	
15. Other accident and health				0				(a) 0	
16. Workers' compensation	13,267,741	6,400,422	9,946,255	9,721,908	8,552,568	4,248,380	6,433,226	16,089,630	2,770,655
17.1 Other liability-occurrence	13,093,353	17,591	11,983,514	1,127,430	2,917,845		1,931,712	2,113,563	3,018,978
17.2 Other liability-claims-made				0				0	
17.3 Excess workers' compensation				0				0	
18.1 Products liability-occurrence				0				0	
18.2 Products liability-claims-made				0				0	
19.1,19.2 Private passenger auto liability	11,447		1,374	10,073				10,073	
19.3,19.4 Commercial auto liability	28,207	57,375	(1,478)	87,060		13,814	1,658	99,216	3,712
21. Auto physical damage				0				0	
22. Aircraft (all perils)				0				0	
23. Fidelity				0				0	
24. Surety				0				0	
26. Burglary and theft				0				0	
27. Boiler and machinery				0				0	
28. Credit				0				0	
29. International				0				0	
30. Warranty				0				0	
31. Reinsurance-nonproportional assumed property	XXX			0	XXX			0	
32. Reinsurance-nonproportional assumed liability	XXX	3,784,378	454,125	3,330,253	XXX	8,445,639	1,013,477	10,762,415	11,518
33. Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	28,324,667	10,307,981	22,767,232	15,865,416	12,180,238	12,722,488	9,467,011	31,301,131	6,685,619
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(992,558)			(992,558)
1.2 Reinsurance assumed	96,130			96,130
1.3 Reinsurance ceded	(300,462)			(300,462)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	(595,966)	0	0	(595,966)
2. Commission and brokerage:				
2.1 Direct, excluding contingent				0
2.2 Reinsurance assumed, excluding contingent		70,995		70,995
2.3 Reinsurance ceded, excluding contingent		8,519		8,519
2.4 Contingent-direct				0
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded		3,050		3,050
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	59,426	0	59,426
3. Allowances to manager and agents				0
4. Advertising				0
5. Boards, bureaus and associations		(99)	(7)	(106)
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries				0
8.2 Payroll taxes				0
9. Employee relations and welfare		352,930	24,808	377,738
10. Insurance				0
11. Directors' fees		8,536	600	9,136
12. Travel and travel items				0
13. Rent and rent items				0
14. Equipment				0
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery		146	8	154
17. Postage, telephone and telegraph, exchange and express		(92)	(6)	(98)
18. Legal and auditing		867	69,233	70,100
19. Totals (Lines 3 to 18)	0	362,288	94,636	456,924
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		73,274		73,274
20.2 Insurance department licenses and fees		178,298		178,298
20.3 Gross guaranty association assessments		(177,544)		(177,544)
20.4 All other (excluding federal and foreign income and real estate)		5,592		5,592
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	79,620	0	79,620
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	1,838,408	209,366	2,047,774
25. Total expenses incurred	(595,966)	2,339,742	304,002	(a) 2,047,778
26. Less unpaid expenses-current year	6,685,619	12,845,791	46,412	19,577,822
27. Add unpaid expenses-prior year	10,026,795	11,819,288	46,412	21,892,495
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	2,745,210	1,313,239	304,002	4,362,451
DETAILS OF WRITE-INS				
2401. Contract Services.....		1,838,370	209,366	2,047,736
2402. Miscellaneous Expenses.....		38		38
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	1,838,408	209,366	2,047,774

(a) Includes management fees of \$ 3,771,854 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 718,367	663,370
1.1 Bonds exempt from U.S. tax	(a) 28,358	29,667
1.2 Other bonds (unaffiliated)	(a) 1,230,806	1,164,826
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 10,697	10,697
7. Derivative instruments	(f)	
8. Other invested assets		462,753
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,988,228	2,331,313
11. Investment expenses		(g) 304,195
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		304,195
17. Net investment income (Line 10 minus Line 16)		2,027,118
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 26,914 accrual of discount less \$ 722,217 amortization of premium and less \$ 84,887 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 9,159 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ 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	178,077		178,077	64,653	
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	83,611		83,611	4,685	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	724	0
2.21 Common stocks of affiliates	0	0	0	577,459	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	368		368	0	0
7. Derivative instruments	0		0		
8. Other invested assets	0	0	0	236,532	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	262,056	0	262,056	884,053	0
DETAILS OF WRITE-INS					
0901.			0		
0902.			0		
0903.			0		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives (Schedule DB).....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	.0	.0	.0
25. Aggregate write-ins for other than invested assets .....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	.0	.0	.0
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	0	0	0
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. ....		.0	.0
2502. ....		.0	.0
2503. ....		.0	.0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Providence Washington Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Department.

The Rhode Island Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Rhode Island Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island. The Rhode Island Insurance Department has the right to permit specific practices that deviate from prescribed practices.

Reconciliations of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island for the twelve months ending December 31, 2012 and 2011 are shown below:

	<u>State of</u> <u>Domicile</u>		2012		2011
NET INCOME					
(1) Providence Washington Insurance Company state basis (Page 4, Line 20, Columns 1 & 2)	RI	\$	6,731,060	\$	4,499,769
(2) State Prescribed Practices that increase/(decrease) NAIC SAP-e.g., Depreciation of fixed assets	RI	\$	-	\$	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP-e.g, Depreciation, home office property	RI	\$	-	\$	-
(4) NAIC SAP (1-2-3=4)	RI	\$	6,731,600	\$	4,499,769
SURPLUS					
(5) Providence Washington Insurance Company state basis (Page 3, Line 37, Columns 1 & 2)	RI	\$	40,885,205	\$	35,092,385
(6) State Prescribed Practices that increase/(decrease) NAIC SAP-e.g. Good will, net e.g., Fixed Assets, net	RI	\$	-	\$	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP-e.g., Home Office Property	RI	\$	-	\$	-
(8) NAIC SAP (5-6-7=8)	RI	\$	40,885,205	\$	35,092,385

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance 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.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Short-term investments are stated at amortized cost.

Bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair value.

Common stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.

Loan-backed bonds and structured securities are stated at either amortized cost or the lower of amortized cost or fair market value. The constant yield scientific method including anticipated prepayment assumptions is used to value all securities. Changes in current prepayment assumptions are accounted for using the prospective method.

The Company anticipates investment income as a factor in the premium deficiency calculation.

NOTES TO FINANCIAL STATEMENTS

Loss and loss adjustment expense reserves are estimates that provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Losses and claims incurred but not reported, as well as expenses required to settle losses and claims, are established on the basis of various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. Considerable judgment is required to evaluate claims and establish estimated claim liabilities, particularly with respect to certain lines of business, such as reinsurance assumed, or certain types of claims, such as environmental and asbestos liabilities. The environmental and asbestos exposures do not lend themselves to traditional methods of loss development determination and, therefore, reserve estimates related to these exposures may be considerably less reliable than for other lines of business. The Company believes that overall reserving practices have been consistently applied, and that its aggregate net reserves have resulted in reasonable approximations of the ultimate net costs of claims incurred. These estimates are continually reviewed and adjusted as necessary; such adjustments are reflected in current operations. The Company's liability for unpaid loss and loss adjustment expense is presented net of amounts recoverable from reinsurers.

The Company is a member of an affiliated group of companies which file a consolidated federal income tax return. Under the terms of an intercompany tax allocation agreement, the Company is allocated federal income taxes by applying the current regular federal tax rate to statutory results of operations modified by book versus tax adjustments. Alternative minimum taxes are allocated ratably to companies with taxable income.

Realized capital gains and losses on the sale of investments are determined on a specific identification method and are included in the determination of net income. Unrealized capital gains and losses resulting from changes in the valuation of investments at fair value are credited or charged directly to surplus.

The Company regularly evaluates investments based on current economic conditions, credit risk experience and other circumstances of the underlying securities. A decline in a security's net market value that is not a temporary fluctuation is recognized as a realized loss, and the cost basis of that security is reduced.

Premiums earned, loss and loss adjustment expenses incurred, unearned premiums, and the liability for losses and loss adjustment expenses are reflected net of reinsurance assumed from and ceded to other companies.

Land, building and equipment are carried at cost less accumulated depreciation and are reflected net of encumbrances. Depreciation is calculated on a straight-line basis over the allowable estimated useful lives of the assets.

The assets and liabilities of operations with foreign functional currencies are translated net into U.S. dollars at current exchange rates and the resulting adjustment recorded is reflected as a liability in the statutory financial statements. The resulting net translation adjustments for each period are included in surplus.

Note 2 - Accounting Changes and Corrections of Errors

Not applicable

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

B. Statutory Mergers

The 2012 annual statement includes the assets and liabilities of American Concept Insurance Company, a 100% wholly-owned subsidiary of Providence Washington Insurance Company. The method of accounting is the statutory merger method. There were no stock shares issued in the transaction. Details of operations of the previously separate entities for the 12 months before the combination which are included in the current results of operations are:

	<u>PWIC</u>	<u>ACIC</u>
Revenue	213,753	7,544
Net Income	6,466,468	264,588
Other Changes in Surplus	(673,650)	(84,281)

C. Impairment Loss

Not applicable

Note 4 - Discontinued Operations

Not applicable

Note 5 - Investments

A. Mortgage Loans

Not applicable

B. Debt Restructuring

Not applicable

C. Reverse Mortgages

Not applicable

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed Securities

(1) Our asset manager uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities with inputs from major third party data providers. It combines the effects of interest rates, volatility, and prepayment speeds based on Monte Carlo simulation with credit loss analysis and resulting effective analytics (spreads, duration, convexity) and cash-flows are reported to clients on a monthly basis. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.

(2) Table of investments where an OTTI was recognized.

(1)	(2)	(3)
Amortized Cost Basis Before Other-than- Temporary Impairment	Other-than- Temporary Impairment Recognized in Loss	Fair Value 1 - 2

OTTI recognized 1st Quarter

a. Intent to sell	\$ _____	\$ _____	\$ _____
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____
c. Total 1st Quarter	\$ _____	\$ _____	\$ _____

OTTI recognized 2nd Quarter

d. Intent to sell	\$ _____	\$ _____	\$ _____
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____
f. Total 2nd Quarter	\$ _____	\$ _____	\$ _____

OTTI recognized 3rd Quarter

g. Intent to sell	\$ _____	\$ _____	\$ _____
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____
i. Total 3rd Quarter	\$ _____	\$ _____	\$ _____

OTTI recognized 4th Quarter

j. Intent to sell	\$ _____	\$ _____	\$ _____
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____
l. Total 4th Quarter	\$ _____	\$ _____	\$ _____
m. Annual Aggregate Total	\$ _____	\$ _____	\$ _____

NOTES TO FINANCIAL STATEMENTS

(3) Table of investments where a OTTI was recognized to the discounted cash flows (credit loss only amount) because the Company does expect to hold the security to recovery.

1	2	3	4	5	6	7
CUSIP	Book/ Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than- Temporary Impairment	Amortized Cost After Other-Than- Temporary Impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
76110W-UK-0	698,485	670,546	27,939	670,546	519,273	12/31/2009
			0			
			0			
Total	xxx	xxx	27,939	xxx	xxx	

(4)

All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1	Less than 12 Month	\$	19,319
2	12 Months or Longer	\$	-

b. The aggregate related fair value of securities with unrealized losses:

1	Less than 12 Month	\$	1,558,338
2	12 Months or Longer	\$	-

(5) There are a number of factors that are considered in determining if there is not an other-than-temporary-impairment on an investment, including but not limited to, debt burden, credit ratings sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.

E. Repurchase Agreements

For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. There were no open repurchase agreements as of December 31, 2012.

F. Real Estate

Not applicable

G. Low-Income Housing Tax Credits

Not applicable

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not applicable

B. Writedowns for Impairments

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 7 - Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

None

Note 8 - Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

		12/31/2012		
		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
1	(a) Gross Deferred Tax Assets.....	\$ 9,219,400	\$ -	\$ 9,219,400
	(b) Statutory Valuation Allowance Adjustment.....	\$ 9,219,400	\$ -	\$ 9,219,400
	(c) Adjusted Gross Deferred Tax Asset (1a - 1b).....	\$ -	\$ -	\$ -
	(d) Deferred Tax Assets Nonadmitted.....	\$ -	\$ -	\$ -
	(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ -	\$ -	\$ -
	(f) Deferred Tax Liabilities.....	\$ -	\$ -	\$ -
	(g) Net Admitted Deferred Tax Asset/(Net deferred Tax Liability) (1e - 1f).....	\$ -	\$ -	\$ -

		12/31/2011		
		(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
	(a) Gross Deferred Tax Assets.....	\$ 12,406,157	\$ -	\$ 12,406,157
	(b) Statutory Valuation Allowance Adjustment.....	\$ 10,672,050	\$ -	\$ 10,672,050
	(c) Adjusted Gross Deferred Tax Asset (1a - 1b).....	\$ 1,734,107	\$ -	\$ 1,734,107
	(d) Deferred Tax Assets Nonadmitted.....	\$ 1,734,107	\$ (1,734,107)	\$ -
	(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ -	\$ 1,734,107	\$ 1,734,107
	(f) Deferred Tax Liabilities.....	\$ -	\$ 1,734,107	\$ 1,734,107
	(g) Net Admitted Deferred Tax Asset/(Net deferred Tax Liability) (1e - 1f).....	\$ -	\$ -	\$ -

		Change		
		(7) (Col 1-4) Ordinary	(8) Capital	(8) (Col 7+8) Total
	(a) Gross Deferred Tax Assets.....	\$ (3,186,757)	\$ -	\$ (3,186,757)
	(b) Statutory Valuation Allowance Adjustment.....	\$ (1,452,650)	\$ -	\$ (1,452,650)
	(c) Adjusted Gross Deferred Tax Asset (1a - 1b).....	\$ (1,734,107)	\$ -	\$ (1,734,107)
	(d) Deferred Tax Assets Nonadmitted.....	\$ (1,734,107)	\$ 1,734,107	\$ -
	(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ -	\$ (1,734,107)	\$ (1,734,107)
	(f) Deferred Tax Liabilities.....	\$ -	\$ (1,734,107)	\$ (1,734,107)
	(g) Net Admitted Deferred Tax Asset/(Net deferred Tax Liability) (1e - 1f).....	\$ -	\$ -	\$ -

		12/31/2012		
		(1) Ordinary	(2) Capital	(3) (Col 1&2) Total

2 Admission Calculation Components
SSAP No.101

(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carry backs	\$ -	\$ -	\$ -
	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b) 2 below	\$ -	\$ -	\$ -
	1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the balance Sheet Date	\$ -	\$ -	\$ -
	2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ -	\$ -	\$ -
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) +2(b) + 2(c)	\$ -	\$ -	\$ -

		12/31/2011		
		(4) Ordinary	(5) Capital	(6) (Col 4+5) Total

Admission Calculation Components
SSAP No.101

(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carry backs	\$ -	\$ -	\$ -
	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b) 2 below	\$ -	\$ -	\$ -
	1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the balance Sheet Date	\$ -	\$ -	\$ -
	2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.		\$ 1,734,107	\$ 1,734,107
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$ -	\$ (1,814,528)	\$ (1,814,528)
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) +2(b) + 2(c)	\$ -	\$ (80,421)	\$ (80,421)

NOTES TO FINANCIAL STATEMENTS

Change		
(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(8) (Col 7+8) Total

Admission Calculation Components
SSAP No.101

(a)	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carry backs	\$	-	\$	-	\$	-
(b)	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b) 2 below	\$	-	\$	-	\$	-
	1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the balance Sheet Date	\$	-	\$	-	\$	-
	2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			\$	(1,734,107)	\$	(1,734,107)
(c)	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	\$	-	\$	1,814,528	\$	1,814,528
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total 2(a) +2(b) + 2(c)	\$	-	\$	80,421	\$	80,421

3

	Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount		2012		2011
(a)	Amount		0.00%		0.00%
(b)	Amount Of Adjusted Capital And surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$	-	\$	-

12/31/2012		
(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1&2) Total

4

Impact of Tax Planning Strategies:

(a)	(a) Adjusted Gross DTAs (% of Total Adjusted DTAs)	0.00%	0.00%	0.00%
(b)	(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(c)	(c) Does the Company tax-planning strategies include the use of reinsurance?	No		

12/31/2011		
(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent

Impact of Tax Planning Strategies:

(a)	(a) Adjusted Gross DTAs (% of Total Adjusted DTAs)	0.00%	0.00%	0.00%
(b)	(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(c)	(c) Does the Company tax-planning strategies include the use of reinsurance?			

Change		
(7) (Col 1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent	(8) (Col 7+8) Total Percent

Impact of Tax Planning Strategies:

(a)	(a) Adjusted Gross DTAs (% of Total Adjusted DTAs)	0.00%	0.00%	0.00%
(b)	(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%
(c)	(c) Does the Company tax-planning strategies include the use of reinsurance?			

C. Current income tax incurred consisting of the following major components:

1 Current Income Tax:

		(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
(a)	Federal.....	\$ 1,762,253	\$ 1,098,698	\$ 663,555
(b)	Foreign.....	\$ -	\$ -	\$ -
(c)	Subtotal.....	\$ 1,762,253	\$ 1,098,698	\$ 663,555
(d)	Federal Income tax on net capital gains.....	\$ -	\$ -	\$ -
(e)	Utilization of capital loss carry-forward.....	\$ -	\$ -	\$ -
(f)	Other.....	\$ -	\$ (561,664)	\$ 561,664
(g)	Federal and Foreign income taxes incurred.....	\$ 1,762,253	\$ 537,034	\$ 1,225,219

NOTES TO FINANCIAL STATEMENTS

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
2 Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses.....	\$ 1,394,738	\$ 2,138,235	\$ (743,497)
(2) Unearned premium reserves.....	\$ -	\$ -	\$ -
(3) Policyholders reserves.....	\$ -	\$ -	\$ -
(4) Investments.....	\$ 157,671	\$ 488,498	\$ (330,827)
(5) Deferred acquisition costs.....	\$ -	\$ -	\$ -
(6) Policyholder dividend reserves.....	\$ -	\$ -	\$ -
(7) Fixed assets.....	\$ -	\$ 28,256	\$ (28,256)
(8) Compensation and benefits accrual.....	\$ 4,145,807	\$ 3,700,040	\$ 445,767
(9) Pension accrual.....	\$ -	\$ -	\$ -
(10) Receivables - nonadmitted.....	\$ -	\$ -	\$ -
(11) Net operating loss carry - forward.....	\$ 5,186,112	\$ 5,841,688	\$ (655,576)
(12) Tax credit carry - forward.....	\$ -	\$ -	\$ -
(13) Other (including items < 5% of total ordinary tax assets).....	\$ 149,600	\$ 209,440	\$ (59,840)
(99) Subtotal.....	\$ 11,033,928	\$ 12,406,157	\$ (1,372,229)
(b) Statutory valuation allowance adjustment.....	\$ 9,219,400	\$ 10,672,050	\$ (1,452,650)
(c) Nonadmitted.....	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c).....	\$ 1,814,528	\$ 1,734,107	\$ 80,421
(e) Capital:			
(1) Investments.....	\$ -	\$ -	\$ -
(2) Net capital loss carry - forward.....	\$ -	\$ -	\$ -
(3) Real Estate.....	\$ -	\$ -	\$ -
(4) Other (including items < 5% of total capital tax assets).....	\$ -	\$ -	\$ -
(99) Subtotal.....	\$ -	\$ -	\$ -
(f) Statutory valuation allowance adjustment.....	\$ -	\$ -	\$ -
(g) Nonadmitted.....	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g).....	\$ -	\$ -	\$ -
(i) Admitted deferred tax assets (2d + 2h).....	\$ 1,814,528	\$ 1,734,107	\$ 80,421
3 Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments.....	\$ -	\$ -	\$ -
(2) Fixed assets.....	\$ -	\$ -	\$ -
(3) Deferred uncollected premium.....	\$ -	\$ -	\$ -
(4) Policyholders reserves.....	\$ -	\$ -	\$ -
(5) Other (including items < 5% of total ordinary tax liabilities).....	\$ -	\$ -	\$ -
(99) Subtotal.....	\$ -	\$ -	\$ -
(b) Capital:			
(1) Investments.....	\$ 1,814,528	\$ 1,734,107	\$ 80,421
(2) Real Estate.....	\$ -	\$ -	\$ -
(3) Other (including items < 5% of total capital tax liabilities).....	\$ -	\$ -	\$ -
(99) Subtotal.....	\$ 1,814,528	\$ 1,734,107	\$ 80,421
(c) Deferred tax liabilities (3a99 +3b99)	\$ 1,814,528	\$ 1,734,107	\$ 80,421
4 Net deferred tax assets/liabilities (2i -3c)	\$ -	\$ -	\$ -

D. The Company's income tax incurred and changes in deferred income tax differs from the the amount obtained by applying the federal statutory rate of 34% to income before income taxes as follows:

	12/31/2012	12/31/2011
Current income Taxes incurred	1,494,033	537,034
Change in deferred income tax (without tax on realized gains and losses	-	(28,739,565)
Total income tax reported	1,494,033	(28,202,531)
Income before taxes	8,156,156 34%	5,036,981 34%
Expected Income tax expense(benefit) at 34% statutory rate	2,773,093	1,712,574
Increase (decrease) in actual tax reported from:		
(a) Nondeductible (deductible) expenses	(743,497)	(613,875)
(b) Prior year underaccrual/(overaccrual)	(111,725)	(144,787)
(c) Deferred tax benefit on nonadmitted assets	(88,096)	(18,067,515)
(d) Change in statutory valuation adjustment	-	(10,672,050)
(e) DTA related to prior year adjustment	-	-
(f) Benefit of Capital Loss Carryforwards	(298,076)	(409,854)
(g)	(37,666)	(7,024)
(h)	-	-
(i)	-	-
	1,494,033	(28,202,531)
	(0)	0

NOTES TO FINANCIAL STATEMENTS

E. Operating Loss carryforward

(1) As of December 31, 2012 and December 31, 2011, the Company has net operating loss carryforwards of \$15,253,270 and \$15,683,898, respectively, expiring between 2023 and 2027, originated between 2003 and 2007. There are no income taxes incurred in 2010 and 2009 available for recoupment in the event of future losses.

Since the Company was acquired by PW Acquisition Company, the net operating losses will be limited under Internal Revenue Section 382. The 2012

(2) There are no income taxes incurred in 2012 and 2011 available for recoupment in the event of future losses.

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

F. Consolidated Federal Income Tax Return

(1) The company files a consolidated federal tax return with the its current parent. The consolidated group includes the following companies:

Enstar Holdings (US) , Inc.
Enstar (US) Inc.
Enstar Investment Inc.
Cranmore (US) Inc.
Sun Gulf Holdings, Inc.
Capital Assurance Company, Inc.
Capital Assurance Services, Inc.
Constellation Reinsurance Company
PWAC Holdings, Inc.
Providence Washington Holdings, Inc.
PW Acquisition Company
Providence Washington Insurance company
York Insurance Company
American Concept Insurance Company
CLIC Holdings, Inc.
Claremont Liability Insurance Company
Clarendon Holdings, Inc.
Clarendon National Insurance Company
Clarendon Select insurance Company
Clarendon America Insurance Company
Harbor Specialty Insurance Company
AML Acquisition Company
Enstar New York, Inc.

(2) The method of tax allocation between companies is based on a written intercompany tax allocation agreement, approved by the Board of Directors. The federal income tax provision is allocated to each of the insurance companies in the consolidated group on a separate tax return basis.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. All outstanding shares of the Company are immediately owned or controlled by Providence Washington Holdings, Inc., an insurance holding company domiciled in the State of Rhode Island. However, on July 20, 2010, PWAC Holdings, Inc. acquired 100% of the share capital of PW Acquisition Company. PWAC Holdings, Inc. is ultimately owned by Enstar Group Ltd. Enstar (US) Inc., also a subsidiary of Enstar Group Ltd., became the run-off administrator on the date of acquisition. Refer to Page 97 for an illustration of the ownership structure.
- B. There were no transactions transferring assets with parent, subsidiaries or affiliates.
- C. There were no changes to the terms of intercompany arrangements.
- D. As of December 31, 2012, the Company reported \$543,498 due from/(due to) affiliates as follows:

York Insurance Company	\$ 661,828
Providence Washington Insurance Solutions, LLC	\$(118,330)

All intercompany balances are required to be settled within 45 days.

- E. The Company has no guarantees or undertakings for the benefit of affiliates, which result in material contingent exposure of the Company's or any affiliated insurer's assets or liabilities except as noted below:
 - (1) The Company has guaranteed to maintain the combined capital and surplus of its subsidiary, York Insurance Company, at a minimum amount of \$4.0 million.
- F. The Company entered into a management services agreement with Providence Washington Insurance Solutions, LLC, on September 1, 2006. This agreement remains in effect. A new agreement between Enstar (US) Inc. and Providence Washington Insurance Solutions, LLC, was entered into coincident with the July 20, 2010, change in control. The terms of this agreement are contained in a written agreement between the parties. In addition, the Company is a member of the tax sharing agreement described in Note 9.
- G. All outstanding shares of the Company are owned or controlled by Providence Washington Holdings, Inc.
- H. The Company has no amount deducted for investment in an upstream company.
- I. The Company has Investments in Affiliates greater than 10% of Admitted Assets.

The Company owns 100% of York Insurance Company. The carrying value of this investment equals the respective policyholders' surplus as reported in the 2012 annual statement. The Company reports this investment on Page 2, row 2.2, Common Stocks at a value of \$11,103,849. The wholly-owned subsidiary company is not presented on a consolidated basis in the Company's annual statement. It is, however, reported in the group's Combined Annual Statement.
- J. The Company has no investments in impaired SCA entities
- K. The Company has no investment in a foreign insurance subsidiary
- L. The Company has no investment in a downstream noninsurance holding company.

Note 11 - Debt

- A. Capital Notes
 - None
- B. All Other Debts
 - None

NOTES TO FINANCIAL STATEMENTS

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

A. Defined Benefit Plan and Postretirement Benefits

The Company, on behalf of employees of itself and employees of all subsidiaries, sponsors a defined benefit pension plan which covers substantially all employees hired before April 1, 2003, and provides pension and death benefits. The funding policy is to accrue and pay an amount sufficient to fund the minimum amount that can be deducted for federal income tax purposes which considers the annual current service cost on an annual basis, and an amount needed to amortize the plan's unfunded accrued liability over a seven year period. In addition, the Company sponsors and has accrued for a noncontributory executive retirement benefit for a former employee.

Effective April 1, 2004, the Company announced a freezing of its defined benefit pension plan.

A summary of total assets, total obligations and assumptions of the Pension Benefit Plan follows, at December 31, 2012 and 2011, respectively. The Company shares in the 100% Plan costs disclosed below, based on its 88% share of pooled expense.

The Company's Postretirement Benefit Plan was terminated on December 31, 2003. There are no assets or obligations to report.

	Pension Benefits	
	<u>2012</u>	<u>2011</u>
(1) Change in benefit obligation		
a. Benefit obligation at beginning of year	\$ 28,733,674	\$ 25,443,919
b. Service cost	-	-
c. Interest cost	1,259,881	1,281,446
d. Contribution by plan participants	-	-
e. Actuarial (gain) loss	3,489,798	2,707,044
f. Foreign currency exchange rate changes	-	-
g. Benefits paid	(1,470,837)	(1,320,691)
h. Plan amendments	-	-
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	621,956
j. Benefit obligation at end of year	<u>\$ 32,012,516</u>	<u>\$ 28,733,674</u>
(2) Change in plan assets		
a. Fair value of plan assets at beginning of year	\$ 16,367,230	\$ 16,261,410
b. Actual return on plan assets	1,579,392	59,361
c. Foreign currency exchange rate changes	-	-
d. Employer contribution	1,795,410	1,487,902
e. Plan participants' contributions	-	-
f. Benefits paid	(1,585,821)	(1,441,443)
g. Business combination, divestitures and settlements	-	-
h. Fair value of plan assets at end of year	<u>\$ 18,156,211</u>	<u>\$ 16,367,230</u>
(3) Funded status	\$ (13,856,305)	\$ (12,366,444)
a. Unamortized prior service cost	-	-
b. Unrecognized net (gain) or loss	14,082,164	11,802,083
c. Remaining net obligation or net asset at initial date of application	(117,399)	(132,073)
d. Prepaid assets or accrual liabilities	(13,856,305)	(12,366,444)
e. Intangible asset	\$ -	\$ -
(4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$ 32,012,516	\$ 28,733,674
(5) Benefit obligation for non-vested employees		
a. Projected pension obligation	\$ -	\$ -
b. Accumulated benefit obligation	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

(6) Components of net periodic benefit cost

a. Service cost	\$	-	\$	-
b. Interest cost		1,259,881		1,281,446
c. Expected return on plan assets		(841,440)		(836,993)
d. Amortization of unrecognized transition obligation or transition asset		(14,674)		(14,674)
e. Amount of recognized (gains) and losses		420,905		251,140
f. Amount of prior service cost recognized		-		-
g. Amount of gain or loss recognized due to a settlement or curtailment		-		-
h. Total net periodic benefit cost	\$	824,672	\$	680,919

(7) \$(1,624,292) arising from a change in the additional minimum pension liability recognized is included in unassigned funds, net of deferred income tax.

	<u>2012</u>	<u>2011</u>
(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31		
a. Weighted-average discount rate	4.50%	5.25%
b. Expected long-term rate of return on plan assets	5.75%	5.75%
c. Rate of compensation increase	N/A	N/A

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

a. Weight-average discount rate	3.60%	4.50%
b. Rate of compensation increase	N/A	N/A

(9) Not applicable to Pension disclosure

(10) Not applicable to Pension disclosure

(11) Not applicable to Pension disclosure

(12) The defined benefit pension plan asset allocation as of the measurement date, December 31 and the target asset allocation, presented as a percentage of total plan assets were as follows:

	2012	2011	Target Allocations
a. Debt Securities	55%	59%	0% -60%
b. Equity Securities	45%	41%	0% - 60%
c. Real Estate	0%	0%	
d. Other	0%	0%	
e. Total	100%	100%	

Pension Plan assets are invested in a broad based asset allocation fund, comprised primarily of high grade domestic fixed income securities and domestic equities. The Company utilizes a target allocation strategy, designed to create an asset mix that appreciates in value, as well as manages expenses and contributions.

Asset allocations and investment performance is formally reviewed quarterly by the plan's investment Oversight Committee. Forecasting of asset and liability growth is performed at least annually. More thorough analysis of assets and liabilities are also performed periodically.

The expected long-term rate of return is estimated based on many factors including the expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies. Historical return patterns and correlations, consensus return forecasts and other relevant financial factors are analyzed to check for reasonability and appropriateness.

NOTES TO FINANCIAL STATEMENTS

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

Year(s)	Amount
a. 2013	\$ 1,510,000
b. 2014	\$ 1,572,000
c. 2015	\$ 1,568,000
d. 2016	\$ 1,683,000
e. 2017	\$ 1,716,000
f. Thereafter Total	\$ 9,416,000

(14) Best estimate of contributions expected to be paid during next fiscal year is \$1,993,123.

B. Defined Contribution Plan

Not applicable

C. Multiemployer Plans:

Not applicable

D. Consolidated/Holding Company Plans

See Note 12A

E. Postemployment Benefits and Compensated Absences

Not applicable

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable

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

- A. The Company has 530,000 shares of \$10.00 par value common stock authorized; 502,120 shares issued and outstanding.
- B. The Company has no preferred stock outstanding.
- C. The Company is restricted from paying stockholder dividends of any kind for a period of five years, commencing July 20, 2010, without the prior written approval of the Director of Insurance.
- D. Dividends to common stockholders are paid as declared by the Board of Directors of the Company. The Company's dividends are subject to the regulation and prior approval of the State of Rhode Island. The current regulation allows an annual dividend without prior approval that is limited to the lesser of net income, exclusive of realized gains, for the latest twelve month period ending December 31, next preceding, or 10% of policyholders surplus as of the 31st day of December next preceding. Stockholder dividends paid for the years ended December 31, 2012 and 2011, were \$ - 0 -.
- E. No restrictions have been placed on the Company's unassigned surplus.
- F. The Company holds no stock for special purposes.
- G. The Company does not have any special surplus funds.
- H. The Company has no surplus notes or similar obligations.
- I. The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains and (losses) is \$4,948,182 before reducing by \$1,156,959 for deferred income taxes.

Note 14 - Contingencies

A. Contingent Commitments

As described in Note 10(E), the Company has made guarantees on behalf of affiliates.

As described in Note 27, the Company has purchased annuities from life insurers that are directly payable to claimants but for which the Company may be contingently liable. The annuities have been used to reduced unpaid losses by approximately \$10,432,000 and \$10,983,000 as of December 31, 2012 and 2011, respectively.

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments equal to its pooled share (88%) of \$500,000. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	<u>Direct</u>
Claims related ECO and bad faith losses paid during the reporting period	\$ -0-

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

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

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

(f)	Per Claim [X]	(g)	Per Claimant []
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E. All Other Contingencies

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

Note 15 - Leases

A. Lessee Leasing Arrangements

Not applicable

Noncancelable lease terms in excess of one year.

Not applicable

The Company is not involved in any sale-leaseback transactions.

B. Lessor Leasing Arrangements

1. Operating Leases

Not applicable

2. Leveraged Leases

Not applicable

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

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable

B. Financial Instruments with Concentrations of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 18 - Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. Administrative Services Only (ASO) Plans
Not applicable
- B. Administrative Services Contract (ASC) Plans
Not applicable
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts
Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 20 - Fair Value Measurement

A. Assets Measured at Fair Value - Recurring Basis

(1) Fair Value Measurements at Reporting Data

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Perpetual Preferred stock				
Industrial and Misc.	\$ -	\$ -	\$ -	\$ -
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
Total Perpetual Preferred Stocks	\$ -	\$ -	\$ -	\$ -
Bonds				
U.S. Government	\$ -	\$ -	\$ -	\$ -
Industrial and Misc	\$ -	\$ -	\$ -	\$ -
Hybrid Securities	\$ -	\$ -	\$ -	\$ -
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
Total bonds	\$ -	\$ -	\$ -	\$ -
Common Stock				
Industrial and Misc	\$ -	\$ -	\$ 11,516	\$ 11,516
Parent, Subsidiaries and Affiliates	\$ -	\$ -	\$ -	\$ -
Total Common Stocks	\$ -	\$ -	\$ 11,516	\$ 11,516
Derivative assets				
Interest rate contracts	\$ -	\$ -	\$ -	\$ -
Foreign exchange contracts	\$ -	\$ -	\$ -	\$ -
Credit contracts	\$ -	\$ -	\$ -	\$ -
Commodity futures contracts	\$ -	\$ -	\$ -	\$ -
Commodity forward contracts	\$ -	\$ -	\$ -	\$ -
Total Derivatives	\$ -	\$ -	\$ -	\$ -
Separate account assets				
Total assets at fair value	\$ -	\$ -	\$ 11,516	\$ 11,516
b. Liabilities at fair value				
Derivative liabilities				
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

(2) Asset Measured at Fair Value Using Unobservable Inputs (Level 3)

Description	Beginning Balance at 01/01/2011	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2012
a. Assets										
Loan-Backed and Structured Securities (NAIC 3-6)										
Residential Mortgaged Backed Securities										
Commercial Mortgaged-Backed Securities										
Derivative										
Credit Contracts										
Other-Fund Investments										
Hedge Fund, High-Yield Dept Securities										
Private Equity										
Common Stock	\$ 10,792				\$ 724					\$ 11,516
Total Assets	\$ 10,792				\$ 724					\$ 11,516
b. Liabilities										
Total Liabilities										

NOTES TO FINANCIAL STATEMENTS

- (3) The following are the levels of the hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

Pricing Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets that pricing sources have the ability to access. Since the valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant amount or degree of judgment.

Pricing Level 2 - Valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

Pricing Level 3 - Valuations that are derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are nonbinding.

B. Assets Measured at Fair Value - Non Recurring Basis

Not applicable

Note 21 - Other Items

A. Extraordinary Items

On May 27, 2004, the Board of Directors with the concurrence of shareholders voted to place the Company into self-administered managed runoff status. These actions were taken in response to declines in financial strength ratings and the inability to raise capital. The Company prepared a runoff plan which called for the cessation of writing new and renewal business at the earliest possible date. The runoff plan also calls for the Company to maintain sufficient staffing to perform all required functions related to policyholder services, billing and collection, claims administration and financial reporting. The Company is providing periodic updates to its domiciliary regulators.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Assets in the amount of \$6,691,002 and \$5,554,978 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law. Assets valued at \$3,402,284 and \$3,329,133 at December 31, 2012 and 2011, respectively were pledged as collateral. The pledged assets reside in a trust fund, the beneficiary of which was the purchaser of one of the Company's former wholly-owned subsidiaries.

D. Uncollectible Premiums Receivable

At December 31, 2012 and 2011, the Company had admitted assets of \$286,649 and \$660,548, respectively, in premiums receivable due from policyholders and agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premiums receivable as of December 31, 2012 are not expected to exceed the nonadmitted amounts totaling \$-0- and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

Not applicable

G. Subprime Mortgage Exposure

The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending such as adjustable rate mortgages and alternative documentation mortgages. These investments are in the form of asset-backed securities (ABS) collateralized by subprime mortgages and collateralized mortgage obligations backed by alternative documentation mortgages. The total carrying value of these investments is approximately \$614,000, comprising approximately 0.8% of the Company's total fixed maturity portfolio. The credit rating for these securities ranged from CC - A+ as of December 31, 2012 and reflects the Company practice of minimizing exposure to low quality (subprime type) credit risk.

Note 22 - Events Subsequent

The Company has evaluated subsequent events through January 31, 2013. The statutory reporting statements (annual statements) were issued on or about February 24, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with individual reinsurers, authorized and unauthorized, that exceeds 3% of the policyholders' surplus.

<u>GROUP</u>	<u>NAIC</u>	<u>FEIN</u>	<u>COMPANY</u>	<u>AMOUNT</u>
0008	19232	36-0719665	Allstate Insurance Company	9,401,000
0361	19720	52-2048110	American Alternative Insurance	54,000
0361	10227	13-4924125	Munich Reinsurance America Corp.	13,397,000
			Total Group 0361	13,451,000
	00000	AA-9991401	Alaska Workers Compensation	1,781,000

B. Reinsurance Recoverable in Dispute for the Year Ended December 31, 2012.

The Company does not have reinsurance recoverable for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded

(1) The following table summarizes ceded and assumed unearned premiums and the related equity at December 31, 2012.

	<u>Assumed</u>		<u>Ceded</u>		<u>Net</u>	
	<u>Reinsurance</u>		<u>Reinsurance</u>			
	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>
	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>
a. Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. All other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d. Direct Unearned Premium Reserve			\$ -	\$ -		

(1) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

REINSURANCE

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent commission	\$ -	\$ -	\$ -	\$ -
b. Sliding scale adjustments	\$ -	\$ -	\$ 22,805	\$ (22,805)
c. Other Profit Commissions Arrangements	\$ -	\$ -	\$ -	\$ -
d. TOTAL	\$ -	\$ -	\$ 22,805	\$ (22,805)

(2) None

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances due from (due to) reinsurers in the amount of \$(45,276), which is reflected as losses incurred:

a. Losses incurred	\$ (45,276)
b. Loss adjustment expenses incurred	\$ -
c. Premiums earned	\$ -
d. Other	\$ -
e. <u>Company</u>	<u>Amount</u>
Constellation Reinsurance Company	\$ (14,676)
Excess and Casualty Reinsurance Association	\$ 9,672
Fremont Indemnity Company	\$ 67,872
Heartland Group	\$ 282
Home Insurance Company	\$ 3,829
Insurance Corp of NY (The)	\$ (73,494)
North Atlantic Ins Co. Ltd	\$ (4,946)
Northeastern of Hartford	\$ 8,796
Transit Casualty Company	\$ (42,611)

E. The Company has not commuted any ceded reinsurance agreements during the year.

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

Not applicable

Note 24- Retrospectively Rated Contracts

None

Note 25- Change in Incurred Losses and Loss Adjustment Expenses

During 2012, the Company has recorded its pool percentage (88%) share of \$9.1 million savings of prior year reserves. The Company entered self-administered runoff in May 2004. Due to the uncertainties associated with runoff, the Company previously adopted a prudent and conservative practice of recording loss and loss adjustment expense reserves over and above the Appointed Actuary's central estimate. During the ensuing years subsequent to runoff, the loss and loss adjustment expense reserves have behaved in a generally predictable manner and developed favorably. The Company began recording its loss and loss adjustment expense reserves to the Appointed Actuary's central estimate commencing with year-end 2008. That practice remains in effect for 2012. The lines of business experiencing the largest amount of savings are Workers' Compensation (\$5.7 million), Commercial Multi-Peril (\$1.5 million) and Other Liability (\$0.7 million).

The Company does not have a material amount of retrospectively rated policies and accordingly no adjustments were made to premiums.

Note 26- Intercompany Pooling Arrangements

A new pooling arrangement was established effective January 1, 1995. The lead company is Providence Washington Insurance Company and participation percentages are:

<u>Company</u>	<u>NAIC Co. Code</u>	<u>Percentage</u>
Providence Washington Insurance Company	24295	88%
York Insurance Company	24325	12%

All lines of business and all types of business are subject to the pooling agreement. Prior to calculating the pooled results by company, all cessions to non-affiliated reinsurers of business subject to pooling are recorded on the books of the lead company. All participants in the pooling agreement are parties to the reinsurance agreements with non-affiliated reinsurers. The pooled parties have assigned and transferred all non-affiliated reinsurance rights and obligations to the pool's lead company per the terms of the pooling agreement. The provision for reinsurance (Schedule F – Part 7) is recorded in full on the books of the lead company in conformance with all non-affiliated ceded reinsurance being recorded on the lead company's books. The write-off of uncollectible reinsurance is shared by pool members in accordance with pooling participation percentages.

NOTES TO FINANCIAL STATEMENTS

Note 27- Structured Settlements

A. Reserves Released due to Purchase of Annuities

The Company has purchased annuities from life insurers under which the claimants are payees (see Note 14A). These annuities have been used to reduce unpaid losses by \$10,432,000 as of December 31, 2012. The Company has a contingent liability of \$10,432,000 should the issuers of these annuities fail to perform under the terms of the annuities.

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus.

<u>NAIC #</u>	<u>Company & Location</u>	<u>State of Domicile</u>	<u>of Annuity</u>
60488	American General Life Insurance Co. Houston, Texas	Yes	\$ 1,448,000
70025	Genworth Life Insurance Company Richmond, Virginia	Yes	\$ 3,540,000
65978	Metropolitan Life Insurance Company New York, New York	Yes	\$ 1,535,000
67466	Pacific Life Insurance Company Newport Beach, California	Yes	\$ 538,000
68608	Symetra Life Insurance Company Seattle, Washington	Yes	\$ 2,768,000

Note 28- Health Care Receivables

Not Applicable

Note 29- Participating Accident and Health Policies

Not Applicable

Note 30- Premium Deficiency Reserves

Not Applicable

Note 31- High Deductibles

As of December 31, 2012, the amount of reserve credit that has been recorded for high deductibles on unpaid claims was \$0.

As of December 31, 2012, the amount billed and recoverable for high deductibles on paid claims related to a business segment discontinued over ten years ago is immaterial. Over the last ten years, the Company has not issued policies with high deductible provisions.

NOTES TO FINANCIAL STATEMENTS

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

The Company’s liabilities for unpaid workers’ compensation claims are discounted on a consolidated basis with affiliated companies and then pooled among the affiliated companies. The discounts shown below are the Company’s pooled share. All discounting is done using a rate of 3.5%, as required by the State of Rhode Island.

Reserves for the indemnity portion of workers compensation claims have been discounted on a tabular basis using NCCI tables at 3.5%. In total, the December 31, 2012 and December 31, 2011 liabilities include \$1,862,080 and \$2,367,200 of indemnity discount, respectively. The amount of discount for Case versus IBNR indemnity reserves at December 31, 2012 is as follows:

A. Tabular Discount

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation		\$ 1,862,080
5. Commercial Multiple Peril		
6. Medical Professional Liability - occurrence		
7. Medical Professional Liability - claims-made		
8. Special Liability		
9. Other Liability - occurrence		
10. Other Liability - claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity, Surety		
14. Other (including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability - claims-made		
20. Products Liability - claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Warranty		
23. Total		\$ 1,862,080

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

The Company does not discount any medical unpaid losses, nor does the Company discount on a non-tabular basis.

NOTES TO FINANCIAL STATEMENTS

Note 33- Asbestos/Environmental Reserves

The Company has exposure to environmental and asbestos claims. All such exposures from all affiliates are pooled together and then allocated back to the separate companies based on their participation percentages in the pooling arrangement. The Company's environmental and asbestos exposure arises from the Group's past sale of General Liability, Commercial Multi-Peril, and Commercial Automobile insurance as well as from past participation in Assumed Reinsurance Pools. Regarding the direct exposure, the Group estimates the full impact of the environmental and asbestos exposure by establishing full case-basis reserves on all known claims and by computing incurred but not reported losses based on historical experience.

As respects the environmental and asbestos liability arising from assumed reinsurance, the Group was a participant in a pool of approximately fifty assumed reinsurance treaties which were discontinued in 1987. One of these treaties involves a small share of the ECRA pool. The participation in each treaty, although small (ranging from one-half of one percent to four percent), varied substantially by year with not all treaties being in-force for all years.

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes

The Company tries to estimate the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

(1) Direct-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 3,511,000	\$ 5,139,000	\$ 4,896,000	\$ 4,840,000	\$ 5,104,000
b. Incurred losses and loss adjustment expense:	\$ 1,809,000	\$ 112,000	\$ 427,000	\$ 564,000	\$ (804,000)
c. Calendar year payments for losses and loss adjustment	\$ 181,000	\$ 355,000	\$ 483,000	\$ 300,000	\$ (12,000)
d. Ending reserves:	\$ 5,139,000	\$ 4,896,000	\$ 4,840,000	\$ 5,104,000	\$ 4,312,000

(2) Assumed Reinsurance-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 8,024,000	\$ 8,519,000	\$ 9,183,000	\$ 9,425,000	\$ 9,799,000
b. Incurred losses and loss adjustment expense:	\$ 1,216,000	\$ 1,237,000	\$ 3,262,000	\$ 708,000	\$ (589,000)
c. Calendar year payments for losses and loss adjustment	\$ 721,000	\$ 573,000	\$ 3,020,000	\$ 334,000	\$ 315,000
d. Ending reserves:	\$ 8,519,000	\$ 9,183,000	\$ 9,425,000	\$ 9,799,000	\$ 8,895,000

(3) Net of Ceded Reinsurance-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 8,650,000	\$ 9,473,000	\$ 10,361,000	\$ 10,480,000	\$ 11,207,000
b. Incurred losses and loss adjustment expense:	\$ 1,533,000	\$ 1,485,000	\$ 3,293,000	\$ 1,090,000	\$ (1,006,000)
c. Calendar year payments for losses and loss adjustment	\$ 710,000	\$ 597,000	\$ 3,174,000	\$ 363,000	\$ 249,000
d. Ending reserves:	\$ 9,473,000	\$ 10,361,000	\$ 10,480,000	\$ 11,207,000	\$ 9,952,000

- B. State the amount of ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis:	\$ 849,000
(2) Assumed Reinsurance Basis:	\$ 6,222,000
(3) Net of Ceded Reinsurance Basis:	\$ 6,284,000

- C. State the amount of the ending reserves for loss adjustment expenses included in A(Case, Bulk + IBNR):

(1) Direct Basis:	\$ 1,274,000
(2) Assumed Reinsurance Basis:	\$ -
(3) Net of Ceded Reinsurance Basis:	\$ 312,000

NOTES TO FINANCIAL STATEMENTS

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes

(1) Direct-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 12,830,000	\$ 12,763,000	\$ 12,968,000	\$ 12,856,000	\$ 14,319,000
b. Incurred losses and loss adjustment expense:	\$ 553,000	\$ 496,000	\$ 53,000	\$ 1,556,000	\$ (404,000)
c. Calendar year payments for losses and loss adjustment expenses:	\$ 620,000	\$ 291,000	\$ 165,000	\$ 93,000	\$ 62,000
d. Ending reserves:	\$ 12,763,000	\$ 12,968,000	\$ 12,856,000	\$ 14,319,000	\$ 13,853,000

(2) Assumed Reinsurance-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 1,415,000	\$ 1,502,000	\$ 1,620,000	\$ 1,664,000	\$ 1,729,000
b. Incurred losses and loss adjustment expense:	\$ 214,000	\$ 218,000	\$ 576,000	\$ 124,000	\$ (104,000)
c. Calendar year payments for losses and loss adjustment expenses:	\$ 127,000	\$ 100,000	\$ 532,000	\$ 59,000	\$ 56,000
d. Ending reserves:	\$ 1,502,000	\$ 1,620,000	\$ 1,664,000	\$ 1,729,000	\$ 1,569,000

(3) Net of Ceded Reinsurance-

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
a. Beginning reserves:	\$ 7,350,000	\$ 4,005,000	\$ 4,309,000	\$ 4,256,000	\$ 5,352,000
b. Incurred losses and loss adjustment expense:	\$ (2,822,000)	\$ 247,000	\$ 592,000	\$ 1,163,000	\$ (306,000)
c. Calendar year payments for losses and loss adjustment expenses:	\$ 523,000	\$ (57,000)	\$ 645,000	\$ 67,000	\$ 54,000
d. Ending reserves:	\$ 4,005,000	\$ 4,309,000	\$ 4,256,000	\$ 5,352,000	\$ 4,992,000

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

(1) Direct Basis:	\$ 1,850,000
(2) Assumed Reinsurance Basis:	\$ 1,098,000
(3) Net of Ceded Reinsurance Basis:	\$ 2,138,000

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1) Direct Basis:	\$ 2,774,000
(2) Assumed Reinsurance Basis:	\$ -
(3) Net of Ceded Reinsurance Basis:	\$ 1,785,000

Note 34- Subscriber Savings Account

Not applicable

Note 35- Multiple Peril Crop Insurance

Not applicable

Note 36- Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? Rhode Island.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).05/18/2012
- 3.4 By what department or departments? Rhode Island.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
American Concept Insurance Company.....	31909.....	RI.....
.....
.....
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 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
- 7.2 If yes,
- 7.21 State the percentage of foreign control100.0
- 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
Bermuda.....	Corporation.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 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?
 See responses to General Interrogatories 10.3 and 10.4.....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [X] No []
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
 Annual audit requirement has been waived by Rhode Island Department of Business Regulation for year ended 12/31/2012.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [X] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain
 The Board of Directors serves as and performs the duties of an Audit Committee.....
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?
 James C. Votta, Consulting Actuary, Ernst & Young LLP, 5 Times Square, New York, NY 10036-6530.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$.....
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 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 committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
 - 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 \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] 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 [X] 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 [] NA [X]
- 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 [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 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 [] NA [X]
- 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 \$.....

GENERAL INTERROGATORIES

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	\$.....3,402,284
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	\$.....6,691,002
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year. \$.....

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

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

1 Name of Custodian(s)	2 Custodian’s Address
Bank of New York Mellon.....	500 Grant Street, Pittsburgh, PA 15258.....

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107423.....	Conning Asset Management.....	One Financial Plaza Hartford, CT 06103-2627.....

GENERAL INTERROGATORIES

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

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	76,100,692	77,775,820	1,675,128
30.2 Preferred Stocks.....	0		0
30.3 Totals	76,100,692	77,775,820	1,675,128

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

Fair Values are determined from a variety of sources including the Securities Valuation Office, pricing service providers, such as IDC or broker dealers such as 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 [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]
- 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:
 Prices are obtained from the dealers/market makers for these securities. The prices are non-binding but represent their best estimate of fair value per market conditions.....
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

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

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
.....	\$.....
.....	\$.....
.....	\$.....

34.1 Amount of payments for legal expenses, if any? \$2,032

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
.....	\$.....
.....	\$.....
.....	\$.....

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only \$0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.3.1 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. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives

2. Health Test:

	1 Current Year		2 Prior Year	
2.1 Premium Numerator	\$	.....0	\$	.....0
2.2 Premium Denominator	\$	.....221,298	\$	.....165,820
2.3 Premium Ratio (2.1/2.2)		.....0.000		.....0.000
2.4 Reserve Numerator	\$	.....0	\$	.....0
2.5 Reserve Denominator	\$	.....39,700,501	\$	.....55,116,452
2.6 Reserve Ratio (2.4/2.5)		.....0.000		.....0.000

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:

3.2.1 Participating policies \$
 3.2.2 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No []
 5.2 If yes, is the commission paid:
 5.2.1 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 5.2.2 As a direct expense of the exchange Yes [] No [] N/A []

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
 None - company in runoff since 2004 - no current exposure.....
- 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:
 Not applicable - see response to 6.1 above.....
- 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?.....
 Not applicable - see response to 6.1 above.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
 Not applicable - see response to 6.1 above.....
- 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 [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
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 [X] No [] N/A []

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the 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 [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$
 12.62 Collateral and other funds..... \$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$
- 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 [X] No []
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 See Notes to Financial Statements #26.....
- 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 [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [X] 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 [X]
 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

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. \$.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	307	99,879	44,766	(12,436)	(53,821)
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	7,847	1,383	7,063	18,730
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	1,119	5,533	(5,616)	(25,509)
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	24,952
6. Total (Line 35)	307	108,845	51,682	(10,989)	(35,648)
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)	121,821	126,279	234,985	(202,081)	(270,960)
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	6,704	1,182	2,973	2,038
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	99,477	32,837	162,310	(164,745)	(193,755)
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	21,318
12. Total (Line 35)	221,298	165,820	398,477	(363,853)	(441,359)
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	5,925,588	2,234,639	(4,840,588)	97,782	24,060,843
14. Net investment gain (loss) (Line 11)	2,289,174	2,875,780	2,570,479	6,125,497	5,946,291
15. Total other income (Line 15)	10,331	(73,616)	1,755	428,034	11,834
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	1,494,033	537,034	(796,527)	94,738	678,761
18. Net income (Line 20)	6,731,060	4,499,769	(1,471,827)	6,556,575	29,340,206
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	97,616,576	105,992,621	116,421,909	124,088,210	172,725,311
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	286,649	660,548	1,082,743	1,093,522	1,111,139
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	1,034
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	56,731,371	70,900,236	78,784,338	84,892,878	102,876,043
22. Losses (Page 3, Line 1)	31,301,131	43,596,937	51,402,409	53,154,299	67,691,761
23. Loss adjustment expenses (Page 3, Line 3)	6,685,619	10,026,795	12,494,201	16,295,882	17,596,032
24. Unearned premiums (Page 3, Line 9)	0	0	0	505	6,970
25. Capital paid up (Page 3, Lines 30 & 31)	5,021,200	5,021,000	6,021,200	6,021,200	6,021,200
26. Surplus as regards policyholders (Page 3, Line 37)	40,885,205	35,092,385	37,637,571	39,195,332	69,849,268
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(5,724,486)	(1,183,201)	(3,245,523)	(11,882,038)	(11,869,618)
Risk-Based Capital Analysis					
28. Total adjusted capital	40,885,205	35,092,385	37,637,571	39,195,332	69,849,268
29. Authorized control level risk-based capital	5,575,245	7,201,025	10,802,802	8,177,995	10,184,242
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)	72.7	74.1	74.9	54.7	66.2
31. Stocks (Lines 2.1 & 2.2)	11.7	13.7	13.9	13.6	8.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	8.9	6.5	7.6	28.3	22.6
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8)	6.7	5.7	3.6	3.4	2.5
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
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)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	11,103,848	10,526,390	14,579,413	14,869,818	13,515,656
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	11,103,848	10,526,390	14,579,413	14,869,818	13,515,656
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)	27.2	30.0	38.7	37.9	19.3

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	779,811	229,457	(212,610)	88,999	5,661,004
52. Dividends to stockholders (Line 35)	0	0	0	(38,831,052)	(560,336)
53. Change in surplus as regards policyholders for the year (Line 38)	5,792,820	1,671,519	(1,557,761)	(30,653,936)	29,998,025
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)	5,587,076	2,703,500	2,562,588	8,146,452	11,672,715
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(13,168)	(20,426)	(15,113)	(74,097)	(98,294)
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	106,826	1,366,389	1,658,301	3,596,792	5,872,639
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	20,101	35,981
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	569,840	634,713	792,383	4,378,906	911,756
59. Total (Line 35)	6,250,574	4,684,176	4,998,159	16,068,154	18,394,797
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)	4,103,795	1,839,627	1,672,676	1,495,636	5,032,838
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(11,588)	(17,422)	(34,468)	(93,580)	(100,631)
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	254,074	1,134,200	1,309,054	2,189,568	4,033,979
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	2,951	14,712
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	501,459	542,279	676,987	1,917,862	(523,215)
65. Total (Line 35)	4,847,740	3,498,684	3,624,249	5,512,437	8,457,683
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)	(3,365.6)	(2,597.3)	469.3	2,524.4	5,746.8
68. Loss expenses incurred (Line 3)	(269.3)	128.1	25.6	(921.0)	774.1
69. Other underwriting expenses incurred (Line 4)	1,057.3	1,221.6	818.3	(1,476.0)	(942.1)
70. Net underwriting gain (loss) (Line 8)	2,677.7	1,347.6	(1,213.2)	(27.4)	(5,479.0)
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)	1,052.6	1,265.9	818.9	(1,328.4)	(934.5)
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	(3,634.9)	(2,469.2)	494.9	1,603.3	6,520.9
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)	0.5	0.4	1.2	(1.0)	(0.6)
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)	(8,552)	(4,396)	2,412	(8,189)	(30,197)
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)	(24.4)	(11.7)	6.7	(12.0)	(79.0)
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)	(12,948)	(1,984)	(5,776)	(38,389)	(30,828)
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)	(38.7)	(5.1)	(8.5)	(100.5)	(94.3)

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 [X] No []

If no, please explain

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	5,371	653	727	269	1,343	0	376	6,519	XXX
2. 2003	160,302	41,151	119,151	78,073	17,275	6,762	1,620	15,429	0	2,898	81,369	XXX
3. 2004	128,948	18,353	110,595	48,771	2,776	4,427	230	14,274	0	2,148	64,466	XXX
4. 2005	28,658	3,775	24,883	13,302	893	861	84	3,933	0	481	17,120	XXX
5. 2006	3,152	1,990	1,162	843	416	63	54	673	0	8	1,109	XXX
6. 2007	1,498	1,495	3	471	410	35	41	310	0	6	365	XXX
7. 2008	511	950	(439)	46	45	1	5	70	0	0	68	XXX
8. 2009	8	365	(358)	0	0	0	0	(7)	0	0	(7)	XXX
9. 2010	33	(366)	400	0	0	0	0	0	0	0	0	XXX
10. 2011	91	(75)	165	0	0	0	0	0	0	0	0	XXX
11. 2012	0	(221)	221	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	146,877	22,468	12,877	2,303	36,026	0	5,918	171,010	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	33,165	18,131	21,272	6,222	0	0	5,499	2,689	3,505	0	210	36,398	XXX
2.	353	0	318	128	0	0	111	14	76	0	62	716	XXX
3.	413	0	260	118	0	0	102	13	81	0	57	725	XXX
4.	64	0	62	11	0	0	23	1	5	0	6	142	XXX
5.	1	0	1	0	0	0	0	0	0	0	0	2	XXX
6.	1	0	0	0	0	0	0	0	0	0	0	1	XXX
7.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12.	33,997	18,131	21,914	6,479	0	0	5,735	2,717	3,667	0	335	37,985	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	30,083	6,315
2.	101,122	19,037	82,085	63.1	46.3	68.9	0	0	88.0	544	172
3.	68,328	3,137	65,191	53.0	17.1	58.9	0	0	88.0	555	170
4.	18,250	988	17,262	63.7	26.2	69.4	0	0	88.0	115	27
5.	1,582	470	1,112	50.2	23.6	95.7	0	0	88.0	2	0
6.	818	452	366	54.6	30.2	12,132.5	0	0	88.0	1	0
7.	118	50	68	23.1	5.3	(15.5)	0	0	88.0	0	0
8.	(7)	0	(7)	(93.0)	0.0	2.0	0	0	88.0	0	0
9.	0	0	0	0.0	0.0	0.0	0	0	88.0	0	0
10.	0	0	0	0.0	0.0	0.0	0	0	88.0	0	0
11.	0	0	0	0.0	0.0	0.0	0	0	88.0	0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	31,300	6,685

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.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

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	158,860	179,936	185,005	188,302	192,567	177,006	170,403	174,424	171,303	163,728	(7,575)	(10,696)
2. 2003	66,784	72,980	74,527	73,081	71,260	69,065	68,418	67,331	67,196	66,613	(583)	(718)
3. 2004	XXX	68,237	65,482	66,071	63,926	53,714	52,826	52,113	51,227	50,862	(365)	(1,251)
4. 2005	XXX	XXX	17,210	16,265	15,592	13,464	13,396	13,605	13,352	13,330	(22)	(275)
5. 2006	XXX	XXX	XXX	809	566	450	460	446	445	439	(7)	(7)
6. 2007	XXX	XXX	XXX	XXX	40	55	61	57	56	56	0	(1)
7. 2008	XXX	XXX	XXX	XXX	XXX	(5)	(2)	(2)	(2)	(2)	0	0
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											(8,552)	(12,948)

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	55,926	85,192	100,703	109,540	114,574	117,732	120,791	123,862	129,038	XXX	XXX
2. 2003	18,026	37,997	51,140	57,462	61,773	63,796	64,623	64,937	65,849	65,940	XXX	XXX
3. 2004	XXX	22,344	34,369	40,155	43,682	46,830	49,201	49,896	50,097	50,192	XXX	XXX
4. 2005	XXX	XXX	8,314	9,979	11,380	11,811	12,381	13,078	13,163	13,187	XXX	XXX
5. 2006	XXX	XXX	XXX	235	283	361	402	421	431	436	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	18	28	41	48	53	55	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	(5)	(3)	(2)	(2)	(2)	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	69,491	46,949	45,802	49,856	52,156	35,504	22,059	25,522	22,503	19,657
2. 2003	24,966	13,863	11,284	6,852	4,549	2,179	1,375	571	522	319
3. 2004	XXX	26,666	17,493	15,439	12,562	2,513	1,512	963	460	257
4. 2005	XXX	XXX	4,927	3,499	2,458	507	295	202	110	79
5. 2006	XXX	XXX	XXX	393	132	23	15	3	2	1
6. 2007	XXX	XXX	XXX	XXX	(2)	11	5	2	1	0
7. 2008	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Providence Washington Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	0	0	268	7,026	48,187	0	0
2. Alaska	AK	L	0	0	267,903	686,933	4,941,126	0	0
3. Arizona	AZ	L	0	0	0	0	0	0	0
4. Arkansas	AR	L	0	0	0	0	0	0	0
5. California	CA	L	0	0	0	(14,337)	51,256	0	0
6. Colorado	CO	L	0	0	0	0	0	0	0
7. Connecticut	CT	L	0	0	81,724	127,064	1,968,282	0	0
8. Delaware	DE	L	0	0	0	(109,345)	0	0	0
9. Dist. Columbia	DC	L	0	0	0	0	0	0	0
10. Florida	FL	N	(1)	0	0	(2)	0	0	0
11. Georgia	GA	L	0	0	14,732	(113,057)	229,729	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	L	0	0	(75)	(75)	0	0	0
14. Illinois	IL	L	0	0	3,194	(105,938)	422,962	0	0
15. Indiana	IN	L	0	0	301,472	(29,161)	650,316	0	0
16. Iowa	IA	L	0	0	0	0	0	0	0
17. Kansas	KS	L	0	0	0	0	0	0	0
18. Kentucky	KY	L	0	0	115,381	(8,387)	701,768	0	0
19. Louisiana	LA	L	0	0	31,606	89,609	296,269	0	0
20. Maine	ME	L	0	0	(671)	(671)	0	0	0
21. Maryland	MD	L	0	0	0	0	0	0	0
22. Massachusetts	MA	L	0	0	4,905	(67,368)	667,399	0	0
23. Michigan	MI	L	0	0	(2,750)	(2,750)	0	0	0
24. Minnesota	MN	L	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	2,249	(8,430)	88,640	0	0
26. Missouri	MO	L	0	0	0	0	0	0	0
27. Montana	MT	L	0	0	0	0	0	0	0
28. Nebraska	NE	L	0	0	0	0	0	0	0
29. Nevada	NV	L	0	0	0	0	0	0	0
30. New Hampshire	NH	L	0	0	2,447	5,287	42,352	0	0
31. New Jersey	NJ	L	0	0	(29,310)	(106,578)	2,645,598	0	0
32. New Mexico	NM	L	0	0	0	0	0	0	0
33. New York	NY	L	0	0	369,816	(128,839)	7,327,782	0	0
34. No. Carolina	NC	L	0	0	8,858	43,636	243,923	0	0
35. No. Dakota	ND	L	0	0	(40)	(40)	0	0	0
36. Ohio	OH	L	0	0	(366)	30,239	30,605	0	0
37. Oklahoma	OK	L	0	0	0	0	0	0	0
38. Oregon	OR	L	0	0	5,014	(21,693)	72,854	0	0
39. Pennsylvania	PA	L	0	0	156,360	158,194	1,785,795	0	0
40. Rhode Island	RI	L	0	0	65,549	61,367	12,920,935	0	0
41. So. Carolina	SC	L	0	0	0	0	0	0	0
42. So. Dakota	SD	L	0	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	41,013	59,456	830,839	0	0
44. Texas	TX	L	0	0	3,745,729	(12,635,811)	3,437,611	0	0
45. Utah	UT	N	0	0	18,935	(46,343)	58,902	0	0
46. Vermont	VT	L	0	0	0	0	0	0	0
47. Virginia	VA	L	0	0	55,000	(65,694)	0	0	0
48. Washington	WA	L	0	0	38,413	54,329	1,041,773	0	0
49. West Virginia	WV	L	0	0	0	0	0	0	0
50. Wisconsin	WI	L	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a) 46	(1)	0	0	5,297,356	(12,141,379)	40,504,903	0	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(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.

Company in runoff. No premium written.

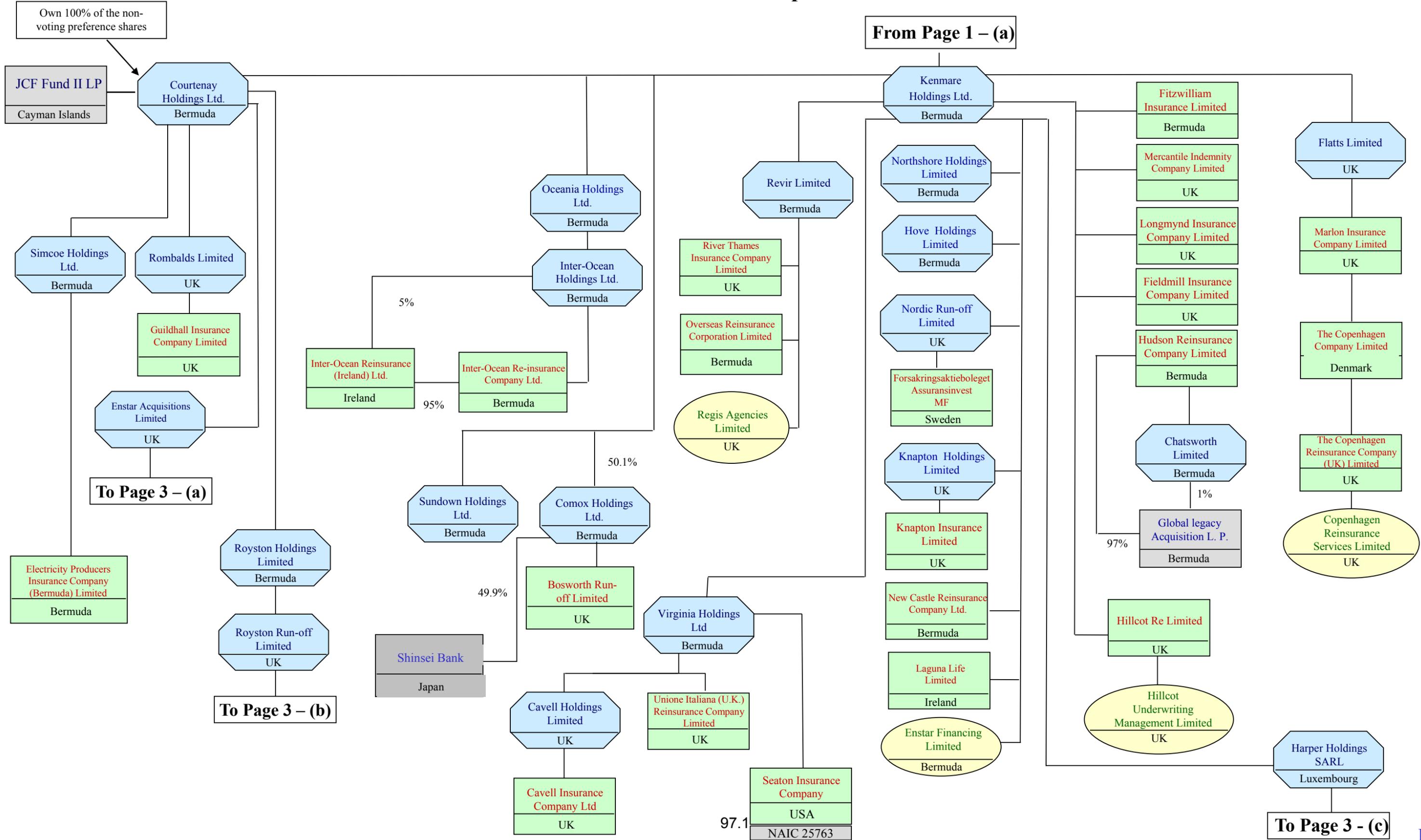
(a) Insert the number of L responses except for Canada and Other Alien

STATEMENT AS OF DECEMBER 31, 2012 OF THE Providence Washington Insurance Company
Schedule Y- Information concerning activities of insurer members of a holding company group

Part 1 – Organizational Chart

Enstar Group Limited

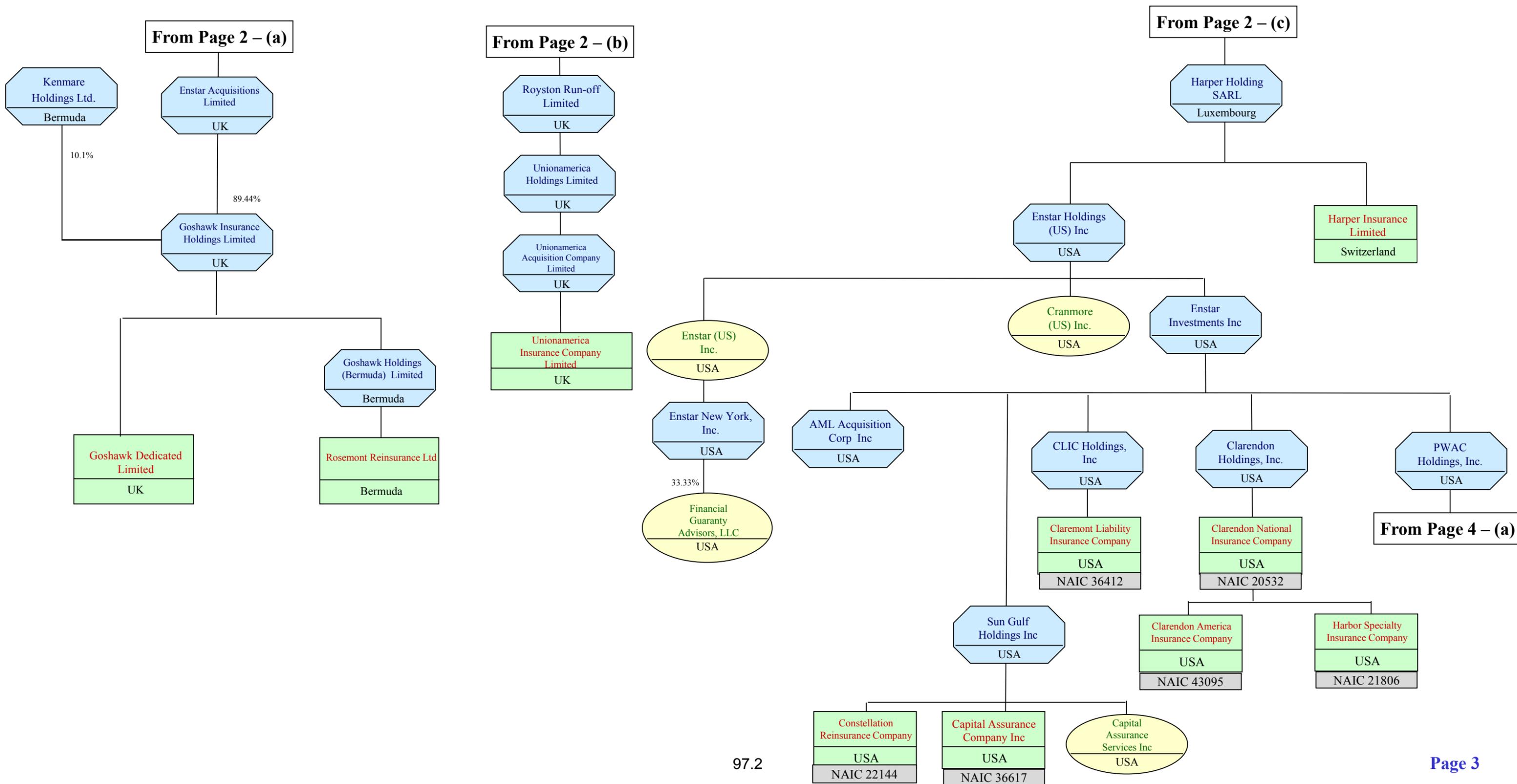
- Holding Companies
- Service Companies
- Insurance and Reinsurance Companies



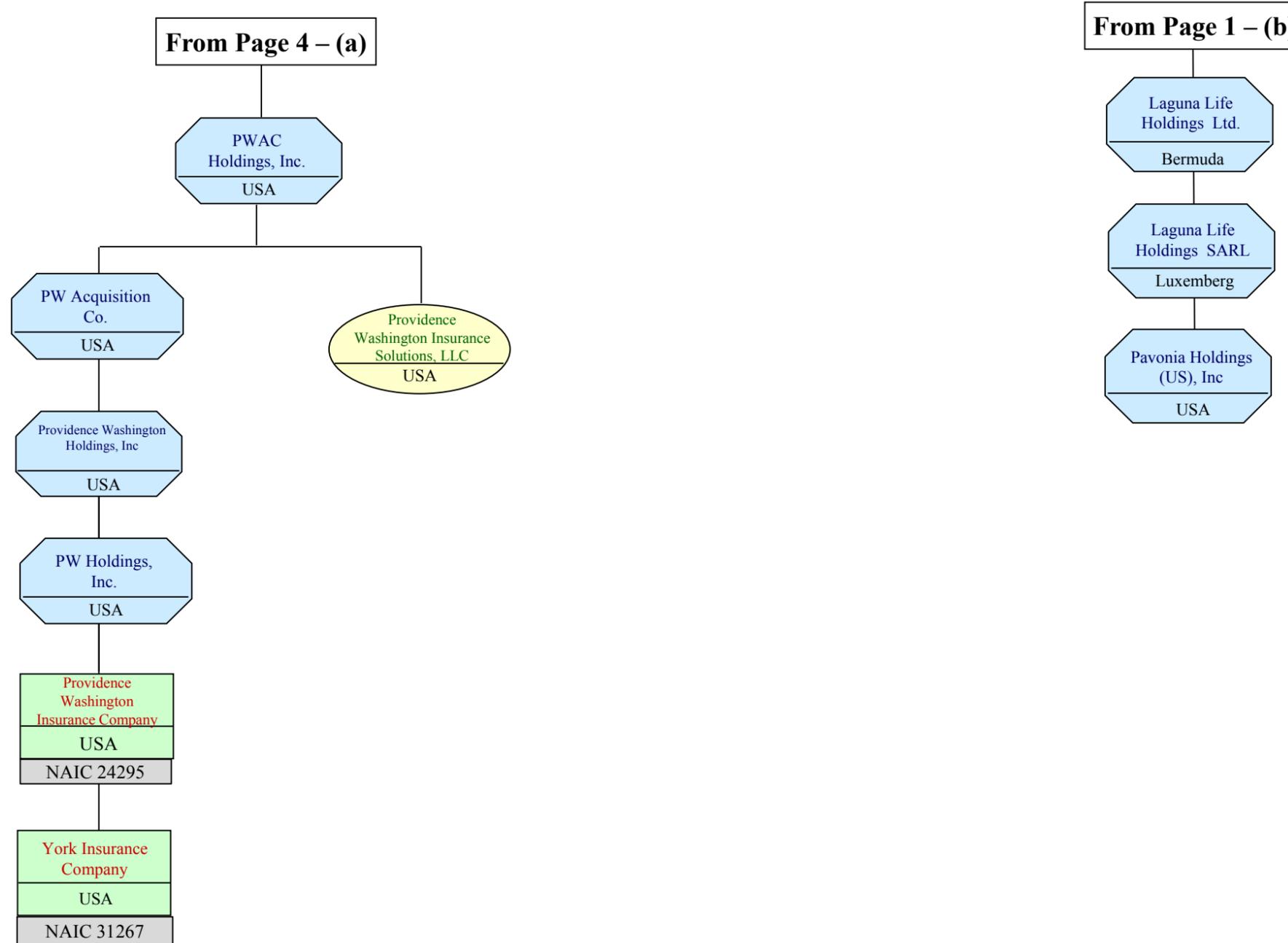
STATEMENT AS OF DECEMBER 31, 2012 OF THE Providence Washington Insurance Company
 Schedule Y- Information concerning activities of insurer members of a holding company group
 Part 1 – Organizational Chart

Enstar Group Limited

- Holding Companies
- Service Companies
- Insurance and Reinsurance Companies



Enstar Group Limited



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