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PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

NAIC Group Code 0108 (Current Period), 0108 (Prior Period) NAIC Company Code 30562 Employer's ID Number 36-2797074

Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois

Country of Domicile United States

Incorporated/Organized 03/29/1837 Commenced Business 08/13/1837

Statutory Home Office 1 Corporate Drive, Suite 200 (Street and Number), Long Grove, IL 60049-0001 (City or Town, State and Zip Code)

Main Administrative Office 1 Corporate Drive, Suite 200 (Street and Number) Lake Zurich, IL 60047-8945 (City or Town, State and Zip Code) 847-320-2000 (Area Code) (Telephone Number)

Mail Address 1 Corporate Drive, Suite 200 (Street and Number or P.O. Box), Lake Zurich, IL 60047-8945 (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Corporate Drive, Suite 200 (Street and Number) Lake Zurich, IL 60047-8945 (City or Town, State and Zip Code) 847-320-3127 (Area Code) (Telephone Number)

Internet Website Address www.lmcco.com

Statutory Statement Contact Fredrick Thomas Griffith (Name) 847-320-3127 (Area Code) (Telephone Number) (Extension)

Fred.Griffith@lmcco.com (E-mail Address) 847-320-3818 (Fax Number)

OFFICERS

Name	Title	Name	Title
Douglas Sean Andrews	President and CEO	John Keating Conway	Secretary
Fredrick Thomas Griffith	Chief Financial Officer	Geoffrey Andrew Cooke	Treasurer

OTHER OFFICERS

Barbara Kay Murray, Senior Vice President

DIRECTORS OR TRUSTEES

Douglas Sean Andrews	Peter Bannerman Hamilton	George Ralph Lewis	Arthur James Massolo
David Barrett Mathis			

State of Illinois

County of Lake 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.

Douglas Sean Andrews	John Keating Conway	Fredrick Thomas Griffith
President and CEO	Secretary	Chief Financial Officer

Subscribed and sworn to before me this 17th day of February, 2012

a. Is this an original filing? Yes [X] No [ ]

b. If no,

1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	9,537,356		9,537,356	9,455,518
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
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 ($ 0 , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 545,066 , Schedule DA)	545,066		545,066	738,838
6. Contract loans (including $ .... premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	0		0	0
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)	10,082,422	0	10,082,422	10,194,356
13. Title plants less $ .... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	109,095		109,095	158,964
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
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			0	0
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			0	0
24. Health care ($ ....) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	41,667	41,667	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	10,233,184	41,667	10,191,517	10,353,320
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	10,233,184	41,667	10,191,517	10,353,320
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. Prepaid expenses	41,667	41,667	0	0
2502.				
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)	41,667	41,667	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	0	0
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	0	0
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	900	900
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		0
7.1 Current federal and foreign income taxes (including $ .... on realized capital gains (losses))		0
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 $ 137,283 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)		0
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 (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	66,985	62,247
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	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	67,885	63,147
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	67,885	63,147
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock		0
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	1,500,000	1,500,000
33. Surplus notes		0
34. Gross paid in and contributed surplus		0
35. Unassigned funds (surplus)	8,623,632	8,790,173
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)	10,123,632	10,290,173
38. Totals (Page 2, Line 28, Col. 3)	10,191,517	10,353,320
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
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. Guaranty fund	1,500,000	1,500,000
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)	1,500,000	1,500,000

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	0	0
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	0	0
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	0	0
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	388,058	1,201,043
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	388,058	1,201,043
7.	Net income of protected cells		0
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(388,058)	(1,201,043)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	214,697	246,356
10.	Net realized capital gains (losses) less capital gains tax of $ (Exhibit of Capital Gains (Losses))	1,820	52,107
11.	Net investment gain (loss) (Lines 9 + 10)	216,517	298,463
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ amount charged off $)		0
13.	Finance and service charges not included in premiums		0
14.	Aggregate write-ins for miscellaneous income	0	0
15.	Total other income (Lines 12 through 14)	0	0
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(171,541)	(902,580)
17.	Dividends to policyholders		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)	(171,541)	(902,580)
19.	Federal and foreign income taxes incurred		0
20.	Net income (Line 18 minus Line 19) (to Line 22)	(171,541)	(902,580)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	10,290,173	11,192,753
22.	Net income (from Line 20)	(171,541)	(902,580)
23.	Net transfers (to) from Protected Cell accounts		0
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $		0
25.	Change in net unrealized foreign exchange capital gain (loss)		0
26.	Change in net deferred income tax		0
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	5,000	0
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29.	Change in surplus notes		0
30.	Surplus (contributed to) withdrawn from protected cells		0
31.	Cumulative effect of changes in accounting principles		0
32.	Capital changes:		
	32.1 Paid in		0
	32.2 Transferred from surplus (Stock Dividend)		0
	32.3 Transferred to surplus		0
33.	Surplus adjustments:		
	33.1 Paid in		0
	33.2 Transferred to capital (Stock Dividend)		0
	33.3 Transferred from capital		0
34.	Net remittances from or (to) Home Office		0
35.	Dividends to stockholders		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	0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(166,541)	(902,580)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	10,123,632	10,290,173
	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.			
1402.			
1403.			
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)	0	0
3701.			0
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)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	0	0
2. Net investment income	404,436	341,523
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	404,436	341,523
5. Benefit and loss related payments	0	0
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	388,058	1,201,043
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	388,058	1,201,043
11. Net cash from operations (Line 4 minus Line 10)	16,378	(859,520)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	298,200	2,647,411
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	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	298,200	2,647,411
13. Cost of investments acquired (long-term only):		
13.1 Bonds	518,088	1,434,059
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	518,088	1,434,059
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)	(219,888)	1,213,352
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
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	9,738	(175,129)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	9,738	(175,129)
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)	(193,772)	178,703
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	738,838	560,135
19.2 End of year (Line 18 plus Line 19.1)	545,066	738,838

Part 1

NONE

Part 1A

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1.	Fire						0
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril	(37)			(37)		0
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine	100			100		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	33,833			33,833		0
17.1	Other liability - occurrence	(2,406)			(2,406)		0
17.2	Other liability - claims-made						0
17.3	Excess workers' compensation						0
18.1	Products liability - occurrence	(5,286)			(5,286)		0
18.2	Products liability - claims-made						0
19.1,19.2	Private passenger auto liability						0
19.3,19.4	Commercial auto liability	479			479		0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety	225,605			225,605		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	252,288	0	0	252,288	0	0
	DETAILS OF WRITE-INS						
3401.							0
3402.							
3403.							
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 $ ....

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire				0	0	0	0	0.0
2.	Allied lines				0	0	0	0	0.0
3.	Farmowners multiple peril				0	0	0	0	0.0
4.	Homeowners multiple peril	(5,857)		(5,857)	0	0	0	0	0.0
5.	Commercial multiple peril	257,499		257,499	0	0	0	0	0.0
6.	Mortgage guaranty				0	0	0	0	0.0
8.	Ocean marine				0	0	0	0	0.0
9.	Inland marine	(225)		(225)	0	0	0	0	0.0
10.	Financial guaranty				0	0	0	0	0.0
11.1	Medical professional liability - occurrence				0	0	0	0	0.0
11.2	Medical professional liability - claims-made				0	0	0	0	0.0
12.	Earthquake				0	0	0	0	0.0
13.	Group accident and health				0	0	0	0	0.0
14.	Credit accident and health (group and individual)				0	0	0	0	0.0
15.	Other accident and health				0	0	0	0	0.0
16.	Workers' compensation	16,361,756		16,361,756	0	0	0	0	0.0
17.1	Other liability - occurrence	3,540,068		3,540,068	0	0	0	0	0.0
17.2	Other liability - claims-made				0	0	0	0	0.0
17.3	Excess workers' compensation	886,641		886,641	0	0	0	0	0.0
18.1	Products liability - occurrence	651,447		651,447	0	0	0	0	0.0
18.2	Products liability - claims-made				0	0	0	0	0.0
19.1,19.2	Private passenger auto liability	141,826		141,826	0	0	0	0	0.0
19.3,19.4	Commercial auto liability	17,360		17,360	0	0	0	0	0.0
21.	Auto physical damage	(25,919)		(25,919)	0	0	0	0	0.0
22.	Aircraft (all perils)				0	0	0	0	0.0
23.	Fidelity	(5,282)		(5,282)	0	0	0	0	0.0
24.	Surety	679,092		679,092	0	0	0	0	0.0
26.	Burglary and theft				0	0	0	0	0.0
27.	Boiler and machinery				0	0	0	0	0.0
28.	Credit				0	0	0	0	0.0
29.	International				0	0	0	0	0.0
30.	Warranty				0	0	0	0	0.0
31.	Reinsurance - nonproportional assumed property	XXX			0	0	0	0	0.0
32.	Reinsurance - nonproportional assumed liability	XXX			0	0	0	0	0.0
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	22,498,406	0	22,498,406	0	0	0	0	0.0
	DETAILS OF WRITE-INS								
3401.									
3402.									
3403.									
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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril	94,687		94,687	0	(15,338)		(15,338)	0	
5.	Commercial multiple peril	2,949,622		2,949,622	0	228,718		228,718	0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine	30		30	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				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation	111,629,492		111,629,492	0	(16,420,039)		(16,420,039)	0	
17.1	Other liability - occurrence	3,062,269		3,062,269	0	(467,188)		(467,188)	0	
17.2	Other liability - claims-made				0	3,280		3,280	0	
17.3	Excess workers' compensation	3,160,522		3,160,522	0	151,345		151,345	0	
18.1	Products liability - occurrence	475,626		475,626	0	(55,360)		(55,360)	0	
18.2	Products liability - claims-made				0	107		107	0	
19.1,19.2	Private passenger auto liability	1,740,715		1,740,715	0	(950,782)		(950,782)	0	
19.3,19.4	Commercial auto liability	40,978		40,978	0	(2,693)		(2,693)	0	
21.	Auto physical damage	1,761		1,761	0	567		567	0	
22.	Aircraft (all perils)				0				0	
23.	Fidelity	150		150	0	44		44	0	
24.	Surety	3,106,777		3,106,777	0	(1,346,754)		(1,346,754)	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			0	XXX			0	
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	126,262,629	0	126,262,629	0	(18,874,093)	0	(18,874,093)	0	0
	DETAILS OF WRITE-INS									
3401.										
3402.										
3403.										
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	1,196,436			1,196,436
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	1,196,436			1,196,436
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	0	0	0	0
2. Commission and brokerage:				
2.1 Direct, excluding contingent		5,572		5,572
2.2 Reinsurance assumed, excluding contingent				0
2.3 Reinsurance ceded, excluding contingent		5,572		5,572
2.4 Contingent-direct				0
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	0	0	0
3. Allowances to manager and agents				0
4. Advertising				0
5. Boards, bureaus and associations				0
6. Surveys and underwriting reports				0
7. Audit of assureds' records		104,829		104,829
8. Salary and related items:				
8.1 Salaries			6,828	6,828
8.2 Payroll taxes			253	253
9. Employee relations and welfare			391	391
10. Insurance		170,108		170,108
11. Directors' fees		106,208		106,208
12. Travel and travel items			233	233
13. Rent and rent items				0
14. Equipment				0
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery		2,653	100	2,753
17. Postage, telephone and telegraph, exchange and express			32	32
18. Legal and auditing			13,464	13,464
19. Totals (Lines 3 to 18)	0	383,798	21,301	405,099
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $				0
20.2 Insurance department licenses and fees		4,260		4,260
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	4,260	0	4,260
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	0	11,026	11,026
25. Total expenses incurred	0	388,058	32,327	(a) 420,385
26. Less unpaid expenses - current year	0		900	900
27. Add unpaid expenses - prior year	0	0	900	900
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)	0	388,058	32,327	420,385
DETAILS OF WRITE-INS				
2401. All other		0	11,026	11,026
2402.				
2403.				
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	0	11,026	11,026

(a) Includes management fees of $ 12,000 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) 194,011	151,864
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 65,088	57,366
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) 477	477
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	8,662	8,662
10.	Total gross investment income	268,238	218,369
11.	Investment expenses		(g) 32,327
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) (28,655)
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)		3,672
17.	Net investment income (Line 10 minus Line 16)		214,697
	DETAILS OF WRITE-INS		
0901.	Interest on refund of assessment	8,662	8,662
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)	8,662	8,662
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 $ 993 accrual of discount less $ 140,863 amortization of premium and less $ 4,791 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 $ 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			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	1,820		1,820		
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	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	1,820	0	1,820	0	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
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 Current Year Total Nonadmitted Assets	2 Prior Year Nonadmitted Assets	3 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	41,667	46,667	5,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	41,667	46,667	5,000
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	41,667	46,667	5,000
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. Prepaid expenses	41,667	46,667	5,000
2502.			
2503.			
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)	41,667	46,667	5,000

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Manufacturers Mutual Insurance Company (the "Company") is a mutual property and casualty insurance company domiciled in the State of Illinois. The Company shares common management and directors with Lumbermens Mutual Casualty Company ("LMC"), an affiliated mutual insurance company, and cedes 100% of its premiums, losses, loss adjustment expense ("LAE"), and underwriting expenses to LMC. (See Notes 10, 23, and 26.) LMC is the lead company of a group of insurers and affiliates, now in run-off status, which operate under the trade name of Lumbermens Mutual Group ("LMG"), formerly known as the Kemper Insurance Companies.

Under administrative supervision by the Illinois Department of Insurance (the "Department"), the Company and LMG are operating under a run-off plan filed with the Department in 2004. The Company is subject to confidential corrective orders (the "Corrective Orders") issued by the Department since early 2003 (see Note 14) when the Company went into run-off status.

A. Accounting Practices

The accompanying statutory financial statements of the Company have been prepared in conformity with the National Association of Insurance Commissioners (the "NAIC") *Accounting Practices and Procedures Manual* (the "Manual") and with accounting practices prescribed (including accounting allowances under Corrective Orders) or permitted by the Department.

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

The preparation of financial statements in conformity with statutory accounting principles ("SAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. SAP also requires disclosure of contingent assets and liabilities at the financial statement date. Actual results could differ from those estimates.

C. Accounting Policy

The Company's significant accounting policies are as follows:

Bonds, cash equivalents, and short-term investments are carried at amortized cost.

The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts using a level effective yield method to maturity, or in the case of loan-backed securities, over the estimated life of the security. Such amortization is included in investment income. Amortization of the discount or premium from loan-backed securities is recognized retrospectively based on the estimated timing and amount of prepayments of the underlying assets and is adjusted to reflect differences which arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. To the extent the estimated lives of such securities change as a result of changes in prepayment rates, the adjustment is also included in investment income.

The Company defines cash and cash equivalents as cash in banks or short-term, highly liquid investments that are both readily convertible to cash and have original maturities of three months or less. The Company considers all other highly liquid investments with an original maturity of one year or less and money market fund investments to be short-term investments.

Realized gains or losses, including on the sale of investments, the recognition of other-than-temporary declines in value, or in situations where the Company has made a decision to sell a security at an amount below the security's carrying value, are determined on the basis of specific identification of the acquisition lots of the respective investment sold or written down and are reflected as a component of income. Unrealized gains or losses on revaluation of investments are credited or charged directly to surplus.

The Company does not accrue interest income on fixed maturities deemed to be impaired on an other-than-temporary basis when it determines that the likelihood of collection of interest is doubtful.

Premiums are generally earned on a daily pro rata basis over the term of the policies and are net of reinsurance. Unearned premiums are stated after deduction for related reinsurance amounts. Policy acquisition costs such as commissions, premium taxes, and other underwriting and agency expenses are charged to income as incurred.

Assets included in the statutory statements of admitted assets, liabilities, and surplus are at admitted asset value. Nonadmitted assets, consisting of prepaid expenses, are excluded through a charge against surplus.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

None.

NOTES TO FINANCIAL STATEMENTS

3. **BUSINESS COMBINATIONS AND GOODWILL**
None.

4. **DISCONTINUED OPERATIONS**
None.

5. **INVESTMENTS**

A. Mortgage Loans, including Mezzanine Loans
None.

B. Debt Restructuring
None.

C. Reverse Mortgages
None.

D. Bonds and Loan-Backed Securities

The statement value and fair value of bonds at December 31, 2011 and 2010 were as follows:

		2011						
		Statement value		Gross unrealized gains		Gross unrealized losses		Fair Value
		(In thousands)						
U.S. governments	$	8,167		221		0		8,388
Special revenue & assessment obligations and all non-guaranteed obligations of agencies and authorities of U.S. governments		406		98		0		504
Industrial & miscellaneous		849		13		0		862
Mortgage-backed securities		115		1		0		116
Total bonds	$	9,537		333		0		9,870

		2010						
		Statement value		Gross unrealized gains		Gross unrealized losses		Fair value
		(In thousands)						
U.S. governments	$	7,787		203		0		7,990
All other governments		75		2		0		77
Special revenue & assessment obligations and all non-guaranteed obligations of agencies and authorities of U.S. governments		407		52		0		459
Industrial & miscellaneous		1,019		27		0		1,046
Mortgage-backed securities		168		2		0		170
Total bonds	$	9,456		286		0		9,742

Bonds in an unrealized loss position are regularly reviewed for other-than-temporary declines in value. Factors considered in determining whether a decline is other-than-temporary include the length of time a bond has been in an unrealized loss position and the reasons for the decline in value. Assessments include judgments about an obligor's or guarantor's current and projected financial position, an issuer's current and projected ability to service and repay its debt obligations, the existence of, and realizable value for, any collateral backing the obligations, and the macro-economic and micro-economic outlooks for specific industries and issuers. Estimating the future cash flows of loan-backed securities also involves assumptions regarding the underlying

NOTES TO FINANCIAL STATEMENTS

collateral such as prepayment rates, default and recovery rates, existence of subordinated classes capable of absorbing losses, and third-party servicing abilities.

In performing its other-than-temporary impairment reviews, the Company, in consultation with its engaged portfolio manager, considers the relevant facts and circumstances relating to each investment and exercises judgment in determining whether a bond is other-than-temporarily impaired. Among the factors considered are whether the decline in fair value results from fundamental credit problems of the issuer, or is interest related, and the likelihood of recovering the amortized cost based on the current and short-term prospects of the issuer. Unrealized losses are determined to be temporary where such losses are primarily the result of market conditions, such as increasing interest rates, unusual market volatility, or industry-related events, and where the Company also believes it is probable that the Company will be able to collect all amounts when due in accordance with the contractual terms of the investment and, furthermore, has the intent and ability to hold the investment until the market recovers or maturity and, therefore, does not have the intent to sell the investment.

The risks inherent in reviewing the impairment of any investment include the risk that market results may differ from expectations; facts and circumstances may change in the future and differ from estimates and assumptions; or the Company may later decide to sell the security and realize a loss as a result of changes in the specific facts and circumstances surrounding a bond, or the outlook for its industry sector or the economy.

As of December 31, 2011 and 2010, the Company did not have any gross unrealized losses.

Prepayment assumptions used for loan-backed securities are derived using an external securities information service and are consistent with the current interest rate and economic environment.

E. Repurchase Agreements and/or Securities Lending Transactions
None.

F. Real Estate
None.

G. Investments in Low-income Housing Tax Credits
None.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
None.

7. INVESTMENT INCOME

The Company's accrued investment income is all less than 90 days past due and accordingly is treated as an admitted asset at December 31, 2011.

8. DERIVATIVE INSTRUMENTS
None.

NOTES TO FINANCIAL STATEMENTS

9. INCOME TAXES

A. The components of the Company's net deferred tax asset/(deferred tax liability) ("DTA"/"(DTL)") at December 31, 2011 and 2010 and the change in those components are as follows. Paragraph ("Para") references refer to SSAP No. 10R.

	2011		
	Ordinary	Capital	Total
	(In thousands)		
Gross DTA	$ 88,807	$ –	$88,807
Statutory valuation allowance	(88,806)	–	(88,806)
Adjusted gross DTA	1	–	1
Gross DTL	(1)	–	(1)
Net DTA/(DTL) before admissibility test	$ –	$ –	$ –
Admitted pursuant to para. 10.a. carryback period	$ –	$ –	$ –
Para. 10.b.i. DTA's realized within one year	–	–	–
Para. 10.b.ii. 10% surplus limitation	–	–	–
Admitted pursuant to para. 10.b. (lesser of i. or ii.)	–	–	–
Admitted pursuant to para. 10.c. offset against DTLs	(1)	–	(1)
Admitted DTA (sum of 10a, b, c above)	(1)	–	(1)
DTL	1	–	1
Net admitted DTA/(DTL)	$ –	$ –	$ –

	2010		
	Ordinary	Capital	Total
	(In thousands)		
Gross DTA	$ 88,746	$ –	$88,746
Statutory valuation allowance	(88,746)	–	(88,746)
Adjusted gross DTA	–	–	–
Gross DTL	–	–	–
Net DTA/(DTL) before admissibility test	$ –	$ –	$ –
Admitted pursuant to para. 10.a. carryback period	$ –	$ –	$ –
Para. 10.b.i. DTA's realized within one year	–	–	–
Para. 10.b.ii. 10% surplus limitation	–	–	–
Admitted pursuant to para. 10.b. (lesser of i. or ii.)	–	–	–
Admitted pursuant to para. 10.c. offset against DTLs	–	–	–
Admitted DTA (sum of 10a, b, c above)	–	–	–
DTL	–	–	–
Net admitted DTA/(DTL)	$ –	$ –	$ –

NOTES TO FINANCIAL STATEMENTS

	Change During 2011		
	Ordinary	Capital	Total
	(In thousands)		
Gross DTA	$ 61	$ –	$ 61
Statutory valuation allowance	(60)	–	(60)
Adjusted gross DTA	1	–	1
Gross DTL	(1)	–	(1)
Net DTA/(DTL) before admissibility test	$ –	$ –	$ –
Admitted pursuant to para. 10.a. carryback period	$ –	$ –	$ –
Para. 10.b.i. DTA's realized within one year	–	–	–
Para. 10.b.ii. 10% surplus limitation	–	–	–
Admitted pursuant to para. 10.b. (lesser of i. or ii.)	–	–	–
Admitted pursuant to para. 10.c. offset against DTLs	(1)	–	(1)
Admitted DTA (sum of 10a, b, c above)	(1)	–	(1)
DTL	1	–	1
Net admitted DTA/(DTL)	$ –	$ –	$ –

B. DTLs are not recognized for the following amounts:
None.

C. The components of current income tax expense are as follows:

	2011	2010
	(In thousands)	
Federal taxes before capital gains, net operating losses ("NOL"), and alternative minimum tax ("AMT")	$ (5,948)	$ (6,221)
Foreign taxes	–	–
Capital gains	–	17
NOL and capital loss carryforward	5,948	6,204
AMT	–	–
Prior period adjustments	–	–
Total current federal income taxes incurred	$ –	$ –

NOTES TO FINANCIAL STATEMENTS

The main components of the December 31, 2011 and 2010 deferred tax amounts and the change in those components are as follows:

		2011	2010	Change
		(In thousands)		
DTA:	Ordinary:			
	Loss carryforwards	$ 48,066	$ 42,118	$ 5,948
	Investments	1	–	1
	Accrued Liabilities	–	–	–
	Receivables	–	–	–
	Section 197 intangibles	40,724	46,612	(5,888)
	Reserves	–	–	–
	Other	16	16	–
	Capital:			
	Capital loss carryforwards	–	–	–
	Investments	–	–	–
	Other	–	–	–
	Total gross DTA	88,807	88,746	61
	Adjustments to gross DTA	(88,806)	(88,746)	(60)
	Total adjusted gross DTA	$ 1	$ –	$ 1
DTL:	Ordinary:			
	Investments	$ –	$ –	$ –
	Salvage and subrogation	–	–	–
	Capital:			
	Investments	(1)	–	(1)
	Other	–	–	–
	Total gross DTL	(1)	–	(1)
	Total DTA	(1)	–	(1)
	Total DTL	1	–	1
	Net DTA/(DTL)	$ –	$ –	$ –

D. The provision for Federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows (dollars in thousands):

	2011	% of Pre-Tax Income ($172)
Provision computed at statutory rate - 35%	$ (60)	34.884%
Investments	–	0.000%
Receivables	–	0.000%
Loss carryforwards	–	0.000%
Reserves	–	0.000%
All other	–	0.000%
Total statutory income tax	$ (60)	34.884%
Federal and foreign income taxes incurred	$ –	0.000%
Federal income tax on net capital gains	–	0.000%
Change in net deferred income taxes	(60)	34.884%
Total statutory income tax	$ (60)	34.884%

E. At December 31, 2011, the Company had $137.3 million of operating loss carryforward which originated and expires as follows:

NOTES TO FINANCIAL STATEMENTS

Origination Year	Expiration Year	Amount (In thousands)
2003	2023	$ 9,011
2004	2024	$14,888
2005	2025	$15,420
2006	2026	$13,546
2007	2027	$16,401
2008	2028	$16,590
2009	2029	$16,749
2010	2030	$17,730
2011	2031	$16,995

There were no income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses.

Tax returns for the years through 2007 are closed for Internal Revenue Service ("IRS") examination. The Company is not currently under examination by the IRS for any open tax years.

The Company's Federal income tax return is not consolidated with any other entity's tax return.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

The Company is a member of the LMG. As a mutual insurance company, the Company has no stockholders and no parent company. The Company and affiliates are disclosed in the organizational chart of Schedule Y. The Company has no investments in affiliates or subsidiaries. Affiliate reinsurance relationships are disclosed in Schedule F and Note 23. Certain contingencies are set forth in Note 14.

The Company has no guarantees or undertakings for the benefit of an affiliate that would result in a material contingent exposure, other than cessions to LMC.

The Company's reinsurance recoverables from LMC, all unsecured, totaled approximately $140.4 million at December 31, 2011 and $168.6 million at December 31, 2010. Under the intercompany pooling agreement described in Note 26 pursuant to which the Company cedes 100% of its premiums, losses, LAE, and underwriting expenses to LMC, LMC provides virtually all facilities and administrative services to the Company. (See Note 12.)

As mentioned elsewhere in the notes, the Company is largely dependent on LMC's financial and regulatory status. If LMC does not or cannot meet its reinsurance obligations to the Company, the Company's liquidity and financial status would be significantly affected.

LMC and its affiliates, including the Company, jointly participate in a corporate insurance program, including D&O coverage. A LMC subsidiary, Specialty Surplus Insurance Company, extended a reinsurance agreement, effective December 31, 2010 for a three-year period ending December 31, 2013, facultatively reinsuring a corresponding three-year A-side management liability policy issued by an unaffiliated third party to LMC and the Company.

At December 31, 2011 and 2010, respectively, the Company reported $67 thousand and $62 thousand due to LMC. Intercompany balances are settled on a quarterly basis.

11. DEBT

None.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company utilizes the employees of LMC. LMC incurs and pays all costs for employees, including benefit plans, under the terms of the intercompany pooling agreement described in Notes 10 and 26.

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

None.

14. CONTINGENCIES

A. Contingent Commitments

Securities on Deposit/Encumbered Assets

Of the Company's $10.1 million of cash and invested assets at December 31, 2011, $7.7 million are encumbered. The Company's encumbered assets are on deposit with states, historically required for the Company to meet minimum state licensing requirements.

NOTES TO FINANCIAL STATEMENTS

The Company is contingently liable for $26.9 million related to structured settlement annuities. (See Note 27.)

B. Guaranty Fund and Other Assessments

The Company is liable for guaranty fund assessments related to certain unaffiliated companies that have become insolvent during the years 2011 and prior. The Company is also contingently liable for any future guaranty fund assessments related to insolvencies of unaffiliated insurance companies for which the insurance industry has been unable to estimate the cost to cover losses to policyholders. No specific amount can be reasonably estimated for such insolvencies as of December 31, 2011. The Company cedes its entire liability for guaranty fund and other assessments to LMC.

C. Gain Contingencies

None.

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

The amounts paid by the Company for claims related to extra contractual obligation lawsuits and bad faith lawsuits during the reporting period are not considered material in relation to the financial condition of the Company.

E. Product Warranties

None.

F. All Other Contingencies

Ratings

In early 2005, at the request of LMC, A.M. Best ceased rating LMG, including the Company. As of December 31, 2004, A.M. Best had assigned the Company a D (poor) rating. In June and July 2003, respectively, Moody's Investor Services and Standard & Poors last downgraded the Company's financial strength ratings to Caa3 (very poor) and CCC (very weak), respectively, when, also at LMC's request, they ceased rating LMG.

The downgrades to below A- beginning in late 2002 effectively ended the Company's and its affiliates' ability to write most new commercial lines business or retain existing policyholders. By mid-2003, therefore, as a result of a combination of various business factors including the ratings downgrades and LMG's deteriorating statutory surplus, and in compliance with Corrective Orders issued by the Department to the Illinois-domiciled members of LMG, the Company substantially ceased underwriting activities other than as required by contract or law.

Risk-Based Capital and Risk of Insolvency

The NAIC utilizes a risk-based capital ("RBC") formula intended for regulatory monitoring of property-casualty insurers. Under RBC rules in Illinois, state regulators may mandate remedial action for inadequately capitalized companies. The focus of the capital rules is a risk-based formula that applies prescribed factors to various risk elements in an insurer's business and investments to develop a minimum capital requirement designed to be proportional to the amount of risk assumed by the insurer. For the last eight years, excluding the benefit of prescribed and permitted accounting practices, LMC's level of surplus has been at the "mandatory control level" under the RBC rules. At this level, the Department has substantial authority to exercise control over LMC and its affiliates. The Department is mandated to place a company at this level under its control, except where, as is the case with LMC, such company is a property and casualty insurance company that is no longer writing new business and is running off its existing business, in which case the Director of the Department of Insurance (the "Director of the Department") has discretion to allow the continued run-off.

Having entered into voluntary run-off in the first half of 2003, LMG has been operating under guidance provided within certain agreed to Corrective Orders with the Department, pursuant to which LMG has ceased to write virtually all insurance business and are settling their liabilities under the administrative supervision of the Department. As required by the Department, the Company is operating under a confidential RBC plan (the "run-off plan") filed by LMC and the other Illinois-domiciled members of LMG. The run-off plan is designed to help LMG meet their goal of resolving, to the maximum extent possible, all valid policyholder claims. LMG updates the run-off plan based on current information from time to time. Details of the plan are confidential pursuant to the state's RBC statute.

Risks and uncertainties involved in implementing the run-off plan include the needs to achieve significant policy buybacks and novations; to complete other surplus-enhancing transactions; to

NOTES TO FINANCIAL STATEMENTS

commute certain reinsurance agreements; to complete other liquidity-enhancing transactions; to hire and retain the staff and resources necessary to implement the plan; to further reduce expenses; and to consummate agreements with regulators and other third parties. Achieving the surplus and liquidity projections in the run-off plan requires the consummation of agreements with insureds for policy buybacks and novations; the timely performance of payment and other contractual obligations owed to LMG by various third parties, including reinsurers as well as insureds and agents; agreements with regulators in various jurisdictions; and the absence of significant additional disputes not only with reinsurers but also with creditors, including insureds and certain states, which could involve judicial or other actions to seek either to force LMG to collateralize their unsecured obligations or to not timely release collateral back to LMG. Therefore, no assurance can be given that the run-off plan will continue to be successfully implemented.

The Department continues to closely monitor LMG's progress in achieving the objectives of the run-off plan. As has been the case for almost nine years, the Department retains the discretion at any time to seek to place LMG in a formal insolvency proceeding (conservatorship or receivership, rehabilitation or liquidation). The risk of a proceeding would be exacerbated if LMG fails to have sufficient liquid assets to meet current obligations, or if LMG's reported liabilities at any time exceed reported assets, or if LMG fail to meet the surplus and liquidity projections set forth in the run-off plan.

The Company has also entered into consent agreements with certain other states under which the Company agreed to cease writing business in those jurisdictions. In 2007, Florida notified the Company that its license expired by operation of law due to the prior suspension of the license in 2004. The license is not required for the Company to continue to handle claims, or to liquidate assets or liabilities, from its prior operations. In 2005, the Company also agreed for its Tennessee license to be suspended with the Company permitted to maintain its license and pay claims, but not to write any new business.

The Company's RBC ratio, unlike LMC's, exceeds any regulatory action levels. Because of the Company's heavy reliance on reinsurance recoveries and operations support from LMC, however, the regulatory and financial status of LMC has had and will continue to have a significant impact on the Company's liquidity and operations.

Although the Company's operating cash flows (along with the portion of the investment portfolio that is held in cash and highly liquid securities) have historically met the liquidity requirements of the Company's operations, the Company is heavily dependent on its reinsurance with LMC to meet its current obligations and maintain its surplus. Thus, it is critical for the Company to be able to collect its reinsurance recoverables from LMC; however, Corrective Orders prohibit the transfer of assets from, or liabilities to, any affiliated parties without the prior approval of the Director of the Department.

Other

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from other litigation, income tax, and other matters are not currently considered material in relation to established reserves, anticipated insurance and reinsurance recoverables, and the financial condition of the Company, but there can be no assurance that such matters will not become material due to future developments, including any changes with respect to the financial condition of the Company.

15. LEASES
None.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK
None.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES
None.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS
None.

NOTES TO FINANCIAL STATEMENTS

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

None.

20. FAIR VALUE MEASUREMENTS

Fair values are estimated at specific points in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Fair values are based on quoted market prices when available and appropriate. Otherwise fair values for financial instruments are generally determined using discounted cash flow models and assumptions that are based on judgments regarding current and future economic conditions and the risk characteristics of the investments. Although fair values are calculated using assumptions that management believes are appropriate, changes in assumptions could significantly affect the estimates and such estimates should be used with care.

Fair values are determined for existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and certain liabilities that are not considered financial instruments. Accordingly, the aggregate fair value presented does not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Bonds: Fair values for bonds are determined using quoted market prices from an orderly market at the reporting date for those or similar investments. If quoted market prices from an orderly market are not available, the fair value is determined using an income approach valuation technique (present value using the discount rate adjustment technique) that considers, among other things, interest rates, the issuer's credit spread, prepayments, performance of the underlying collateral for loan-backed securities and illiquidity by sector and maturity.

Cash equivalents and short-term investments: Fair values for money market funds are based on quoted market prices. Fair values for other instruments approximate amortized cost.

Cash: The statement value reported for cash approximates fair value.

The statement values and fair values of the Company's financial instruments at December 31, 2011 and 2010 were as follows:

		2011				2010		
		Statement value		Fair value		Statement value		Fair value
		(In thousands)						
Financial instruments recorded as assets:								
Bonds	$	9,537		9,870		9,456		9,742
Cash, cash equivalents, and short-term investments		545		545		739		739

The Company does not have any financial assets carried at fair value at December 31, 2011. If it did have financial assets carried at fair value, they would be classified, for disclosure purposes, based on a fair value hierarchy defined by SSAP No. 100, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is determined based on the lowest level input that is significant to its fair value measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

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

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be

NOTES TO FINANCIAL STATEMENTS

corroborated by market data for the term of the instrument. Examples of other inputs include market interest rates, volatilities, spreads, yield curves, prepayment speeds and default rates.

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

21. OTHER ITEMS

A. Extraordinary Items
None.

B. Troubled Debt Restructuring: Debtors
None.

C. Other Disclosures
None.

D. Nature of Reasonably Possible Uncollectible Balances for Assets Covered by SSAPs No. 6, No. 47 or No. 66
None.

E. Business Interruption Insurance Recoveries
None.

F. State Transferable Tax Credits
None.

G. Subprime-Mortgage-Related Risk Exposure

The Company defines its exposure to subprime-mortgage-related risk as being composed of all fixed income securities primarily backed by mortgage pools with the following characteristics calculated on a weighted average basis:

- First lien mortgages where borrowers have FICO scores less than 650
- First lien mortgages with loan-to-value ratios greater than 95%
- Second lien mortgages where borrowers have FICO scores less than 675

At December 31, 2011, the Company did not have any subprime-mortgage-related risk exposure, and during 2011 it did not recognize any other-than-temporary impairment losses related to subprime mortgages.

22. EVENTS SUBSEQUENT

The Company performed an evaluation of subsequent events through February 29, 2012, the date the combined statutory financial statements were issued, and determined there were no recognized or unrecognized subsequent events that would require an adjustment or additional disclosure in the combined statutory financial statements as of December 31, 2011.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables
The Company cedes 100% of its premiums, losses, LAE, and underwriting expenses to LMC. All reinsurance recoverables from LMC are unsecured, and the Company remains primarily liable as the direct insurer on all risks reinsured by LMC if LMC is unable to pay such claims. (See Note 14.)

B. Reinsurance Recoverable in Dispute
None.

C. Reinsurance Assumed and Ceded

(1) The estimated maximum amount of return commission due reinsurers if all of the Company's reinsurance was canceled as of December 31, 2011, is shown below:

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
(In thousands)	**Premium Reserve**	**Commission Equity**	**Premium Reserve**	**Commission Equity**	**Premium Reserve**	**Commission Equity**
(i) Affiliates	$ 0	$ 0	$ 137	$ 3	$ (137)	$ (3)
(ii) All other	0	0	0	0	0	0
(iii) Total	$ 0	$ 0	$ 137	$ 3	$ (137)	$ (3)
(iv) Direct Unearned Premium Reserve: $137						

NOTES TO FINANCIAL STATEMENTS

(2) 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 is accrued as follows:
None.

D. Uncollectible Reinsurance
None.

E. Commutation of Ceded Reinsurance
None.

F. Retroactive Reinsurance
None.

G. Reinsurance Accounted for as a Deposit
None.

H. Disclosure for the Transfer of Property & Casualty Run-Off Agreements
None.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
None.

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES
None.

26. INTERCOMPANY POOLING ARRANGEMENTS

The significant majority of the business written by members of LMG has historically been ceded to LMC through quota share reinsurance agreements with some LMC subsidiaries retaining a portion of the business written and through a quota share pooling agreement by and among LMC, the Company, and a wholly owned subsidiary of LMC, American Motorists Insurance Company ("AMICO"). Prior to 2003, of the insurance business directly written by LMC or ceded to LMC, including all business written by the Company and AMICO, LMC ceded (net of third-party, unaffiliated, reinsurance and excluding Canadian business) 15% to AMICO and 8% to the Company. (Third-party reinsurance has generally attached after cessions by affiliates to LMC, although some specific risks have been subject to facultative or other reinsurance before cession to LMC.) Effective January 1, 2003, the pooling agreement was amended to eliminate LMC's 15% cession to AMICO, and effective December 31, 2003, the pooling agreement was amended to eliminate LMC's 8% cession to the Company. The effect of both amendments was for LMC to retain all previously ceded risks, and the amendments were accompanied by transfers of assets of the Company and AMICO in order to satisfy the liabilities transferred to LMC by the pooling agreement amendments. As a result, at December 31, 2011 and 2010, the net reserves of the Company and AMICO are zero.

At the same time as the December 31, 2003 pooling agreement amendment, LMC assumed most of the Company's liabilities, agreed to perform for the Company all insurance policy-related obligations including handling and paying claims, and issued an LMC policy to each holder of a policy ever issued by the Company, including any policy no longer in force but excluding any personal lines policy that is cut-through reinsured by the unaffiliated Trinity Universal Insurance Company, a subsidiary of Unitrin, Inc. The additional LMC policy is substantively identical to the policy previously issued by the Company, although the LMC policy is non-participating and non-voting with respect to LMC's corporate governance. The additional LMC policy assures affected policyholders of the Company that their claims will be treated equally with the claims of LMC policyholders not only in the event of a managed run-off of LMC and the Company (see Note 14) but also in the event of any insolvency proceedings with respect to the two companies. The Company remains liable for its policy liabilities in the event LMC does not comply with all the terms of the affected policies. In 2008 with the approval of the Department, the Company and LMC agreed to clarify certain expense allocation arrangements of the 2003 agreements and pooling agreement amendment by basing the allocations on the relative surplus of the two companies for 2008 and future years. The allocated expenses, primarily consisting of joint board travel expenses, shared D&O insurance costs, annual audit fees, annual statement printing costs, and certain licensing costs, totaled $1.2 million in 2011, with the Company's and LMC's respective shares being $0.3 million and $0.9 million. The 2008 agreement also made clear that consistent with their past practices, premium taxes remained the sole responsibility of LMC as the Company's 100% quota share reinsurer.

27. STRUCTURED SETTLEMENTS

A. In limited circumstances to settle certain insurance claim liabilities prior to the Company entering run-off in early 2003, the Company from time to time since the late 1970s purchased

NOTES TO FINANCIAL STATEMENTS

from various life insurance companies structured settlement annuities naming the settling claimants as payees. In many of those settlements, the Company was named the owner of the annuity and is contingently liable to the claimant for the unpaid periodic payments in the event of the default or insolvency of the life insurance company. The Company has calculated the present value (at a 4.2% discount rate) of such future unpaid annuity installments as of December 31, 2011. That value, associated with approximately 182 annuities, is $26.9 million.

In connection with the intercompany pooling agreement as amended in 2003 (see Note 26), the Company has ceded to LMC all its insurance liabilities, including any contingent liabilities for structured settlement annuities, and has transferred to LMC its rights in and to the 182 annuities owned by the Company. Therefore, the $26.9 million of contingent exposure for structured settlement annuity liabilities is contingent on LMC as well as on the respective life companies. (See Note 14.)

B. The total value of annuities due from a life insurer in excess of 1% of the Company's surplus is shown in the table below.

Life Insurance Company [(1)]	Location	Amount
		(In thousands)
Genworth Life and Annuity Insurance Company	Richmond, VA	$ 6,346
Symetra Life Insurance Company	Seattle, WA	4,134
Manufacturers Life Insurance Company	Toronto, Ontario, Canada	3,631
Fidelity Life Association, a Legal Reserve Life Company	Chicago, IL	2,145
Western National Life Insurance Company	Houston, TX	1,533
Executive Life Insurance Company of New York [(2)]	New York, NY	1,284
Prudential Insurance Company of America	Newark, NJ	882
Midland National Life Insurance Company	Sioux Falls, SD	880
Metropolitan Life Insurance Company	Tampa, FL	741
Pacific Life Insurance Company	Newport Beach, CA	635
Monumental Life Insurance Company	Cedar Rapids, IA	617
Presidential Life Insurance Company	Nyack, NY	509
New York Life Insurance Company	New York, NY	500
Aurora National Life Assurance Company	East Hartford, CT	446
Protective Life Insurance Company	Birmingham, AL	339
Transamerica Financial Life Insurance Company	Harrison, NY	302
Genworth Life Insurance Company of New York	New York, NY	274
Continental Assurance Company	Chicago, IL	244
Liberty Life Assurance Company of Boston	Boston, MA	209
Transamerica Life Insurance Company	Cedar Rapids, IA	141
North American Company for Life & Health Insurance	Sioux Falls, SD	135
America General Life Insurance Company	Houston, TX	128
Aviva Life and Annuity Company	West Des Moines, IA	119
All other		736
Total		$ 26,910

(1) All of the life insurance companies listed in the preceding table are rated A- or better by A.M. Best other than Presidential Life Insurance Company which is rated B++; Executive Life Insurance Company of New York ("ELNY") and Aurora National Life Assurance Company are not rated. In addition, all of the companies are licensed in the state of the Company's domicile, Illinois, other than ELNY, Manufacturers Life Insurance Company, Presidential Life Insurance Company and Genworth Life Insurance Company of New York.

(2) ELNY was placed in receivership by the New York Liquidation Bureau ("NYLB") in 1991 for purposes of rehabilitation and has continued to pay 100% of amounts due on all outstanding annuities since then. In December 2011 the NYLB filed a Petition for Order of Liquidation and Approval of Restructuring Agreement providing for the reorganization of ELNY's liabilities in a newly formed entity. Based on information in the Petition, the NYLB asserts there are apparently now insufficient assets to satisfy ELNY annuity payees in full, and has now notified all individual

NOTES TO FINANCIAL STATEMENTS

ELNY structured settlement annuity payees and the owners of such annuities of the proposed ELNY liquidation and restructuring agreement, as well as the amount of an anticipated shortfall. The Company has now concluded for financial statement purposes that it is probable that it has incurred a liability for the anticipated shortfall. Pursuant to the intercompany pooling agreement the liability was ceded to LMC. The assets of the newly formed entity will consist of a combination of existing ELNY assets and the contributions of the life-health guaranty associations. These assets will be used to fund the future unpaid installments of certain annuities, or “covered” annuities as referenced by the NYLB. The ELNY amount in the above table is the Company’s contingent liability for the “covered” annuities.

28. HEALTH CARE RECEIVABLES

None.

29. PARTICIPATING POLICIES

None.

30. PREMIUM DEFICIENCY RESERVES

None.

31. HIGH DEDUCTIBLES

None.

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

As further discussed in Note 26, the Company’s participation in the pooling agreement was changed from 8% to 0% effective December 31, 2003. Accordingly, the Company does not retain any net discounted loss or LAE reserves and cedes 100% of its premium, losses, and underwriting expenses to LMC.

NOTES TO FINANCIAL STATEMENTS

33. ASBESTOS/ENVIRONMENTAL RESERVES

The Company has gross exposure (zero net) to asbestos and environmental claims that arise principally from general liability insurance contracts.

The Company estimates the impact of these exposures by establishing case basis reserves on all known losses and LAE and by computing IBNR losses based on previous experience.

The asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years are as follows:

Direct	2007	2008	2009	2010	2011
Beginning reserves	$ 23,980,414	$ 18,563,563	$ 13,418,549	$ 11,134,697	$ 9,224,425
Incurred losses and LAE	(3,271,015)	(3,567,213)	(985,851)	(336,479)	(193,083)
Calendar year payments for					
Losses and LAE	(2,145,836)	(1,577,801)	(1,298,001)	(1,573,793)	(1,122,311)
Ending asbestos related Loss reserves	$ 18,563,563	$ 13,418,549	$ 11,134,697	$ 9,224,425	$ 7,909,031

Assumed Reinsurance	2007	2008	2009	2010	2011
Beginning reserves	$ 0	$ 0	$ 0	$ 0	$ 0
Incurred losses and LAE	0	0	0	0	0
Calendar year payments for					
Losses and LAE	0	0	0	0	0
Ending asbestos related Loss reserves	$ 0	$ 0	$ 0	$ 0	$ 0

Net of Reinsurance	2007	2008	2009	2010	2011
Beginning reserves	$ 0	$ 0	$ 0	$ 0	$ 0
Incurred losses and LAE	0	0	0	0	0
Calendar year payments for					
Losses and LAE	0	0	0	0	0
Ending asbestos related Loss reserves	$ 0	$ 0	$ 0	$ 0	$ 0

The total asbestos related loss reserves at December 31, 2011 include IBNR reserves in the amount of $1,889,523 direct, $0 assumed, and $0 net of reinsurance. These IBNR reserves and the comparable amounts for prior years cover both losses and defense and cost containment expenses.

The total asbestos related loss reserves at December 31, 2011 also include LAE in the amount of $4,027,813 direct, $0 assumed, and $0 net of reinsurance.

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The environmental related losses (including coverage dispute costs) for each of the five most recent calendar years were:

Direct	2007	2008	2009	2010	2011
Beginning reserves	$ 819,691	$5,736,517	$ 5,880,348	$ 1,077,527	$ 322,872
Incurred losses and LAE	5,350,553	936,418	(2,517,904)	(155,828)	171,857
Calendar year payments for					
Losses and LAE	(433,727)	(792,587)	(2,284,917)	(598,827)	(342,150)
Ending environmental related Loss reserves	$ 5,736,517	$5,880,348	$ 1,077,527	$ 322,872	$ 152,579

Assumed Reinsurance	2007	2008	2009	2010	2011
Beginning reserves	$ 0	$ 0	$ 0	$ 0	$ 0
Incurred losses and LAE	0	0	0	0	0
Calendar year payments for					
losses and LAE	0	0	0	0	0
Ending environmental Related loss reserves	$ 0	$ 0	$ 0	$ 0	$ 0

Net of Reinsurance	2007	2008	2009	2010	2011
Beginning reserves	$ 0	$ 0	$ 0	$ 0	$ 0
Incurred losses and LAE	0	0	0	0	0
Calendar year payments for					
Losses and LAE	0	0	0	0	0
Ending environmental Related loss reserves	$ 0	$ 0	$ 0	$ 0	$ 0

The total environmental loss reserves at December 31, 2011 include IBNR reserves in the amount of $27,593 direct, $0 assumed, and $0 net of reinsurance. These IBNR reserves and the comparable amounts for prior years cover both losses and defense and cost containment expenses.

The total environmental related loss reserves at December 31, 2011 also include LAE in the amount of $135,199 direct, $0 assumed, and $0 net of reinsurance.

34. SUBSCRIBER SAVINGS ACCOUNTS

None.

35. MULTIPLE PERIL CROP INSURANCE

None.

36. FINANCIAL GUARANTY INSURANCE

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] NA [ ]

1.3 State Regulating? Illinois

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

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. 12/31/2005

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). 07/11/2007

3.4 By what department or departments? Illinois

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] NA [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

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

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(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

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 Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, Peat Marwick Plaza, 303 East Wacker Drive, Chicago, Illinois 60601-9973

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

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

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

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] NA [ ]

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Chris E. Nelson, FCAS, MAAA, Chief Actuary of the reporting entity, and associated with Nelson Actuarial, 1997 Dellwood Drive, NW, Atlanta, GA 30309

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 [ ] NA [ ]

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

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

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

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

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

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

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [X] No [ ]

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
107003667	GUARANTY BANK & TRUST CO	Failure to pay or refusal to replace	15,107

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

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

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

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal only) $ 0

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

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 21.22 Borrowed from others $
- 21.23 Leased from others $
- 21.24 Other $

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

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $
- 22.23 Other amounts paid $

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

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

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes [X] No [ ]

24.2 If no, give full and complete information, relating thereto

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

Not applicable

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

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

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

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [X]

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] NA [X]

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 24.3) Yes [X] 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	$
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	$ 7,725,922
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 [X]

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
BNY Mellon Trust Company of Illinois	2 North LaSalle St., Suite 1020, Chicago, IL 60602

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
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
109875	Asset Allocation & Management Company, L.L.C.	30 North LaSalle St., 35th Floor, Chicago, IL 60602

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	10,082,423	10,415,154	332,731
30.2 Preferred Stocks	0		0
30.3 Totals	10,082,423	10,415,154	332,731

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

See Footnote 20

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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? $ 1,277

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
Mississippi Rating Bureau	1,000

34.1 Amount of payments for legal expenses, if any? $ 0

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? $ 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

(continued)

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? $

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 0	$ 0
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 0	$ 0
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:

3.21 Participating policies $

3.22 Non-participating policies $

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] NA [X]

5.22 As a direct expense of the exchange Yes [ ] No [ ] NA [X]

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

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

5.5 If yes, give full information

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:

The Company is 100% reinsured by Lumbermens Mutual Casualty Company (LMC), which due to being in run-off, last purchased Workers' Compensation Catastrophe Excess of Loss reinsurance for the period ended October 1, 2004.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

The Company's property exposures continued to rapidly decline throughout 2011 as a result of the run-off of the Company's exposures beginning in 2003. It was no longer necessary as of 2004 to estimate the nature and extent of the Company's probable maximum insurance loss and exposure concentrations

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?

The Company is 100% reinsured by LMC; however, LMC elected to discontinue the purchase of property catastrophe excess of loss reinsurance upon expiration of the program at May 1, 2003.

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

The Company is 100% reinsured by LMC; however, due to LMC being well into run-off in 2011, there was no longer the necessity for per risk excess of loss reinsurance on either a risk attaching or facultative basis to protect against the risk of loss arising from single large loss occurrences

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 the 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 [X] No [ ]

(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 [ ] No [ ] N/A [X]

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 [X] NA [ ]

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 the 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 [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of the 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): $ 0

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ]

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [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. $

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	26,620	285,226	405,407	203,645	606,431
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	100	50	(276)	5,879	(10,100)
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(37)	(848)	(2,006)	(857)	(4,004)
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	225,605	284,003	(135,247)	475,733	417,564
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	252,288	568,431	267,878	684,400	1,009,891
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)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
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	0
12. Total (Line 35)	0	0	0	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(388,058)	(1,201,043)	(288,925)	(267,225)	(123,667)
14. Net investment gain (loss) (Line 11)	216,517	298,463	370,404	497,238	510,185
15. Total other income (Line 15)	0	0	0	0	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	0	0	0	0	0
18. Net income (Line 20)	(171,541)	(902,580)	81,479	230,013	386,518
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	10,191,517	10,353,320	11,431,029	11,326,964	10,942,180
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	67,885	63,147	238,276	215,690	60,919
22. Losses (Page 3, Line 1)	0	0	0	0	0
23. Loss adjustment expenses (Page 3, Line 3)	0	0	0	0	0
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	10,123,632	10,290,173	11,192,753	11,111,274	10,881,261
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	16,378	(859,520)	200,206	308,109	433,325
Risk-Based Capital Analysis					
28. Total adjusted capital	10,123,632	10,290,173	11,192,753	11,111,274	10,881,261
29. Authorized control level risk-based capital	43,984	48,002	54,573	42,084	34,478
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)	94.6	92.8	95.0	86.9	85.5
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
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)	5.4	7.2	5.0	13.1	14.5
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	XXX	XXX	XXX
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
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	XXX	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)	0	0	0	0	0
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
47. All other affiliated		0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	0	0
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	0	0	0	0	0
51. Dividends to stockholders (Line 35)	0	0	0	0	0
52. Change in surplus as regards policyholders for the year (Line 38)	(166,541)	(902,580)	81,479	230,013	398,185
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	21,599,098	28,661,346	29,201,690	43,939,648	56,034,706
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(26,144)	(115,478)	(27,385)	(25,676)	(29,364)
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	251,642	1,858,533	1,905,146	6,242,644	9,819,563
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	673,810	371,656	(3,081,151)	(1,406,527)	(2,899,897)
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
58. Total (Line 35)	22,498,406	30,776,057	27,998,300	48,750,089	62,925,008
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
64. Total (Line 35)	0	0	0	0	0
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	0.0	0.0	0.0	0.0	0.0
67. Loss expenses incurred (Line 3)	0.0	0.0	0.0	0.0	0.0
68. Other underwriting expenses incurred (Line 4)	0.0	0.0	0.0	0.0	0.0
69. Net underwriting gain (loss) (Line 8)	0.0	0.0	0.0	0.0	0.0
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	0	0	0	0	0
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	0	0	0	0	0
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	0.0	0.0	0.0	0.0	0.0

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

If no, please explain:

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

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	
				4	5	6	7	8	9	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	XXX	XXX	XXX	16,324	16,324	3,723	3,723	667	667	0	0	XXX
2. 2002	818,231	818,231	0	485,588	485,588	53,758	53,758	46,572	46,572	0	0	XXX
3. 2003	507,658	507,658	0	284,004	284,004	29,784	29,784	18,048	18,048	0	0	XXX
4. 2004	57,188	57,188	0	24,859	24,859	1,429	1,429	2,587	2,587	0	0	XXX
5. 2005	5,691	5,691	0	907	907	234	234	19	19	0	0	XXX
6. 2006	2,014	2,014	0	418	418	411	411	27	27	0	0	XXX
7. 2007	1,120	1,120	0	1,093	1,093	185	185	4	4	0	0	XXX
8. 2008	791	791	0	129	129	46	46	0	0	0	0	XXX
9. 2009	341	341	0	100	100	10	10	0	0	0	0	XXX
10. 2010	600	600	0	501	501	61	61	0	0	0	0	XXX
11. 2011	318	318	0	24	24	24	24	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	813,947	813,947	89,665	89,665	67,924	67,924	0	0	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20			Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding - Direct and Assumed
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	101,723	101,723	8,258	8,258	6,527	6,527	14,857	14,857	3,677	3,677	0	0	XXX
2.	15,507	15,507	9,001	9,001	570	570	3,642	3,642	484	484	0	0	XXX
3.	5,988	5,988	3,174	3,174	214	214	1,363	1,363	324	324	0	0	XXX
4.	148	148	68	68	17	17	26	26	16	16	0	0	XXX
5.	135	135	(18)	(18)	221	221	78	78	0	0	0	0	XXX
6.	41	41	(5)	(5)	14	14	1	1	0	0	0	0	XXX
7.	312	312	38	38	14	14	33	33	1	1	0	0	XXX
8.	801	801	245	245	93	93	374	374	0	0	0	0	XXX
9.	150	150	(1)	(1)	90	90	21	21	0	0	0	0	XXX
10.	368	368	(39)	(39)	77	77	2	2	0	0	0	0	XXX
11.	1,090	1,090	(596)	(596)	64	64	43	43	0	0	0	0	XXX
12. Totals	126,263	126,263	20,125	20,125	7,901	7,901	20,440	20,440	4,502	4,502	0	0	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	615,122	615,122	0	75.2	75.2	0.0	0	0		0	0
3.	342,899	342,899	0	67.5	67.5	0.0	0	0		0	0
4.	29,150	29,150	0	51.0	51.0	0.0	0	0		0	0
5.	1,576	1,576	0	27.7	27.7	0.0	0	0		0	0
6.	907	907	0	45.0	45.0	0.0	0	0		0	0
7.	1,679	1,679	0	150.0	150.0	0.0	0	0		0	0
8.	1,688	1,688	0	213.4	213.4	0.0	0	0		0	0
9.	370	370	0	108.5	108.5	0.0	0	0		0	0
10.	970	970	0	161.7	161.7	0.0	0	0		0	0
11.	649	649	0	204.2	204.2	0.0	0	0		0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

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

SCHEDULE P - PART 2 - SUMMARY

NONE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year
1. Prior	0	0	0	0	0	0	0	0	0	0	0	0
2. 2002	0	0	0	[illegible]	0	0	0	0	0	0	0	0
3. 2003	XXX	0	0	[illegible]	[illegible]	0	0	0	0	0	0	0
4. 2004	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2005	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2006	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2007	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
										12. Totals	0	0

SCHEDULE P - PART 3 - SUMMARY

NONE

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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	0	0	[illegible]	0	0	0	0	0	0	XXX	XXX
2. 2002	0	0	0	0	0	0	0	0	0	0	XXX	XXX
3. 2003	XXX	0	0	0	0	0	0	0	0	0	XXX	XXX
4. 2004	XXX	XXX	0	0	0	0	0	0	0	0	XXX	XXX
5. 2005	XXX	XXX	XXX	0	0	0	0	0	0	0	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	0	0	0	0	0	0	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

NONE

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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 2002	0	0	0	[illegible]	0	0	0	0	0	0
3. 2003	XXX	0	0	0	0	0	0	0	0	0
4. 2004	XXX	XXX	0	0	0	0	0	0	0	0
5. 2005	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2006	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2007	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	2,356	2,497	(12,104)	107,408	(98,144)	450,633	0	
2. Alaska AK	L	22	22	0	59,115	36,194	63	0	
3. Arizona AZ	L	900	949	(4,807)	597,044	559,711	2,688,405	0	
4. Arkansas AR	L	21	21	(7,414)	413,615	(300,399)	3,416,824	0	
5. California CA	L	17,177	21,303	(67,085)	5,625,905	1,558,506	26,606,402	0	
6. Colorado CO	L	1,893	2,095	(5,737)	60,203	(88,002)	71,738	0	
7. Connecticut CT	L	5,005	5,261	(4,583)	321,412	(246,029)	3,497,292	0	
8. Delaware DE	L	1,840	1,836	0	50,786	(75,647)	566,683	0	
9. Dist. of Columbia DC	L	0	0	(32)	76,727	(30,937)	386,375	0	
10. Florida FL	N	(372)	(55)	(43,613)	1,610,543	2,275,516	3,735,962	0	
11. Georgia GA	L	6,691	12,533	(11,136)	148,616	(31,290)	1,216,035	0	
12. Hawaii HI	L	1,437	1,434	(40)	0	1,018	100	0	
13. Idaho ID	L	1,401	1,401	(4)	718	2,827	1,530	0	
14. Illinois IL	L	132	107	(41,216)	(98,279)	(195,074)	1,219,849	0	
15. Indiana IN	L	369	369	(3,565)	(1,833)	(25,048)	30	0	
16. Iowa IA	L	366	366	(21)	72,754	(93,001)	808,355	0	
17. Kansas KS	L	462	1,011	(5,579)	98,193	67,968	123,252	0	
18. Kentucky KY	L	1,840	2,417	(34,889)	275,854	(336,033)	1,456,280	0	
19. Louisiana LA	L	1,492	1,492	(500)	116,672	(38,447)	45,458	0	
20. Maine ME	L	0	0	(480)	25,890	(47,406)	437,365	0	
21. Maryland MD	L	2,610	2,674	(10,905)	183,570	19,015	696,374	0	
22. Massachusetts MA	L	55,378	58,829	(10,329)	831,542	331,310	4,264,501	0	
23. Michigan MI	L	9,102	9,296	(37,508)	2,762,157	(1,236,506)	794,959	0	
24. Minnesota MN	L	(71,062)	(71,063)	(1,298)	55,388	24,456	721,282	0	
25. Mississippi MS	L	263	263	(1,591)	31,956	24,953	70,862	0	
26. Missouri MO	L	29,066	29,140	(2,858)	44,218	(185,884)	909,616	0	
27. Montana MT	L	727	726	0	(1,982)	19,077	67,500	0	
28. Nebraska NE	L	(599)	(599)	(8)	77,976	81,715	619,860	0	
29. Nevada NV	L	2,081	2,081	(1,071)	(281,461)	(293,808)	(10)	0	
30. New Hampshire NH	L	2,282	2,397	(37)	108,102	30,104	401,892	0	
31. New Jersey NJ	L	2,156	5,040	(6,226)	657,759	300,554	3,940,314	0	
32. New Mexico NM	L	1,569	1,509	(75)	18,697	(24,097)	143,357	0	
33. New York NY	L	133,187	169,242	(13,629)	5,330,667	(548,087)	28,981,843	0	
34. No. Carolina NC	L	299	2,869	(3,932)	49,323	4,598	344,902	0	
35. No. Dakota ND	L	1	1	0	0	175	0	0	
36. Ohio OH	L	1,208	1,880	(3,589)	52,770	(842,633)	687,946	0	
37. Oklahoma OK	L	0	0	(30,848)	34,687	(119,023)	78,817	0	
38. Oregon OR	L	24,120	24,120	(19,692)	267,414	(441,163)	778,215	0	
39. Pennsylvania PA	L	1,108	3,710	(33,262)	1,301,659	(990,171)	8,988,938	0	
40. Rhode Island RI	L	1,224	1,148	(989)	73,302	18,906	127,524	0	
41. So. Carolina SC	L	410	1,236	(6,419)	174,789	268,019	1,120,691	0	
42. So. Dakota SD	L	63	63	(15)	150,601	27,823	3	0	
43. Tennessee TN	L	706	1,128	(4,521)	106,294	(181,006)	1,017,790	0	
44. Texas TX	L	1,687	3,499	(25,220)	401,524	(515,217)	3,972,555	0	
45. Utah UT	L	647	837	(159)	2,352	(26,133)	57,388	0	
46. Vermont VT	L	(6)	(6)	0	58,741	(134,955)	255,920	0	
47. Virginia VA	L	6,982	8,555	(2,086)	136,251	104,910	1,185,136	0	
48. Washington WA	L	334	334	(70)	55,867	2,463	64,444	0	
49. West Virginia WV	L	157	157	0	0	499	0	0	
50. Wisconsin WI	L	(2,013)	(2,013)	(82,536)	252,900	113,083	367,288	0	
51. Wyoming WY	L	0	0	0	0	100	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 CN	N	0	0	0	0	0	0	0	
58. Aggregate other alien OT	XXX	5,569	5,569	0	0	86	0	0	0
59. Totals	(a) 50	252,288	317,681	(541,678)	22,498,406	(1,270,554)	107,388,538	0	0
DETAILS OF WRITE-INS									
5801. Asia	XXX	0	0	0	0	46	0	0	0
5802. Europe	XXX	0	0	0	0	40	0	0	0
5803. Africa	XXX	5,569	5,569	0	0	0	0	0	0
5898. Sum. of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	5,569	5,569	0	0	86	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.

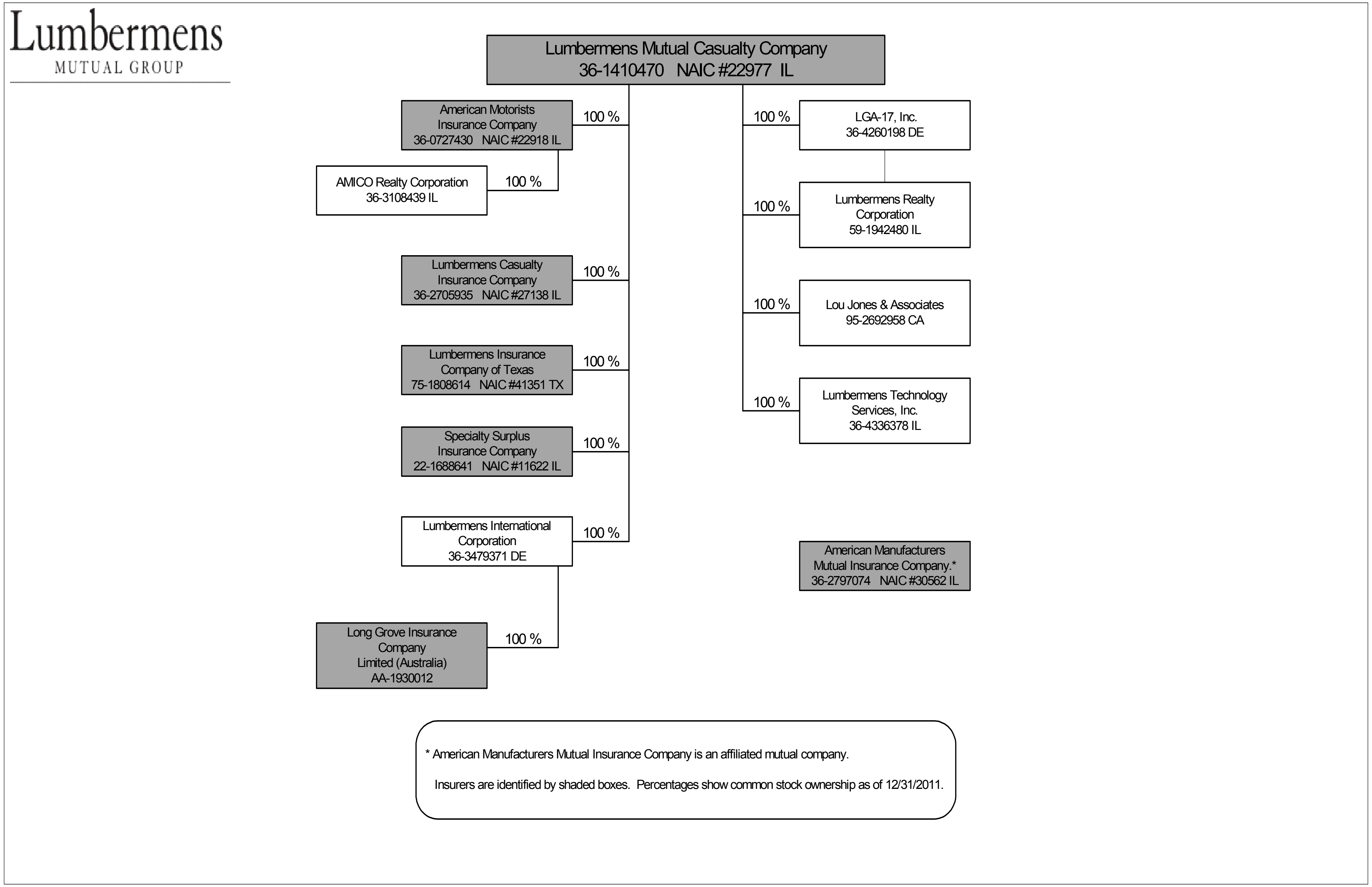
Explanation of basis of allocation of premiums by states, etc.

Premiums are allocated on the basis of the location of the risk, the insured or the insured's operations.

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

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

PART 1 - ORGANIZATIONAL CHART



ALPHABETICAL INDEX

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