



ANNUAL STATEMENT

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

Patriot Insurance Company

NAIC Group Code..... 1309, 1309 (Current Period) (Prior Period)	NAIC Company Code..... 32069	Employer's ID Number..... 01-6022422
Organized under the Laws of Maine	State of Domicile or Port of Entry Maine	Country of Domicile US
Incorporated/Organized..... April 22, 1966	Commenced Business..... July 1, 1966	
Statutory Home Office	One Cole Haan Drive, Suite 3..... Yarmouth ME US 04096-6706 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	One Cole Haan Drive, Suite 3..... Yarmouth ME US..... 04096-6706 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	207-847-1800 <i>(Area Code) (Telephone Number)</i>
Mail Address	One Mutual Avenue..... Frankenmuth MI US 48787-0001 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	One Mutual Avenue..... Frankenmuth MI US 48787-0001 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	989-652-6121 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.patriotinsuranceco.com	
Statutory Statement Contact	John Frederick Lang <i>(Name)</i> john.lang@fmins.com <i>(E-Mail Address)</i>	989-480-6351 <i>(Area Code) (Telephone Number) (Extension)</i> 989-652-4069 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Lincoln Jerry Merrill Jr.	President & CEO	2. Brian Scott McLeod	Vice President, Treasurer & Secretary
3. Charles Dilworth Brakeley Jr.	Vice President	4. Cynthia Otis DeLong	Vice President

OTHER

Alan Robert Small Vice President

DIRECTORS OR TRUSTEES

John Stewart Benson Chairman #	Morrall Manuel Claramunt	Lyle Gerald Davis Jr.	Frederick Allen Edmond Jr.
David Frederick Honold	David Richard Johnston	Brian Scott McLeod	Lincoln Jerry Merrill Jr.
David Allen Pendleton	Jack Robert Rummel	James Edward Wilds	Drew Randall Zehnder

State of..... Maine
County of..... Cumberland

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

_____ (Signature) Lincoln Jerry Merrill Jr.	_____ (Signature) Brian Scott McLeod	_____ (Signature) Charles Dilworth Brakeley Jr.
1. (Printed Name) President & CEO	2. (Printed Name) Vice President, Treasurer & Secretary	3. (Printed Name) Vice President
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2013

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

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	59,914,385		59,914,385	58,646,131
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(1,171,476), Schedule E-Part 1), cash equivalents (\$.....3,733,815, Schedule E-Part 2) and short-term investments (\$.....2,075,302, Schedule DA).....	4,637,641		4,637,641	3,735,171
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	64,552,026	.0	64,552,026	62,381,302
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	571,480		571,480	532,300
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	9,411,073	2,348	9,408,724	8,913,483
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....(227,981) earned but unbilled premiums).....	12,249,062		12,249,062	11,612,787
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	7,136,902		7,136,902	7,067,267
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	452,000
18.2 Net deferred tax asset.....	2,825,014	656,214	2,168,800	2,207,948
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	18,487	2,100	16,387	25,985
21. Furniture and equipment, including health care delivery assets (\$.....0).....	223,774	223,774	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	1,563		1,563	
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	163,781	136,154	27,627	145,687
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	97,153,161	1,020,591	96,132,571	93,338,758
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	97,153,161	1,020,591	96,132,571	93,338,758

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Other assets.....	136,154	136,154	.0	
2502. Commission and miscellaneous receivables.....	23,171		23,171	4,863
2503. Deposits and other receivables.....	4,456		4,456	140,824
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	163,781	136,154	27,627	145,687

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	28,169,316	27,163,937
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	7,205,856	8,079,111
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	4,177,194	3,841,150
4. Commissions payable, contingent commissions and other similar charges.....	2,530,573	2,322,506
5. Other expenses (excluding taxes, licenses and fees).....	1,297,387	1,130,093
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	172,342	250,453
7.1 Current federal and foreign income taxes (including \$.....8,000 on realized capital gains (losses)).....	374,000	
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....24,234,412 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	19,587,694	19,908,313
10. Advance premium.....	158,436	427,785
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	7,395,353	7,044,043
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	8,015	17,730
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	184,178	225,779
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	71,260,344	70,410,901
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	71,260,344	70,410,901
29. Aggregate write-ins for special surplus funds.....	0	1,167,029
30. Common capital stock.....	7,500,000	7,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	5,000,000	5,000,000
35. Unassigned funds (surplus).....	12,372,227	9,260,828
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	24,872,227	22,927,857
38. TOTALS (Page 2, Line 28, Col. 3).....	96,132,571	93,338,758

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 thru 2503 plus 2598) (Line 25 above).....	0	0
2901. Additional admitted deferred tax assets (SSAP No. 10R).....		1,167,029
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	1,167,029
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	41,117,417	39,834,633
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	25,435,450	30,594,513
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	3,412,562	3,033,901
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	11,375,063	10,924,543
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	40,223,075	44,552,957
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	894,342	(4,718,324)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,878,951	1,829,452
10. Net realized capital gains (losses) less capital gains tax of \$.....8,000 (Exhibit of Capital Gains (Losses)).....	13,879	(3,306)
11. Net investment gain (loss) (Lines 9 + 10).....	1,892,830	1,826,146
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....19,220 amount charged off \$.....109,453).....	(90,233)	(93,240)
13. Finance and service charges not included in premiums.....	258,353	293,874
14. Aggregate write-ins for miscellaneous income.....	251,690	(24,055)
15. Total other income (Lines 12 through 14).....	419,810	176,579
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	3,206,983	(2,715,598)
17. Dividends to policyholders.....	377,425	273,037
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	2,829,558	(2,988,636)
19. Federal and foreign income taxes incurred.....	858,000	(1,545,000)
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,971,558	(1,443,636)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	22,927,857	23,904,694
22. Net income (from Line 20).....	1,971,558	(1,443,636)
23. Net transfers (to) from Protected Cell accounts.....		
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).....		
26. Change in net deferred income tax.....	(101,734)	(457,505)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	74,546	924,304
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	1,944,370	(976,837)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	24,872,227	22,927,857
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income and expense.....	251,690	(24,055)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	251,690	(24,055)
3701. Reclassification of additional admitted deferred tax assets from (to) special surplus funds (SSAP No. 10R).....	1,167,029	(1,167,029)
3702. Reclassification of special surplus funds to unassigned surplus.....	(1,167,029)	
3703. Additional admitted deferred tax assets (SSAP No. 10R).....		1,167,029
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	39,745,065	40,022,557
2. Net investment income.....	2,150,994	2,141,307
3. Miscellaneous income.....	419,810	176,579
4. Total (Lines 1 through 3).....	42,315,869	42,340,443
5. Benefit and loss related payments.....	25,372,962	28,983,597
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	14,153,216	13,060,901
8. Dividends paid to policyholders.....	377,425	273,037
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	40,000	(1,072,000)
10. Total (Lines 5 through 9).....	39,943,603	41,245,536
11. Net cash from operations (Line 4 minus Line 10).....	2,372,266	1,094,907
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	7,332,485	7,751,228
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		8
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	7,332,485	7,751,235
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	8,891,197	10,615,115
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	8,891,197	10,615,115
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(1,558,712)	(2,863,880)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	88,917	(298,873)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	88,917	(298,873)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	902,470	(2,067,845)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	3,735,171	5,803,016
19.2 End of year (Line 18 plus Line 19.1).....	4,637,641	3,735,171

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	252,840	147,208	143,334	256,714
2. Allied lines.....	160,715	87,249	91,314	156,650
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....	7,514,285	4,312,237	4,192,384	7,634,138
5. Commercial multiple peril.....	7,854,069	3,940,838	4,096,901	7,698,007
6. Mortgage guaranty.....				.0
8. Ocean marine.....	40,203	20,709	19,716	41,196
9. Inland marine.....	1,292,565	646,285	672,718	1,266,132
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....	236	109	164	181
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....	6,236,264	3,081,365	2,952,702	6,364,927
17.1 Other liability - occurrence.....	1,405,422	709,710	698,786	1,416,346
17.2 Other liability - claims-made.....	93,748	46,299	44,792	95,255
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....	84,745	40,351	37,470	87,626
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....	5,656,237	2,322,006	2,349,928	5,628,315
19.3, 19.4 Commercial auto liability.....	2,717,118	1,337,396	1,307,024	2,747,491
21. Auto physical damage.....	7,355,470	3,531,350	3,193,183	7,693,638
22. Aircraft (all perils).....				.0
23. Fidelity.....	1,640	818	807	1,651
24. Surety.....				.0
26. Burglary and theft.....	526	183	239	470
27. Boiler and machinery.....	27,460	15,435	14,214	28,682
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	40,693,544	20,239,548	19,815,675	41,117,417

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	143,323		.11		143,334
2. Allied lines.....	91,295		.19		91,314
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....	4,192,384				4,192,384
5. Commercial multiple peril.....	4,035,009		61,892		4,096,901
6. Mortgage guaranty.....					.0
8. Ocean marine.....	19,716				19,716
9. Inland marine.....	666,666		6,053		672,718
10. Financial guaranty.....					.0
11.1 Medical professional liability - occurrence.....					.0
11.2 Medical professional liability - claims-made.....					.0
12. Earthquake.....	164				164
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....	2,810,260		142,441		2,952,702
17.1 Other liability - occurrence.....	687,887		10,899		698,786
17.2 Other liability - claims-made.....	43,485		1,307		44,792
17.3 Excess workers' compensation.....					.0
18.1 Products liability - occurrence.....	35,772		1,698		37,470
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	2,349,928				2,349,928
19.3, 19.4 Commercial auto liability.....	1,306,198		826		1,307,024
21. Auto physical damage.....	3,190,913		2,269		3,193,183
22. Aircraft (all perils).....					.0
23. Fidelity.....	807				807
24. Surety.....					.0
26. Burglary and theft.....	239				239
27. Boiler and machinery.....	13,647		567		14,214
28. Credit.....					.0
29. International.....					.0
30. Warranty.....					.0
31. Reinsurance - nonproportional assumed property.....					.0
32. Reinsurance - nonproportional assumed liability.....					.0
33. Reinsurance - nonproportional assumed financial lines.....					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
35. TOTALS.....	19,587,694	.0	227,981	.0	19,815,675
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					(227,981)
38. Balance (sum of Lines 35 through 37).....					19,587,694

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	546,916	252,840		506,604	40,312	252,840
2. Allied lines.....	387,752	160,715		362,755	24,998	160,715
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....	14,092,569	7,514,285		13,157,442	935,127	7,514,285
5. Commercial multiple peril.....	7,995,236	7,854,069		7,404,074	591,161	7,854,069
6. Mortgage guaranty.....						.0
8. Ocean marine.....		40,203				40,203
9. Inland marine.....	1,182,211	1,292,565		1,101,018	81,193	1,292,565
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....	141	236		140	1	236
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....	16,488				16,488	.0
16. Workers' compensation.....	1,278,750	6,236,264	177,722	1,360,424	96,049	6,236,264
17.1 Other liability - occurrence.....	2,103,138	1,405,422		1,620,075	483,063	1,405,422
17.2 Other liability - claims-made.....	166,341	93,748		74,872	91,469	93,748
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....	19,429	84,745		18,131	1,298	84,745
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	7,405,389	5,656,237		6,928,682	476,706	5,656,237
19.3, 19.4 Commercial auto liability.....	1,971,391	2,717,118		1,836,161	135,229	2,717,118
21. Auto physical damage.....	10,029,953	7,355,470		9,805,187	224,765	7,355,470
22. Aircraft (all perils).....						.0
23. Fidelity.....	1,368	1,640		1,368		1,640
24. Surety.....						.0
26. Burglary and theft.....	558	526		558		526
27. Boiler and machinery.....	499,965	27,460		22,833	477,132	27,460
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.....	47,697,593	40,693,544	177,722	44,200,324	3,674,991	40,693,544

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	51,050	15,422	51,050	15,422	97,070	21,725	97,070	37,147	3,906
2. Allied lines.....	31,230	10,206	31,230	10,206	31,040	13,719	31,040	23,925	2,080
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	2,863,591	1,038,680	2,863,591	1,038,680	836,495	548,103	836,495	1,586,783	212,875
5. Commercial multiple peril.....	1,173,940	3,918,599	1,173,940	3,918,599	3,888,793	2,561,058	3,888,793	6,479,657	1,856,510
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		200		200		2,395		2,595	118
9. Inland marine.....	27,700	31,157	27,700	31,157	242,303	80,805	242,303	111,962	19,722
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		0	3
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				(a) 0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	1,461,697	5,202,874	1,518,270	5,146,301	2,288,831	4,143,775	2,455,784	9,123,122	924,411
17.1 Other liability - occurrence.....	6,500	323,607	6,500	323,607	440,731	260,242	440,731	583,849	184,400
17.2 Other liability - claims-made.....	24,730	46,722	24,730	46,722	7,809	4,642	7,809	51,364	14,469
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	20,000	56,364	20,000	56,364	45,030	43,417	45,030	99,781	12,719
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	3,887,593	4,603,787	3,887,593	4,603,787	1,742,394	1,456,355	1,742,394	6,060,142	597,206
19.3, 19.4 Commercial auto liability.....	1,087,063	1,994,125	1,087,063	1,994,125	1,254,956	1,679,665	1,254,956	3,673,790	279,834
21. Auto physical damage.....	417,244	191,395	417,244	191,395	(196,463)	94,689	(196,463)	286,084	67,280
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0		65		65	9
24. Surety.....				0				0	
26. Burglary and theft.....				0		49		49	2
27. Boiler and machinery.....				0	21,715	1,496	21,715	1,496	1,648
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	16,643		16,643	XXX	30,860		47,503	
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.....	11,052,338	17,449,781	11,108,911	17,393,208	10,700,704	10,943,062	10,867,657	28,169,316	4,177,194
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	1,518,105			1,518,105
1.2 Reinsurance assumed.....	1,782,988			1,782,988
1.3 Reinsurance ceded.....	1,518,105			1,518,105
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,782,988	0	0	1,782,988
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		7,767,716		7,767,716
2.2 Reinsurance assumed, excluding contingent.....		5,368,139		5,368,139
2.3 Reinsurance ceded, excluding contingent.....		7,820,828		7,820,828
2.4 Contingent - direct.....		1,957,758		1,957,758
2.5 Contingent - reinsurance assumed.....		998,699		998,699
2.6 Contingent - reinsurance ceded.....		1,957,758		1,957,758
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	6,313,725	0	6,313,725
3. Allowances to manager and agents.....		15,696		15,696
4. Advertising.....		15,559		15,559
5. Boards, bureaus and associations.....	15,195	160,276		175,471
6. Surveys and underwriting reports.....		210,557		210,557
7. Audit of assureds' records.....		40,094		40,094
8. Salary and related items:				
8.1 Salaries.....	946,254	2,291,522	23,359	3,261,134
8.2 Payroll taxes.....	73,338	173,534	1,291	248,163
9. Employee relations and welfare.....	220,436	458,729	3,768	682,934
10. Insurance.....	1,789	6,123		7,912
11. Directors' fees.....	6,846	20,423		27,268
12. Travel and travel items.....	28,079	92,100	1,070	121,249
13. Rent and rent items.....	132,294	227,094	1,404	360,791
14. Equipment.....	86,090	292,857	1,653	380,599
15. Cost or depreciation of EDP equipment and software.....	11,714	32,045	79	43,838
16. Printing and stationery.....	21,977	32,656	574	55,207
17. Postage, telephone and telegraph, exchange and express.....	26,902	127,640	609	155,150
18. Legal and auditing.....	51,639	40,581		92,219
19. Totals (Lines 3 to 18).....	1,622,551	4,237,484	33,807	5,893,842
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		737,114		737,114
20.2 Insurance department licenses and fees.....		45,796		45,796
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....		18,106		18,106
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	801,015	0	801,015
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	7,023	22,838	78,428	108,289
25. Total expenses incurred.....	3,412,562	11,375,063	112,235	(a) 14,899,859
26. Less unpaid expenses - current year.....	4,177,194	3,983,412	16,890	8,177,496
27. Add unpaid expenses - prior year.....	3,841,150	3,685,047	18,005	7,544,202
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	3,076,518	11,076,698	113,350	14,266,566

DETAILS OF WRITE-INS

2401. Bank and investment expenses.....	7,023	10,612	78,428	96,063
2402. Other miscellaneous expense.....		12,226		12,226
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	7,023	22,838	78,428	108,289

(a) Includes management fees of \$.....549,295 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....270,860	.....270,930
1.1 Bonds exempt from U.S. tax.....	(a).....74,112	.....125,797
1.2 Other bonds (unaffiliated).....	(a).....1,603,254	.....1,590,636
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....3,777	.....3,758
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....2	.....64
10. Total gross investment income.....	.....1,952,005	.....1,991,185
11. Investment expenses.....	.....	(g).....112,235
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....112,235
17. Net investment income (Line 10 minus Line 16).....	.....	.....1,878,951

DETAILS OF WRITE-INS

0901. Interest on assumed reinsurance pools.....	.....2	.....64
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....2	.....64
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....46,124 accrual of discount less \$.....358,462 amortization of premium and less \$.....11,431 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....12 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....21,879	.....	.....21,879	.....	.....
1.3 Bonds of affiliates.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....0	.....	.....
2.11 Preferred stocks of affiliates.....0	.....	.....
2.2 Common stocks (unaffiliated).....0	.....	.....
2.21 Common stocks of affiliates.....0	.....	.....
3. Mortgage loans.....0	.....	.....
4. Real estate.....0	.....	.....
5. Contract loans.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....0	.....	.....
7. Derivative instruments.....0	.....	.....
8. Other invested assets.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....21,879	.....0	.....21,879	.....0	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,348	171	(2,177)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....	656,214	718,800	62,586
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	2,100	2,780	680
21. Furniture and equipment, including health care delivery assets.....	223,774	246,784	23,010
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	136,154	126,602	(9,552)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,020,591	1,095,137	74,546
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	1,020,591	1,095,137	74,546

DETAILS OF WRITE-INS

1101. ....			.0
1102. ....			.0
1103. ....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Other assets.....	136,154	126,602	(9,552)
2502. ....			.0
2503. ....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	136,154	126,602	(9,552)

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies****A. Accounting Practices**

The accompanying financial statements of Patriot Insurance Company (Company) are presented on the basis of accounting practices prescribed or permitted by the State of Maine Bureau of Insurance.

The State of Maine Bureau of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maine. During 2012 and 2011, there were no recorded differences between State of Maine prescribed practices and NAIC statutory accounting practices.

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost which approximates fair value.
2. Bonds not backed by other loans are stated at amortized cost using the scientific method.
3. The Company does not have investments in common stocks.
4. Preferred stocks are stated in accordance with the guidance provided in Statement of Statutory Accounting Principles (SSAP) No. 32.
5. The Company does not participate in mortgage loans as an investment vehicle.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield has become negative, which are valued using the prospective method.
7. The Company does not have investments in subsidiaries, controlled or affiliated companies.
8. The Company does not have investments in joint ventures, partnerships or limited liability companies.
9. The Company does not have investments in derivative instruments.
10. The Company anticipates investment income as a factor in premium deficiency calculations, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has a written capitalization policy for purchases of items such as real estate, electronic data processing equipment, software, furniture, vehicles and other equipment. This policy was not modified from the prior year.
13. The Company does not have pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

The Company has adopted SSAP No. 101, effective January 1, 2012. The cumulative effect of adopting SSAP No. 101 in 2012 was \$0 due to the Company's election to admit additional deferred tax assets pursuant to SSAP No. 10R, paragraph 10.e. during 2011, as discussed below.

At December 31, 2011, the Company elected to admit deferred tax assets pursuant to paragraph 10.e. of SSAP No. 10R and, as such, admitted deferred tax assets were increased by \$1,167,000. This item is reflected in line 29 of the Company's Balance Sheet (*Page 3 – Aggregate write-ins for special surplus funds*) and line 37 of the Company's Statement of Income (*Page 4 – Aggregate write-ins for gains and losses in surplus*). Prior period financial statements were unaffected.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

None.

5. Investments**A. Mortgage Loans, including Mezzanine Real Estate Loans**

None.

B. Debt Restructuring

None.

C. Reverse Mortgages

None.

NOTES TO FINANCIAL STATEMENTS**D. Loan-Backed Securities**

1. The Company's investment advisor uses proprietary models for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities with inputs from major third-party data providers. The models combine the effects of interest rates, volatility and prepayment speeds based on various scenario (Monte Carlo) simulations which produce effective analytics (spreads, duration, convexity) and cash flows on a monthly basis. Credit sensitive cash flows are calculated using a proprietary model which estimate future loan defaults in terms of timing and severity. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
2. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
3. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
4. None.
5. Not applicable.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has non-federally insured overnight repurchase sweep agreements through JPMorgan Chase Bank, NA and Bank of New York Mellon. These agreements are secured by issues of the United States Government or its agencies within the United States or collateralized mortgage obligations. The balance in these accounts was \$3,734,000 and \$3,652,000 as of December 31, 2012 and 2011, respectively.

F. Real Estate

None.

G. Low-Income Housing Tax Credits

None.

6. Joint Ventures, Partnerships and Limited Liability Companies**A. Detail for those greater than 10% of Admitted Assets**

Not applicable.

B. Writedowns for Impairment

Not applicable.

7. Investment Income**A. Accrued Investment Income**

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

None.

8. Derivative Instruments

None.

9. Income Taxes**A. Deferred Tax Asset/(Liability)**

The Company has adopted SSAP No. 101, effective January 1, 2012. The cumulative effect of adopting SSAP No. 101 in 2012 was \$0 due to the Company's election to admit additional Deferred Tax Assets (DTAs) of \$1,167,000 pursuant to SSAP No. 10R, paragraph 10.e. during 2011.

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

	December 31, 2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross deferred tax assets	\$2,697,000	\$214,000	\$2,911,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	2,697,000	214,000	2,911,000
(d) Deferred tax assets nonadmitted	443,000	214,000	657,000
(e) Subtotal net admitted deferred tax asset (1c-1d)	2,254,000	0	2,254,000
(f) Deferred tax liabilities	85,000	0	85,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$2,169,000	\$0	\$2,169,000

	December 31, 2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross deferred tax assets	\$2,797,000	\$214,000	\$3,011,000
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	2,797,000	214,000	3,011,000
(d) Deferred tax assets nonadmitted	505,000	214,000	719,000
(e) Subtotal net admitted deferred tax asset (1c-1d)	2,292,000	0	2,292,000
(f) Deferred tax liabilities	84,000	0	84,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$2,208,000	\$0	\$2,208,000

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$(100,000)	\$0	\$(100,000)
(b) Statutory valuation allowance adjustments	0	0	0
(c) Adjusted gross deferred tax assets (1a-1b)	(100,000)	0	(100,000)
(d) Deferred tax assets nonadmitted	(62,000)	0	(62,000)
(e) Subtotal net admitted deferred tax asset (1c-1d)	(38,000)	0	(38,000)
(f) Deferred tax liabilities	1,000	0	1,000
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f)	\$(39,000)	\$0	\$(39,000)

2. Admission Calculation Components (SSAP No. 101)

	December 31, 2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$1,018,000	\$0	\$1,018,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	1,151,000	0	1,151,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,151,000	0	1,151,000
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	3,403,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	85,000	0	85,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$2,254,000	\$0	\$2,254,000

	December 31, 2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$506,000	\$0	\$506,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	1,702,000	0	1,702,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,702,000	0	1,702,000
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	3,254,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	84,000	0	84,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$2,292,000	\$0	\$2,292,000

	Change		
	(7) Ordinary	(8) Capital	(9) (Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$512,000	\$0	\$512,000
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	(551,000)	0	(551,000)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(551,000)	0	(551,000)
2. Adjusted gross deferred tax assets allowed per limitation threshold	xxxx	xxxx	149,000
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	1,000	0	1,000
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a)+2(b)+2(c))	\$(38,000)	\$0	\$(38,000)

3. Other Admissibility Criteria

	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	792.6%	846.5%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$22,703,000	\$21,761,000

4. Impact of Tax Planning Strategies

	December 31, 2012		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0%	0%	0%
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

	December 31, 2011		
	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0%	0%	0%
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0%	0%	0%

	Change		
	(7) (Col 1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total Percent
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0%	0%	0%
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0%	0%	0%

(c) Do the Company's tax-planning strategies include the use of reinsurance? Yes [] No [X]

B. Deferred Tax Liabilities (DTLs) Not Recognized

Not applicable.

C. Current and Deferred Income Taxes

	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$1,010,000	\$(780,000)	\$1,790,000
(b) Foreign	0	0	0
(c) Subtotal	1,010,000	(780,000)	1,790,000
(d) Federal income tax on net capital gains	8,000	11,000	(3,000)
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	(152,000)	(765,000)	613,000
(g) Federal and foreign income taxes incurred	\$866,000	\$(1,534,000)	\$2,400,000
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$1,090,000	\$1,194,000	\$(104,000)
(2) Unearned premium reserve	1,371,000	1,394,000	(23,000)
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Deferred acquisition costs	0	0	0
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	0	0	0
(8) Compensation and benefits accrual	86,000	42,000	44,000
(9) Pension accrual	0	0	0
(10) Receivables – nonadmitted	0	0	0
(11) Net operating loss carry-forward	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items <5% of total ordinary tax assets)	22,000	35,000	(13,000)
(14) Nonadmitted assets	128,000	132,000	(4,000)
(99)Subtotal	2,697,000	2,797,000	(100,000)
(b) Statutory valuation allowance adjustment	0	0	0
(c) Nonadmitted	443,000	505,000	(62,000)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	2,254,000	2,292,000	(38,000)
(e) Capital			
(1) Investments	214,000	214,000	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99)Subtotal	214,000	214,000	0
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	214,000	214,000	0
(h) Admitted capital deferred tax assets (2e99-2f-2g)	0	0	0
(i) Admitted deferred tax assets (2d+2h)	\$2,254,000	\$2,292,000	\$(38,000)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$48,000	\$37,000	\$11,000
(2) Fixed assets	29,000	23,000	6,000
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax liabilities)	0	0	0
(6) Subro salvage reserves	11,000	11,000	0
(7) Accelerated premium expense	(3,000)	13,000	(16,000)
(99)Subtotal	85,000	84,000	1,000
(b) Capital			
(1) Investments	0	0	0
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99)Subtotal	0	0	0
(c) Deferred tax liabilities (3a99+3b99)	\$85,000	\$84,000	\$1,000
4. Net deferred tax assets/liabilities (2i-3c)	\$2,169,000	\$2,208,000	\$(39,000)

NOTES TO FINANCIAL STATEMENTS**D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

The significant book to tax adjustments are as follows:

Description	December 31, 2012	Tax Effect at 35%	December 31, 2011	Tax Effect at 35%
Provision at statutory rate	\$993,000	35.0%	\$(1,042,000)	35.0%
Non-taxable interest	(44,000)	(1.6)%	(26,000)	0.9%
Change in non-admitted assets	4,000	0.1%	(23,000)	0.8%
Travel and entertainment	4,000	0.1%	11,000	(0.4)%
Dividends received deduction	0	0.0%	0	0.0%
Other adjustments	11,000	0.5%	4,000	(0.1)%
Total	\$968,000	34.1%	\$(1,076,000)	36.2%
Federal income taxes incurred	\$866,000	30.5%	\$(1,534,000)	51.5%
Change in net deferred income tax	102,000	3.6%	458,000	(15.3)%
Total statutory income taxes	\$968,000	34.1%	\$(1,076,000)	36.2%

E. Operating Loss and Tax Credit Carryforwards

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

Year	Amount
2012	\$1,018,000
2011	\$0

- There are no deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code as of December 31, 2012.

F. Consolidated Federal Income Tax Return

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

Frankenmuth Mutual Insurance Company
Ansur America Insurance Company
ASure Worldwide Insurance Company
Fortuity Insurance Company
Frankenmuth Agency, Inc.

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

G. Federal or Foreign Federal Income Tax Loss Contingencies

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

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**A. Nature of Relationships**

The Company is a wholly owned subsidiary of Frankenmuth Mutual Insurance Company ("Parent"), a licensed mutual insurer domiciled in the State of Michigan.

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

None.

C. Change in Terms of Intercompany Arrangements

None.

D. Amounts Due to or from Related Parties

The Company reported \$184,000 and \$226,000 due to its Parent at December 31, 2012 and 2011, respectively. Additionally, the Company reported \$2,000 due from its affiliate, Ansur America Insurance Company, at December 31, 2012. Amounts due to and from affiliated companies are settled on a monthly basis.

E. Guarantees or Undertakings for Related Parties

None.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has a management service agreement for the allocation of certain administrative costs with its Parent.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company's common stock are owned by its Parent.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

Not applicable.

J. Write-down for Impairments in Subsidiary, Controlled or Affiliated Companies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

K. Investments in Foreign Insurance Subsidiaries

None.

L. Investments in Downstream Noninsurance Holding Company

None.

11. Debt

A. Debt and Holding Company Obligations

None.

B. Federal Home Loan Bank (FHLB) Agreements

None.

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

A. Defined Benefit Plan

Not applicable.

B. Defined Contribution Plans

For the period January 1, 2008 through June 30, 2008, participants in the Patriot Insurance Company 401(k) Retirement Plan (the "Plan") could defer a portion of their salary annually, subject to regulatory limitations. The Company matched 100% of the participant's first 3% contributed and then 50% of the participant's next 2% contributed. Effective April 1, 2008, all assets and liabilities of the Plan were merged with and transferred into the Frankenmuth Insurance 401(k) Savings Plan.

The Company has a qualified noncontributory incentive bonus plan for the benefit of employees meeting certain eligibility requirements. The Company's charge to income under the plan was approximately \$717,000 and \$589,000 for 2012 and 2011, respectively.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

The Company participates in a noncontributory defined benefit pension plan sponsored by its Parent. The Company has no legal obligations for benefits under these plans. The Parent allocates amounts to the Company based on salary ratios.

Effective April 1, 2008, the Company participates in the Frankenmuth Insurance 401(k) Savings Plan (the "Plan"), a defined contribution plan under which employees may defer a portion of their salary annually, subject to regulatory limitations. The Company will match 100% of participant's contributions up to a maximum of 6% of the participant's eligible compensation. Additionally, all matching contributions to the Plan will vest 100% after six years of service. The charge to income under the Plan for the Company match was approximately \$192,000 and \$178,000 for 2012 and 2011, respectively.

E. Postemployment Benefits and Compensated Absences

The Company has accrued its obligation for postemployment benefits and compensated absences in accordance with SSAP No. 11.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

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

A. Outstanding Shares

The Company has 100,000 shares of \$100 par value common stock authorized and 75,000 shares issued and outstanding.

B. Dividend Rate of Preferred Stock

Not applicable.

C., D. and E. Dividend Restrictions and Payments

Dividends may be paid only from earned surplus (unassigned funds). The maximum amount of dividends which can be paid by the Company to its shareholders without approval from the State of Maine Bureau of Insurance is limited to the greater of the net gain from operations from the prior 12 month period or 10 percent of surplus as regards policyholders at December 31, 2012. Accordingly, the Company may pay dividends of approximately \$2,487,000 in 2013 without prior approval.

Within the limitations noted above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

F. Restrictions Placed on Unassigned Funds (Surplus)

None.

G. Mutual Surplus Advances

Not applicable.

H. Company Stock Held for Special Purposes

Not applicable.

I. Changes in Special Surplus Funds

The Company reported a change in special surplus funds during 2011 due to recognizing additional admitted deferred tax assets pursuant to paragraph 10.e. of SSAP No. 10R, effective December 31, 2011. The Company reported a change in special surplus funds during 2012 due to its adoption of SSAP No. 101, effective January 1, 2012, whereby the additional special surplus funds recognized during 2011 were reclassified to unassigned surplus in 2012.

NOTES TO FINANCIAL STATEMENTS

J. Changes in Unassigned Funds

There are no cumulative unrealized gains or losses represented in unassigned funds (surplus).

K. Surplus Notes

Not applicable.

L. and M. Quasi Reorganizations

Not applicable.

14. Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to its Parent or other entities. As indicated in Note 10E, the Company has made no guarantees on behalf of its Parent.

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by states in which it writes premium. Most assessments are recorded either at the time the assessments are levied or, in the case of premium-based assessments, at the time the premiums are written. The Company is also subject to loss-based assessments.

Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums. These assessments will be recorded as future premiums are written. The Company is not aware of any state which requires the payment of future premium assessments once the Company discontinues writing premium in that state.

The Company has accrued a liability for guaranty fund and other assessments of \$291,000 and \$281,000 at December 31, 2012 and 2011, respectively, and has not recorded an offset for estimated premium tax credits. The amounts recorded represent management's best estimates based on assessment rate information received from the states in which the Company writes business and the direct premiums written in those states. Assessments to date are not significant and the Company does not expect future assessments to materially affect its financial condition or results of operations.

C. Gain Contingencies

None.

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

None.

E. Product Warranties

None.

F. All Other Contingencies

1. The Company is not aware of potential lawsuits or other legal action beyond the ordinary course of business which would be considered material in relation to the financial position of the Company.
2. The Company, as a wholly owned subsidiary of Frankenmuth Mutual Insurance Company, is part of a \$25 million unsecured line of credit agreement with a bank. The line allows for the Company to borrow funds at different mutually negotiated rates, based on the bank's cost of funds, and borrowings on the line are guaranteed by Frankenmuth Mutual Insurance Company. The Company had no outstanding balance at December 31, 2012.

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office facilities and equipment under various noncancelable operating leases that expire through December 2017. Rental expense for 2012 and 2011 was approximately \$700,000 and \$686,000, respectively. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions and there have been no early terminations of existing leases.
2. Future minimum rental payments are as follows:

Year	Amount
2013	\$711,000
2014	711,000
2015	711,000
2016	301,000
2017	8,000
Total	\$2,442,000

3. The Company has not entered into any sale-leaseback arrangements.

B. Lessor Leasing Arrangements

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

A. Transfers of Receivables Reported as Sales

None.

B. Transfers and Servicing of Financial Assets

None.

NOTES TO FINANCIAL STATEMENTS

C. Wash Sales

None.

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

A. Administrative Services Only (ASO) Plans

Not applicable.

B. Administrative Services Contract (ASC) Plans

Not applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable.

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

None.

20. Fair Value Measurements at Reporting Date

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

None.

B. Other Fair Value Disclosures

Not applicable.

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

Type of Financial Instrument	Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Financial instruments – assets						
Bonds	\$63,857,000	\$59,914,000	\$0	\$63,857,000	\$0	\$0
Preferred stocks	0	0	0	0	0	0
Common stocks	0	0	0	0	0	0
Mortgage loans	0	0	0	0	0	0
Cash, cash equivalents and short-term investments	4,638,000	4,638,000	(596,000)	5,234,000	0	0
Other – collateral loan	0	0	0	0	0	0
Total assets	\$68,495,000	\$64,552,000	\$(596,000)	\$69,091,000	\$0	\$0
Financial instruments – liabilities						
Derivative liabilities	0	0	0	0	0	0
Total liabilities	\$0	\$0	\$0	\$0	\$0	\$0

D. Reasons Not Practical to Estimate Fair Value

Not applicable.

21. Other Items

A. Extraordinary Items

None.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of \$1,265,000 and \$1,102,000 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable

At December 31, 2012 and 2011, the Company had admitted assets of \$21,658,000 and \$20,526,000, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, certain balances may become uncollectible; however, any potential loss is not expected to be material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

None.

F. State Transferable and Non-transferable Tax Credits

None.

G. Subprime Mortgage-Related Risk Exposure

The Company does not engage in subprime residential mortgage lending as indicated in Note 1C. The Company's exposure to subprime lending is limited to investments within the investment portfolio of fixed-income securities which contain securities collateralized by mortgages having characteristics of subprime lending. These investments are primarily in the form of asset-backed securities supported by subprime mortgage loans or collateralized mortgage obligations backed by alternative documentation mortgages. The Company held no fixed-income securities with such characteristics at December 31, 2012 or 2011.

22. Events Subsequent

Subsequent events have been considered through February 25, 2013, the date these statutory financial statements were available to be issued. The Company is not aware of any events or transactions occurring subsequent to December 31, 2012, which may have a material effect on the financial condition of the Company.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Unsecured Reinsurance Recoverable

The Company's unsecured reinsurance recoverable from individual reinsurers in excess of 3% of policyholders' surplus at December 31, 2012 follows:

Name of Reinsurer	NAIC Company Code Number	Federal Employer ID Number	Unsecured Reinsurance Recoverable
Frankenmuth Mutual Insurance Company	13986	38-0555290	\$46,467,000

B. Reinsurance Recoverable in Dispute

None.

C. Reinsurance Assumed and Ceded

1. As of December 31, 2012:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$19,588,000	\$5,289,000	\$23,215,000	\$6,268,000	\$(3,627,000)	\$(979,000)
All Other	<u>50,000</u>	<u>15,000</u>	<u>1,020,000</u>	<u>298,000</u>	<u>(970,000)</u>	<u>(283,000)</u>
Total	\$19,638,000	\$5,304,000	\$24,235,000	\$6,566,000	\$(4,597,000)	\$(1,262,000)

Direct Unearned Premium Reserve as of December 31, 2012: \$24,184,000.

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 as of December 31, 2012:

	Direct	Reinsurance		Net
		Assumed	Ceded	
Contingent Commission	\$1,929,000	\$0	\$0	\$1,929,000
Sliding Scale Adjustments	0	0	0	0
Other Profit Commission Arrangements	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Total	\$1,931,000	\$0	\$0	\$1,931,000

3. As of December 31, 2012, the Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

As of December 31, 2012, the Company did not write off any reinsurance balances.

E. Commutation of Ceded Reinsurance

None.

F. Retroactive Reinsurance

None.

G. Reinsurance Accounted for as a Deposit

None.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

None.

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2011 were \$31,005,000. As of December 31, 2012, \$11,224,000 has been paid for incurred losses and loss adjustment expenses (LAE) attributable to insured events of prior years. Reserves remaining for prior years are now \$16,795,000 as a result of re-estimation of unpaid losses and LAE. The estimated cost of losses and LAE attributable to insured events of prior years decreased by \$2,986,000 or 9.6% of the unpaid losses and LAE as of the end of the prior year. The \$2,986,000 favorable development in incurred losses and LAE related to prior accident years is primarily due to the favorable development in workers' compensation, commercial multiple peril, commercial auto and personal auto liability lines of business. This change is generally the result of the on-going analysis of loss development trends. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding unpaid individual claims. The Company does not write retrospectively rated policies, and accordingly, prior year loss development was not impacted by this type of policy.

26. Intercompany Pooling Arrangements

The Company, its Parent and its Parent's wholly owned property and casualty insurance subsidiaries (identified in the table below) are party to a pooling reinsurance agreement ("Agreement"), under which all property and casualty lines of business are pooled.

NOTES TO FINANCIAL STATEMENTS

Under the terms of the Agreement, the participants will cede to the lead insurer all of their insurance business, net of inuring reinsurance, and assume from the lead insurer an amount equal to their respective participation percentages as outlined below:

<u>Name of Insurer</u>	<u>NAIC Co. Code</u>	<u>Participation Percentage</u>
Frankenmuth Mutual Insurance Company (lead insurer)	13986	78%
Ansur America Insurance Company	10984	8%
Patriot Insurance Company	32069	8%
Fortuity Insurance Company	10985	3%
ASure Worldwide Insurance Company	11511	3%

There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the pool participants.

Amounts due to/from the lead insurer and pool participants as of December 31, 2012:

<u>Name of Insurer</u>	<u>Receivable</u>	<u>Payable</u>
Frankenmuth Mutual Insurance Company	\$30,110,000	\$34,945,000
Ansur America Insurance Company	\$14,920,000	\$10,865,000
Patriot Insurance Company	\$14,443,000	\$13,847,000
Fortuity Insurance Company	\$2,795,000	\$2,699,000
ASure Worldwide Insurance Company	\$2,787,000	\$2,699,000

27. Structured Settlements

A. Reserves Released due to Purchase of Annuities

None.

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

None.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

The Company anticipates investment income as a factor in premium deficiency calculations. The results of this calculation, completed on January 15, 2013, did not indicate a deficiency at December 31, 2012.

1. Liability for premium deficiency reserve	\$0
2. Date of most recent evaluation	January 15, 2013
3. Was anticipated investment income utilized in calculation?	Yes [X] No []

31. High Deductibles

The Company has no claims with high deductibles.

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

The Company does not discount its liabilities for unpaid losses or unpaid loss adjustment expenses. The Company records assumed liabilities for losses from participation reports as received, and is not aware of any loss reserves that may be discounted.

33. Asbestos/Environmental Reserves

A. The Company has exposure to asbestos claims arising from the sale of commercial multiple peril and general liability insurance by companies party to the pooling reinsurance agreement, as identified in Note 26.

The Company estimates the full impact of its asbestos exposure by estimating full case basis reserves on all known losses and beginning in 1996 computing incurred but not reported losses based on previous experience and industry standards.

The Company's asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years follow:

(1) Direct

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$448,000	\$390,000	\$389,000	\$383,000	\$407,000
Incurring losses and loss adjustment expense:	(10,000)	39,000	48,000	82,000	96,000
Calendar year payments for losses and loss adjustment expenses:	<u>48,000</u>	<u>40,000</u>	<u>54,000</u>	<u>58,000</u>	<u>69,000</u>
Ending reserves:	\$390,000	\$389,000	\$383,000	\$407,000	\$434,000

(2) Assumed Reinsurance

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$0	\$0	\$0	\$0	\$0
Incurring losses and loss adjustment expense:	0	0	0	0	0
Calendar year payments for losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending reserves:	\$0	\$0	\$0	\$0	\$0

NOTES TO FINANCIAL STATEMENTS

(3) Net of Ceded Reinsurance

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$267,000	\$229,000	\$224,000	\$202,000	\$217,000
Incurring losses and loss adjustment expense:	(36,000)	16,000	6,000	36,000	(48,000)
Calendar year payments for losses and loss adjustment expenses:	<u>2,000</u>	<u>21,000</u>	<u>28,000</u>	<u>21,000</u>	<u>25,000</u>
Ending reserves:	\$229,000	\$224,000	\$202,000	\$217,000	\$144,000

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

1. Direct basis	\$293,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$104,000

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

1. Direct basis	\$44,000
2. Assumed reinsurance basis	\$0
3. Net of ceded reinsurance basis	\$16,000

D. The Company has exposure to environmental claims arising from the sale of commercial multiple peril and general liability insurance by companies party to the pooling reinsurance agreement, as identified in Note 26.

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

(1) Direct

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$862,000	\$1,025,000	\$1,224,000	\$1,112,000	\$786,000
Incurring losses and loss adjustment expense:	225,000	236,000	(76,000)	(319,000)	17,000
Calendar year payments for losses and loss adjustment expenses:	<u>62,000</u>	<u>37,000</u>	<u>36,000</u>	<u>7,000</u>	<u>4,000</u>
Ending reserves:	\$1,025,000	\$1,224,000	\$1,112,000	\$786,000	\$799,000

(2) Assumed Reinsurance

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$0	\$0	\$0	\$0	\$0
Incurring losses and loss adjustment expense:	0	0	0	0	0
Calendar year payments for losses and loss adjustment expenses:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending reserves:	\$0	\$0	\$0	\$0	\$0

(3) Net of Ceded Reinsurance

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Beginning reserves:	\$658,000	\$742,000	\$783,000	\$817,000	\$560,000
Incurring losses and loss adjustment expense:	146,000	78,000	69,000	(250,000)	45,000
Calendar year payments for losses and loss adjustment expenses:	<u>62,000</u>	<u>37,000</u>	<u>35,000</u>	<u>7,000</u>	<u>4,000</u>
Ending reserves:	\$742,000	\$783,000	\$817,000	\$560,000	\$601,000

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

1. Direct basis	\$685,000
2. Assumed reinsurance basis	0
3. Net of ceded reinsurance basis	\$523,000

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

1. Direct basis	\$42,000
2. Assumed reinsurance basis	0
3. Net of ceded reinsurance basis	\$34,000

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

The Company does not write Multiple Peril Crop Insurance.

36. Financial Guaranty Insurance

The Company does not write Financial Guaranty Insurance.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Maine
- 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 [X] No []
- 2.2 If yes, date of change: 01/27/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 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. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2011
- 3.4 By what department or departments?
Maine Bureau of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BDO USA, LLP, 755 West Big Beaver, Suite 1900, Troy, MI 48084-0178

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

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Christopher Walker, FCAS, MAAA, PricewaterhouseCoopers, LLP, One North Wacker, Chicago, IL 60606

GENERAL INTERROGATORIES

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation.

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
Not applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

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

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

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

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

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

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

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

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

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

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
Not applicable.

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

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

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

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

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

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

24.103 Total payable for securities lending reported on the liability page.

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No []

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

25.21 Subject to repurchase agreements \$.....3,733,815

25.22 Subject to reverse repurchase agreements \$.....0

25.23 Subject to dollar repurchase agreements \$.....0

25.24 Subject to reverse dollar repurchase agreements \$.....0

25.25 Pledged as collateral \$.....0

25.26 Placed under option agreements \$.....0

25.27 Letter stock or securities restricted as to sale \$.....0

25.28 On deposit with state or other regulatory body \$.....1,265,103

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [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
State Street Bank & Trust Company	801 Pennsylvania, Kansas City, MO 64105

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
107423	Conning Asset Management Company	One Financial Plaza, Hartford, CT 06103

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

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.....	65,147,947	69,090,478	3,942,531
30.2 Preferred stocks.....			0
30.3 Totals.....	65,147,947	69,090,478	3,942,531

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

External price provider sources are used in obtaining fair value prices. If an external source is not available, internal analytical system or broker quotes are utilized.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes No
- 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. Prices are obtained from the dealers/market makers for these securities. These prices are non-binding but represent their best estimate of fair value per market conditions.
-
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No
- 32.2 If no, list exceptions:
-

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....180,465
- 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
Insurance Services Office, Inc.	148,018

- 34.1 Amount of payments for legal expenses, if any? \$.....5,952
- 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
Norman, Hanson & DeTroy, LLC	2,902

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....12,936
- 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
Charles C. Soltan, LLC	12,586

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

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

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....41,117,417	\$.....39,834,633
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....59,140,060	\$.....58,992,511
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

5. FOR RECIPROCAL EXCHANGES ONLY:
- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
- 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 5.5 If yes, give full information:

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 maintains excess of loss agreements providing \$23.75 million excess of \$1.25 million and catastrophe for \$35 million excess of \$25 million with a \$10 million maximum any one employee.

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 has property catastrophe insurance coverage with its Parent under a single reinsurance contract. The Parent utilized RMS Risk Link DLM v11.0 Severe Thunderstorm, Hurricane and U.S. Earthquake model to analyze its probable maximum loss from Severe Thunderstorm, Hurricane and U.S. Earthquake exposure. The model employs generally accepted statistical methods, historical frequency and loss patterns.

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, along with its Parent, purchased catastrophe insurance that provides protection against a probable maximum loss between a 1 in 250 and 1 in 500 year event.

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

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

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From%
 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit
 12.62 Collateral and other funds
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....2,250,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.5

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Reinsurance is allocated and recorded among the cedants based on their respective portion of the total cession.

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

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

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes No
 Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
- 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 account? Yes No
 18.2 If yes, please provide the amount of custodial funds held as of the reporting date.
 18.3 Do you act as an administrator for health savings accounts? Yes No
 18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	29,315,693	30,531,551	33,347,398	13,117,276	12,870,517
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	21,209,883	21,727,221	23,592,951	10,182,049	9,819,675
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	38,023,787	37,752,271	40,965,014	18,426,292	16,044,932
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	19,496	17,868	19,801	27,299	30,495
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....			2,576		
6. Total (Line 35).....	88,568,859	90,028,911	97,927,740	41,752,917	38,765,619
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).....	16,193,533	15,812,293	20,267,259	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	9,062,353	9,772,101	12,792,100	0	
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	15,436,017	15,361,664	21,142,281		
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,640	1,740	1,893		
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....			2,576		
12. Total (Line 35).....	40,693,544	40,947,798	54,206,110	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	894,342	(4,718,324)	(6,290,080)	(4,008,946)	(2,217,836)
14. Net investment gain (loss) (Line 11).....	1,892,830	1,826,146	1,317,044	1,319,371	1,371,087
15. Total other income (Line 15).....	419,810	176,579	216,447	174,230	282,813
16. Dividends to policyholders (Line 17).....	377,425	273,037	319,171		
17. Federal and foreign income taxes incurred (Line 19).....	858,000	(1,545,000)	1,289,000	(877,000)	(95,000)
18. Net income (Line 20).....	1,971,558	(1,443,636)	(6,364,761)	(1,638,345)	(468,936)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	96,132,571	93,338,758	87,359,687	60,589,674	60,704,219
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	9,408,724	8,913,483	8,697,301	1,675,748	1,642,788
20.2 Deferred and not yet due (Line 15.2).....	12,249,062	11,612,787	10,397,614	10,053,435	9,779,424
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	71,260,344	70,410,901	63,454,993	38,011,142	36,505,697
22. Losses (Page 3, Line 1).....	28,169,316	27,163,937	23,360,965		
23. Loss adjustment expenses (Page 3, Line 3).....	4,177,194	3,841,150	3,498,038		
24. Unearned premiums (Page 3, Line 9).....	19,587,694	19,908,313	18,762,301		
25. Capital paid up (Page 3, Lines 30 & 31).....	7,500,000	7,500,000	7,500,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	24,872,227	22,927,857	23,904,694	22,578,533	24,198,522
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	2,372,266	1,094,907	41,322,042	(2,225,195)	(2,679,093)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	24,872,227	22,927,857	23,904,694	22,583,724	24,198,522
29. Authorized control level risk-based capital.....	2,864,335	2,572,152	3,204,632	426,693	139,732
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).....	92.8	94.0	90.6	73.2	69.9
31. Stocks (Lines 2.1 & 2.2).....				16.5	15.7
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	7.2	6.0	9.4	10.3	14.4
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....				6,806,322	6,825,124
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	6,806,322	6,825,124
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0			30.1	28.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....			(1,359,016)	(18,802)	31,754
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	1,944,370	(976,837)	1,326,161	(1,619,989)	(426,026)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	16,626,899	14,934,164	(246,239)	5,698,144	4,327,000
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	10,370,221	11,121,370	9,043,372	4,582,982	4,115,767
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	17,254,327	20,460,961	9,619,374	14,164,801	8,330,633
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....			(155)		
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	967	3,702	(50,464)		
59. Total (Line 35).....	44,252,414	46,520,196	18,365,889	24,445,927	16,773,400
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	9,792,162	10,055,908	(6,159,593)		
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	5,189,803	6,003,142	4,628,603		
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	9,447,140	10,728,789	1,055,972		
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....			(155)		
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	967	3,702	(50,464)		
65. Total (Line 35).....	24,430,071	26,791,540	(525,637)	0	0
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	61.9	76.8	65.1		
68. Loss expenses incurred (Line 3).....	8.3	7.6	7.2		
69. Other underwriting expenses incurred (Line 4).....	27.7	27.4	45.6		
70. Net underwriting gain (loss) (Line 8).....	2.2	(11.8)	(17.9)		
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	26.9	26.2	29.1		
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	70.2	84.4	72.3		
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	163.6	178.6	226.8		
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(2,835)	(550)	(1,680)		
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(12.4)	(2.3)	(7.4)		
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(1,466)	(2,686)	(3,923)		
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(6.1)	(11.9)	(16.2)		

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	287	146	45	25	1		4	162	XXX
2. 2003.....	26,746	2,412	24,333	13,202	185	757	12	1,369		470	15,131	XXX
3. 2004.....	29,403	2,968	26,435	13,475	461	707	26	1,145		534	14,840	XXX
4. 2005.....	31,718	2,894	28,824	14,310	882	883	74	1,452		404	15,689	XXX
5. 2006.....	32,958	3,647	29,311	14,957	443	827	15	1,544		502	16,870	XXX
6. 2007.....	33,950	4,056	29,894	18,854	777	1,118	21	1,574		562	20,748	XXX
7. 2008.....	36,927	4,374	32,553	23,439	1,679	1,116	21	1,371		593	24,227	XXX
8. 2009.....	37,570	4,440	33,130	20,775	1,626	931	33	1,515		739	21,563	XXX
9. 2010.....	40,155	5,075	35,080	22,364	942	866	5	1,480		606	23,763	XXX
10. 2011.....	45,574	5,739	39,835	23,834	469	709	17	1,471		664	25,528	XXX
11. 2012.....	46,505	5,388	41,117	14,837	185	316	7	1,321		317	16,282	XXX
12. Totals.....	XXX	XXX	XXX	180,333	7,794	8,275	255	14,244	0	5,394	194,803	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	2,474	2,037	559	245			82	34	15		0	815	XXX
2. 2003.....	181	48	38	9			8	5	2		1	166	XXX
3. 2004.....	571	380	53	12			13	10	3		1	239	XXX
4. 2005.....	339	199	77	21			20	14	4		2	206	XXX
5. 2006.....	422	252	160	40			44	3	6		2	338	XXX
6. 2007.....	587	173	308	68			73	6	10		5	732	XXX
7. 2008.....	1,279	493	580	111			106	10	18		13	1,369	XXX
8. 2009.....	1,359	149	1,030	157			226	19	28		24	2,319	XXX
9. 2010.....	2,023	90	1,695	297			411	23	59		47	3,777	XXX
10. 2011.....	4,685	633	2,504	434			648	76	142		105	6,836	XXX
11. 2012.....	8,430	504	6,449	1,283			2,019	176	616		312	15,551	XXX
12. Totals.....	22,350	4,957	13,453	2,677	0	0	3,649	375	903	0	511	32,346	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	751	64
2. 2003.	15,557	260	15,297	58.2	10.8	62.9			8.00	161	4
3. 2004.	15,968	889	15,079	54.3	29.9	57.0			8.00	233	6
4. 2005.	17,085	1,189	15,895	53.9	41.1	55.1			8.00	196	10
5. 2006.	17,960	753	17,208	54.5	20.6	58.7			8.00	291	47
6. 2007.	22,524	1,044	21,480	66.3	25.7	71.9			8.00	654	77
7. 2008.	27,909	2,313	25,596	75.6	52.9	78.6			8.00	1,255	114
8. 2009.	25,864	1,983	23,882	68.8	44.7	72.1			8.00	2,083	235
9. 2010.	28,898	1,357	27,540	72.0	26.7	78.5			8.00	3,331	447
10. 2011.	33,993	1,629	32,364	74.6	28.4	81.2			8.00	6,122	714
11. 2012.	33,987	2,155	31,833	73.1	40.0	77.4			8.00	13,092	2,459
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	28,169	4,177

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior.....	9,561	8,852	8,692	8,219	8,200	7,994	7,909	7,927	7,971	8,006	34	78
2. 2003.....	17,047	16,090	15,302	14,655	14,129	14,020	13,937	13,913	13,916	13,925	10	13
3. 2004.....	XXX	16,995	16,397	15,525	14,525	14,177	14,004	13,996	13,947	13,931	(16)	(65)
4. 2005.....	XXX	XXX	17,305	16,941	15,859	15,275	14,826	14,680	14,506	14,439	(67)	(242)
5. 2006.....	XXX	XXX	XXX	17,751	17,153	16,885	16,198	15,916	15,782	15,658	(125)	(259)
6. 2007.....	XXX	XXX	XXX	XXX	19,975	21,320	20,816	20,380	20,091	19,896	(195)	(484)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	25,928	25,091	24,864	24,438	24,207	(231)	(657)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	23,112	22,536	22,555	22,338	(217)	(198)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,654	26,110	26,001	(109)	347
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,671	30,751	(1,919)	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,896	XXX	XXX
12. Totals.....											(2,835)	(1,466)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior.....	.000	3,112	4,750	5,721	6,296	6,589	6,801	6,947	7,045	7,206	XXX	XXX
2. 2003.....	7,615	10,744	12,233	12,853	13,421	13,552	13,635	13,699	13,728	13,762	XXX	XXX
3. 2004.....	XXX	7,232	10,670	11,834	12,603	13,182	13,367	13,584	13,645	13,695	XXX	XXX
4. 2005.....	XXX	XXX	7,690	11,255	12,721	13,448	13,787	14,033	14,170	14,237	XXX	XXX
5. 2006.....	XXX	XXX	XXX	8,356	11,956	13,613	14,343	14,976	15,232	15,326	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	9,830	15,031	17,012	18,241	18,838	19,174	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	12,601	18,580	21,238	22,282	22,856	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	12,177	17,094	19,255	20,048	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,963	20,173	22,283	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,417	24,057	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,961	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	3,750	2,340	1,537	1,058	870	612	498	406	373	362
2. 2003.....	4,973	2,692	1,600	827	382	247	125	61	44	31
3. 2004.....	XXX	4,398	2,850	1,974	950	446	297	134	60	44
4. 2005.....	XXX	XXX	4,019	2,823	1,926	965	561	302	136	62
5. 2006.....	XXX	XXX	XXX	4,055	2,608	1,870	1,036	569	303	161
6. 2007.....	XXX	XXX	XXX	XXX	3,902	2,497	1,865	1,046	562	307
7. 2008.....	XXX	XXX	XXX	XXX	XXX	5,034	2,732	1,742	1,015	565
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	5,236	2,589	1,705	1,080
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,243	2,349	1,786
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,370	2,642
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,009

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	N								
2. Alaska.....AK	N								
3. Arizona.....AZ	N								
4. Arkansas.....AR	N								
5. California.....CA	N								
6. Colorado.....CO	N								
7. Connecticut.....CT	N								
8. Delaware.....DE	N								
9. District of Columbia.....DC	N								
10. Florida.....FL	N								
11. Georgia.....GA	N								
12. Hawaii.....HI	N								
13. Idaho.....ID	N								
14. Illinois.....IL	N								
15. Indiana.....IN	N								
16. Iowa.....IA	N								
17. Kansas.....KS	N								
18. Kentucky.....KY	N								
19. Louisiana.....LA	N								
20. Maine.....ME	L	32,298,293	32,450,400		12,561,778	14,126,708	12,767,980	241,179	
21. Maryland.....MD	N								
22. Massachusetts.....MA	L								
23. Michigan.....MI	L								
24. Minnesota.....MN	N								
25. Mississippi.....MS	N								
26. Missouri.....MO	N								
27. Montana.....MT	N								
28. Nebraska.....NE	N								
29. Nevada.....NV	N								
30. New Hampshire.....NH	L	9,221,254	9,454,886		3,774,902	5,421,897	5,783,941	53,342	
31. New Jersey.....NJ	N								
32. New Mexico.....NM	N								
33. New York.....NY	N								
34. North Carolina.....NC	N								
35. North Dakota.....ND	N								
36. Ohio.....OH	N								
37. Oklahoma.....OK	N								
38. Oregon.....OR	N								
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	N								
41. South Carolina.....SC	N								
42. South Dakota.....SD	N								
43. Tennessee.....TN	N								
44. Texas.....TX	N								
45. Utah.....UT	N								
46. Vermont.....VT	L	6,178,046	6,242,007		3,447,538	4,681,931	3,201,121	30,653	
47. Virginia.....VA	N								
48. Washington.....WA	N								
49. West Virginia.....WV	N								
50. Wisconsin.....WI	N								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	N								
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....(a).....5		47,697,593	48,147,292	0	19,784,217	24,230,537	21,753,042	325,175	0

DETAILS OF WRITE-INS

58001.....	XXX								
58002.....	XXX								
58003.....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

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

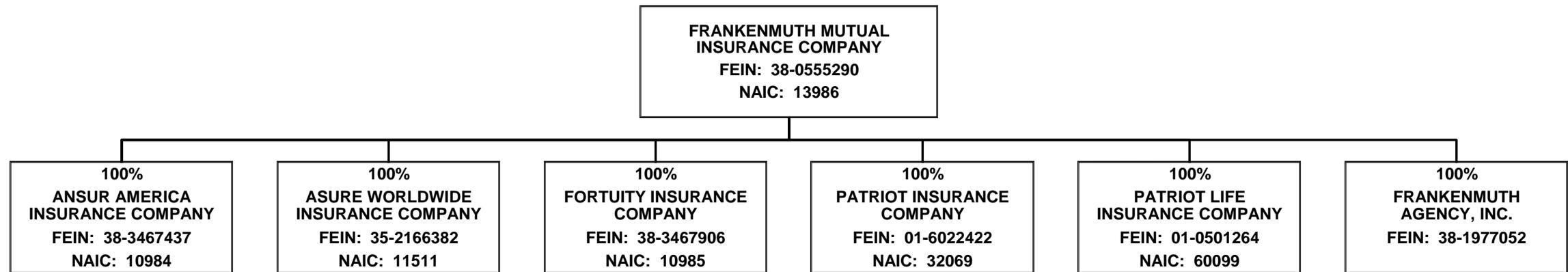
Explanation of Basis of Allocation of Premiums by States, etc.

Allocation to state by location of exposure.

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

PART 1 – ORGANIZATIONAL CHART

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