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ANNUAL STATEMENT

For the Year Ended December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

UNITED SURETY AND INDEMNITY COMPANY

NAIC Group Code 3593 (Current Period), 3593 (Prior Period) NAIC Company Code 44423 Employer's ID Number 66-0457223

Organized under the Laws of Puerto Rico, State of Domicile or Port of Entry Puerto Rico

Country of Domicile United States of America

Incorporated/Organized 01/29/1990 Commenced Business 08/31/1990

Statutory Home Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201 (Street and Number), Guaynabo, PR, 00968-3003 (City or Town, State, Country and Zip Code)

Main Administrative Office Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201 (Street and Number)

Guaynabo, PR, 00968-3003 (City or Town, State, Country and Zip Code) (787)625-1105 (Area Code) (Telephone Number)

Mail Address PO Box 2111 (Street and Number or P.O. Box), San Juan, PR, 00922-2111 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records Urb. Caparra Hls Ind Park, B-7 Tabonuco Ste 1201 (Street and Number)

Guaynabo, PR, 00968-3003 (City or Town, State, Country and Zip Code) (787)625-1105 (Area Code) (Telephone Number)

Internet Website Address www.usicpr.com

Statutory Statement Contact Carlos Ramón Irizarry (Name) (787)625-1105 (Area Code)(Telephone Number)(Extension)

carlos.irizarry@usicpr.com (E-Mail Address) (787)625-0892 (Fax Number)

OFFICERS

Name	Title
Frederick Millán	President
Rafael Blanes	Secretary
Carlos Ramón Irizarry	Treasurer
Duhamel Iglesias	Vice- President
Javier Santiago	Assistant Vice-President
Gretchen Manzanet	Assistant Comptroller

OTHERS

DIRECTORS OR TRUSTEES

Maria De Lourdes González Inclán
María De Lourdes Blanes González
Duhamel Iglesias
Frederick Millán
Rafael Antonio Blanes González
Carlos González Inclán
Carlos Ramón Irizarry

State of Puerto Rico
County of USA ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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)	(Signature)	(Signature)
Frederick Millán	Rafael A Blanes	Carlos Ramón Irizarry
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Assistant Vice- President	Treasurer
(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

(Notary Public Signature)

ASSETS

		Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	83,197,522		83,197,522	81,706,223
2.	Stocks (Schedule D)				
	2.1 Preferred stocks	2,398,394		2,398,394	2,341,794
	2.2 Common Stocks	6,716,960		6,716,960	17,259,773
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $.....0 encumbrances)				
	4.2 Properties held for the production of income (less $.....0 encumbrances)				
	4.3 Properties held for sale (less $.....0 encumbrances)	56,272	56,272		
5.	Cash ($.....7,832,963 Schedule E Part 1), cash equivalents ($.....900,044 Schedule E Part 2) and short-term investments ($.....0 Schedule DA)	8,733,007		8,733,007	2,460,193
6.	Contract loans (including $.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	101,102,155	56,272	101,045,883	103,767,983
13.	Title plants less $.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	715,384		715,384	687,233
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	1,478,247	147,168	1,331,079	1,119,375
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $.....0 earned but unbilled premiums)				
	15.3 Accrued retrospective premiums				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	2,144,371		2,144,371	2,664,975
	16.2 Funds held by or deposited with reinsured companies				
	16.3 Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	815,365		815,365	
18.2	Net deferred tax asset	904,353	884,948	19,405	18,840
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	92,825		92,825	5,440
21.	Furniture and equipment, including health care delivery assets ($.....0)	194,054	194,054		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care ($.....0) and other amounts receivable				
25.	Aggregate write-ins for other than invested assets	3,583		3,583	510,400
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	107,450,337	1,282,442	106,167,895	108,774,246
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	107,450,337	1,282,442	106,167,895	108,774,246
DETAILS OF WRITE-INS					
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Other Account Receivable	3,583		3,583	510,400
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,583		3,583	510,400

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	14,919,132	16,071,642
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	3,167,491	3,487,461
4.	Commissions payable, contingent commissions and other similar charges	2,594,013	2,094,079
5.	Other expenses (excluding taxes, licenses and fees)	505,247	499,051
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	9,000	9,000
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		1,565,791
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 $.....5,486,749 and including warranty reserves of $.....0 and accrued accident and health experience rating refunds including $.....0 for medical loss ratio rebate per the Public Health Service Act)	13,729,202	13,058,969
10.	Advance premiums	297,330	
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,832,534	1,691,173
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	6,311,681	5,968,867
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including ($.....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		
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		
26.	TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	43,365,630	44,446,033
27.	Protected cell liabilities		
28.	TOTAL Liabilities (Lines 26 and 27)	43,365,630	44,446,033
29.	Aggregate write-ins for special surplus funds	15,296,402	14,837,615
30.	Common capital stock	2,800,000	2,800,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	500,000	500,000
35.	Unassigned funds (surplus)	44,205,863	46,190,598
36.	Less treasury stock, at cost:		
	36.1 .....0 shares common (value included in Line 30 $.....0)		
	36.2 .....0 shares preferred (value included in Line 31 $.....0)		
37.	Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	62,802,265	64,328,213
38.	TOTALS (Page 2, Line 28, Column 3)	106,167,895	108,774,246
DETAILS OF WRITE-INS			
2501.			
2502.			
2503.			
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.	Puerto Rico Castastrophe Fund	15,296,402	14,837,615
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)	15,296,402	14,837,615
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	20,326,346	22,807,812
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7)	2,830,346	(1,210,340)
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,052,879	1,844,158
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	13,187,473	12,713,785
5.	Aggregate write-ins for underwriting deductions		
6.	TOTAL Underwriting Deductions (Lines 2 through 5)	17,070,698	13,347,603
7.	Net income of protected cells		
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	3,255,648	9,460,209
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,858,858	4,744,703
10.	Net realized capital gains (losses) less capital gains tax of $.....0 (Exhibit of Capital Gains (Losses))	1,878,059	1,408,175
11.	Net investment gain or (loss) (Lines 9 + 10)	5,736,917	6,152,878
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $.....140 amount charged off $.....0)	140	204
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	(3,889)	
15.	TOTAL Other Income (Lines 12 through 14)	(3,749)	204
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	8,988,816	15,613,291
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	8,988,816	15,613,291
19.	Federal and foreign income taxes incurred	127,696	3,371,334
20.	Net income (Line 18 minus Line 19) (to Line 22)	8,861,120	12,241,957
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	64,328,213	62,129,852
22.	Net income (from Line 20)	8,861,120	12,241,957
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....88,453	(403,083)	(377,876)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	88,226	61,470
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(72,211)	337,046
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	(10,000,000)	(10,825,000)
36.	Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus		760,764
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(1,525,948)	2,198,361
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	62,802,265	64,328,213
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401.	Other Income (Expenses)	(3,889)	
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(3,889)	
3701.	Puerto Rico CAT Fund Reclass to Liability		760,764
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)		760,764

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	21,156,223	20,666,653
2.	Net investment income	4,057,522	4,795,756
3.	Miscellaneous income	(3,749)	204
4.	Total (Lines 1 through 3)	25,209,996	25,462,613
5.	Benefit and loss related payments	3,462,252	5,250,196
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	14,054,192	14,059,043
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	2,508,854	2,156,140
10.	Total (Lines 5 through 9)	20,025,298	21,465,379
11.	Net cash from operations (Line 4 minus Line 10)	5,184,698	3,997,234
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	20,052,046	19,211,008
	12.2 Stocks	13,643,978	9,512,072
	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		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	33,696,024	28,723,080
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	21,149,089	19,716,999
	13.2 Stocks	2,215,415	3,613,233
	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)	23,364,504	23,330,232
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	10,331,520	5,392,848
	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	10,000,000	10,825,000
	16.6 Other cash provided (applied)	756,596	(1,011,686)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(9,243,404)	(11,836,686)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,272,814	(2,446,604)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	2,460,193	4,906,797
	19.2 End of year (Line 18 plus Line 19.1)	8,733,007	2,460,193

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1.	Fire	578,864	377,163	418,667	537,360
2.	Allied lines	5,426,218	3,417,441	3,896,268	4,947,391
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				
5.	Commercial multiple peril				
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine	174,125	72,582	81,017	165,690
10.	Financial guaranty				
11.1	Medical professional liability - occurrence				
11.2	Medical professional liability - claims-made				
12.	Earthquake	6,255,111	4,128,979	4,524,055	5,860,035
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	Other accident and health				
16.	Workers' compensation				
17.1	Other liability - occurrence				
17.2	Other liability - claims-made				
17.3	Excess Workers' Compensation				
18.1	Products liability - occurrence				
18.2	Products liability - claims-made				
19.1	19.2 Private passenger auto liability				
19.3	19.4 Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity	574,033	452,019	330,551	695,501
24.	Surety	7,988,228	4,610,785	4,478,644	8,120,369
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance-Nonproportional Assumed Property				
32.	Reinsurance-Nonproportional Assumed Liability				
33.	Reinsurance-Nonproportional Assumed Financial Lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	20,996,579	13,058,969	13,729,202	20,326,346
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page				
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less From Date of Policy) (a)	2 Amount Unearned (Running More Than One Year From Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	418,667				418,667
2. Allied lines	3,896,268				3,896,268
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	81,017				81,017
10. Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake	4,524,055				4,524,055
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1 19.2 Private passenger auto liability					
19.3 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity	330,551				330,551
24. Surety	4,478,644				4,478,644
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	13,729,202				13,729,202
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Line 35 through Line 37)					13,729,202
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case: Monthly pro - rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Columns 1+2+3-4-5
1. Fire	762,927				184,063	578,864
2. Allied lines	10,371,379				4,945,161	5,426,218
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	437,391				263,266	174,125
10. Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake	8,244,068				1,988,957	6,255,111
13. Group accident and health	959,034			959,034		
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1 19.2 Private passenger auto liability						
19.3 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity	637,815				63,782	574,033
24. Surety	15,656,460				7,668,232	7,988,228
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	XXX					
32. Reinsurance-Nonproportional Assumed Liability	XXX					
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	37,069,074			959,034	15,113,461	20,996,579
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes[ ] No[X]
If yes, (1) The amount of such installment premiums $.....0.
(2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $.....0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
	1	2	3	4				
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Columns 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 + 5 - 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	450,959			450,959	6,000	36,000	420,959	78.34
2. Allied lines	145,019		130,233	14,786	2,480	13,250	4,016	0.08
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	60,912		50,301	10,611		10,076	535	0.32
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake	13,749			13,749	4,500	12,000	6,249	0.11
13. Group accident and health	549,115		549,115					
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability								
19.3 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity	4,315			4,315	25,000	20,000	9,315	1.34
24. Surety	13,164,807		9,676,371	3,488,436	14,881,152	15,980,316	2,389,272	29.42
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	XXX							
32. Reinsurance-Nonproportional Assumed Liability	XXX							
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	14,388,876		10,406,020	3,982,856	14,919,132	16,071,642	2,830,346	13.92
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	6,000			6,000				6,000	900
2. Allied Lines	94,480		92,000	2,480				2,480	372
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake	4,500			4,500				4,500	675
13. Group accident & health	184,302		184,302					(a)	
14. Credit accident & health (group & individual)									
15. Other accident & health								(a)	
16. Workers' compensation									
17.1 Other liability - occurrence									
17.2 Other liability - claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1 19.2 Private passenger auto liability									
19.3 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity	25,000			25,000				25,000	3,750
24. Surety	6,591,958		2,805,806	3,786,152	25,698,000		14,603,000	14,881,152	3,161,794
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX				XXX				
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	6,906,240		3,082,108	3,824,132	25,698,000		14,603,000	14,919,132	3,167,491
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	2,275,908			2,275,908
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	1,223,029			1,223,029
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,052,879			1,052,879
2. Commission and brokerage:				
2.1 Direct, excluding contingent		8,848,460		8,848,460
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		4,091,520		4,091,520
2.4 Contingent - direct		2,005,272		2,005,272
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded		13,688		13,688
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		6,748,524		6,748,524
3. Allowances to manager and agents				
4. Advertising		70,025		70,025
5. Boards, bureaus and associations		116,121		116,121
6. Surveys and underwriting reports		83,812		83,812
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		2,877,944		2,877,944
8.2 Payroll taxes		228,043		228,043
9. Employee relations and welfare		638,359		638,359
10. Insurance		55,658		55,658
11. Directors' fees				
12. Travel and travel items		537,697		537,697
13. Rent and rent items		613,605		613,605
14. Equipment		24,090		24,090
15. Cost or depreciation of EDP equipment and software		385,863		385,863
16. Printing and stationery		91,776		91,776
17. Postage, telephone and telegraph, exchange and express		212,866	83,619	296,485
18. Legal and auditing		410,325	158,193	568,518
19. TOTALS (Lines 3 to 18)		6,346,184	241,812	6,587,996
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....0				
20.2 Insurance department licenses and fees		57,405		57,405
20.3 Gross guaranty association assessments		550		550
20.4 All other (excluding federal and foreign income and real estate)		9,985		9,985
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		67,940		67,940
21. Real estate expenses				
22. Real estate taxes		66		66
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		24,759		24,759
25. TOTAL expenses incurred	1,052,879	13,187,473	241,812	(a) 14,482,164
26. Less unpaid expenses - current year	3,167,491	3,000,260	108,000	6,275,751
27. Add unpaid expenses - prior year	3,487,461	2,524,130	78,000	6,089,591
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,372,849	12,711,343	211,812	14,296,004
DETAILS OF WRITE-INS				
2401. Donations		43,058		43,058
2402. Miscellaneous Expense		(18,299)		(18,299)
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)		24,759		24,759

(a) Includes management fees of $.....0 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 446,871	438,804
1.1	Bonds exempt from U.S. tax	(a) 1,220,649	1,227,536
1.2	Other bonds (unaffiliated)	(a) 1,857,007	1,874,206
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 305,350	305,350
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	230,803	242,307
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) (634)	12,467
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	4,060,045	4,100,670
11.	Investment expenses		(g) 241,812
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		241,812
17.	Net Investment income (Line 10 minus Line 16)		3,858,858
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

(a) Includes $.....296,447 accrual of discount less $.....(523,262) amortization of premium and less $.....75,570 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 $.....0 accrual of discount less $.....(6) amortization of premium and less $.....628 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	103,927		103,927		
1.1	Bonds exempt from U.S. tax	412,342		412,342	(56,532)	
1.2	Other bonds (unaffiliated)	233,175		233,175	(71,834)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				56,600	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,260,562	(131,947)	1,128,615	(242,864)	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,010,006	(131,947)	1,878,059	(314,630)	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

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)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale	56,272	56,272	
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)	56,272	56,272	
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	147,168	79,825	(67,343)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	884,948	885,738	790
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets	194,054	188,396	(5,658)
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,282,442	1,210,231	(72,211)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,282,442	1,210,231	(72,211)
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Other Account Receivable			
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

Notes to Financial Statements

1. **Summary of Significant Accounting Policies.**

A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commissioner, which vary in certain respects from accounting principles generally accepted in the United States of America (GAAP). Prescribed statutory accounting practices include National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP) that do not conflict with the Puerto Rico Insurance Code and administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The Commissioner requires that insurance companies domiciled in Puerto Rico prepare their statutory-basis financial statements in accordance with the NAIC SAP subject to any deviations prescribed or permitted by the Commissioner.

A reconciliation of the Company's surplus as reported in the accompanying statutory-basis financial statements and NAIC SAP is shown below. There are no differences between the Company's net income as reported in the accompanying statutory-basis financial statements and NAIC SAP.

Total surplus — as reported	$ 62,802,265
Adjustment to conform to NAIC SAP — Effect of PR prescribed practices of not record deferred tax liability on catastrophe reserve special surplus fund under accounting by the Commissioner	(2,294,460)
Statutory surplus in conformity with NAIC SAP	$ 60,507,805

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

The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Commissioner requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

a.) Investments - Bonds not backed by other loans and designated as highest quality or high quality (NAIC designations 1 and 2) are generally stated at amortized cost and any premium or discount is amortized or accreted to income using the interest method. All other debt securities (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.

Common stocks are carried at fair value under NAIC guidelines. The change in the fair value is recorded as a change in net unrealized capital gains (losses), a component of unassigned funds-surplus. Preferred stocks are stated at cost, at the lower of cost or amortized cost, or at market values under NAIC guidelines, depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions. Short-term investments include all investments whose maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates fair value.

Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined under the specific identification basis and are recorded in earnings.

Declines in the fair value of invested assets below cost are evaluated for other-than-temporary impairment losses. Impairment losses for declines in fair value of debt and equity securities below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with NAIC SAP and related guidance. For debt securities with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery or until its maturity, declines in fair value below cost are assumed to be temporary.

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

c.) Unpaid Losses and Loss Adjustment Expenses - Unpaid losses and loss adjustment expenses include an amount determined from loss reports and individual case estimates and an amount, based on past experience and industry data,

Notes to Financial Statements

for losses incurred but not reported. Such liabilities are based on assumptions and estimates and while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts 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.

d.) Reinsurance - The Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured policy. All reinsurance contracts in place transfer underwriting risks to the reinsurers.

e.) Fair Values of Financial Instruments - The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and Short-Term Investments - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Premiums and Agents' Balances Due - The carrying amounts of these instruments approximate their fair values due to their short-term nature.

Bonds, Unaffiliated Common Stock, and Preferred Stock - The fair value of investment securities available for sale is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions.

2. **Accounting Changes and Correction of Errors.**

Not applicable.

3. **Business Combinations and Goodwill.**

Not applicable.

4. **Discontinued Operations.**

Not applicable.

5. **Investments.**

a. The Company invests it's funds in accordance with Chapter 6 of the Puerto Rico Insurance Code
b. Other - than- temporary Impairments:

1.) Debt Securities - The Company recognizes other-than-temporary impairments on debt securities when it is either probable that the Company will not collect all amounts due according to the contractual terms of the debt security in effect at the date of acquisition or when the Company has made a decision to sell the debt security prior to its maturity at an amount below its amortized cost. When an other-than-temporary impairment is recognized, the debt security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. The Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012 and 2011.
2.)Equity Securities - The Company recognizes other-than-temporary impairments on equity securities when, in management's judgment, the decline in value is not temporary or when the Company has made a decision to sell the stock at an amount below its carrying value. When an other-than-temporary impairment is recognized, the equity security is written down to fair value as the new cost basis, and the amount of the write-down is recorded as a realized loss. The Company has a other-than-temporary on the common stock for the amount of $131,947.The Company does not consider these investments to be other-than-temporarily impaired at December 31, 2011.

6. **Joint Ventures, Partnerships and Limited Liability Companies.**

Not applicable.

7. **Investment Income.**

Investment Income was derived from the following sources:

Notes to Financial Statements

U.S Government Bonds	$ 438,804
Bonds exempt from US Tax	1,227,536
Other Unaffiliated Bonds	1,874,206
Preferred Stocks	305,350
Common Stocks	242,306
Cash on Hand and Short Term Investment	12,468
Total	**$ 4,100,670**

8. **Derivative Instruments.**

Not applicable.

9. **Puerto Rico and Federal Income Tax Allocation.**

The Company is subject to Puerto Rico income taxes at statutory rates that range from 20% to 30%. Net income for the year was reduced by non taxable investment income of approximately $4,437,531; with a deductible contribution to the Puerto Rico Catastrophe Fund of approximately $ 458,895.

10. **Information Concerning Parent, Subsidiaries and Affiliates.**

The Company is a wholly owned subsidiary of USIC Group, Inc (the Parent), incorporated under the laws of the Commonwealth of Puerto Rico.

11. **Debt.**

Not applicable.

12. **Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.**

The Company has established a 401K plan for employees and contributes 100% of employees contributions up to 6% of basic salary.

13. **Capital and Surplus, Dividend Restrictions and Quasi Reorganizations.**

A. The Company has 1,000,000 of $10 par value common stock authorized 280,000 shares issued and oustanding.
B. The Company had no preferred stock authorized, issued and outstanding.
C. The maximum amount of dividends which can be paid in the Commonwealth of Puerto Rico is limited to accumulated earnings. At December 31, 2012 here were accumulated earnings of $44,205,863 and $10,000,000 in dividends were declared and paid during 2012.
D. Not applicable
E. Not applicable
F. Mutual Surplus Advances - Not applicable
G. Company Stock Held for Special Purposes - Not applicable

H. There is a resctriction placed on unassigned surplus, which requires all domestic insurers that underwrite catastrophe insurance in Puerto Rico to establish a fund for the payment of losses arising from catastrophes.On August 12, 1994, the Governor of Puerto Rico approved law number 73, which requires all domestic insurers that underwrite catastrophe insurance in Puerto Rico to establish a fund for the payment of losses arising from catastrophes. Contributions to this fund are deductible for Puerto Rico income tax purposes. No amount was required to be deposited for the years ended December 31, 2012 and 2011. The assets in the trust earned $ 458,787 in 2012 and $516,387 in 2011. The balance in the trust at December 31, 2012 and 2011, was $15,296,402 and $14,837,615, respectively. This fund is restricted for the payment of catastrophe losses occurring in Puerto Rico.
Rule No. 72 of the Puerto Rico Insurance Code requires each domestic insurer that underwrites catastrophe insurance in Puerto Rico to reinsure its catastrophe exposure while maintaining a minimum catastrophic exposure of 2% (the "Minimum Retention").

I. The portion of unassigned funds (surplus) represented by unrealized loss of $403,083, net of deferred tax asset as of December 31, 2012.

Notes to Financial Statements

J. Surplus Note- Not Applicable
K and L. Quasi Reorganizations- Not Applicable

14. **Contingencies.**

A. Contigents Commitments:

Pursuant to Chapter 41 of the PR Insurance Code and Rule No. 56 of the insurance regulations of the Commonwealth of Puerto Rico, property and liability insurance companies are members of the Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria (SIMED) and of the Sindicato de Aseguradores de Responsabilidad Profesional para Médicos. Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares risks with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. There were no assessments during 2012 and 2011.

Also, pursuant to Chapter 37 of the PR Insurance Code, property and liability insurance companies who underwrite premiums directly related to fire and allied lines for commercial or residential properties are members of the Joint Underwriting Association for Fire and Allied Lines. This association was created for the purpose of underwriting fire and allied lines insurance. Every insurer, member of this Association, shall participate in the underwritings, expenses, profits, losses and liabilities in the proportion that the net direct premium of each member (excluding portion of premiums that shall correspond to the operations of the Associations), written during the preceding year, bears to the total direct net premiums written in Puerto Rico by all the members of the Association in the said year, for the hazards of fire and allied lines. There were no assessments during 2012 and 2011.

B. Guaranty Funds and Other Assessments

Property and liability insurance companies are also members of the Puerto Rico Property and Casualty Insurance Guaranty Association (the "PR Guaranty Association"). Members are obligated to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies. For the years ended December 31, 2012 and 2011, there were no assessments issued by the PR Guaranty Association.

C. Gain on Contigencies- Not Applicable

D. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contigent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. As of December 31, 2012, the Company does not have any accrual on the financial statements.

15. **Lease.**

The Company leases its facilities with an operating lease, minimum annual lease payments are $563,000. The lease agreement expires on August 15, 2014.

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments with Concentrations of Credit Risk.**

Not applicable.

17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.**

Not applicable.

18. **Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.**

Not applicable.

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

Not applicable.

20. **Other Items.**

A. Extraordninary Items- Not applicable

Notes to Financial Statements

B. Troubled Debt Restructuring- Not applicable.
C. Assets Held by Government Authorities or Pledged as Collateral

Assets in the carrying value of $1,402,394 and $1,603,639 at the end of the current and prior year, respectively were on deposit with the Office of the Insurance Commissioner of Puerto Rico as required by law.

D. Uncollectible Premiums Receivabe

At December 31, 2012 and prior year the Company had admitted assets of $3,475,449 and $3,784,350, respectively in premiums receivable due from policyholders, agent and ceding insurers. The Company routinely assesses the collectibility of theses receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the non admitted amounts totaling $147,168 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial position.

E. Noncash Transactions- Not applicable

21. **Events Subsequent.**

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

22. **Reinsurance.**

The maximum return commission that would have been due to the reinsurers if all of the Company's reinsurance had been cancelled as of December 31, 2012 was $1,920,362.

23. **Retrospectively Rated Contracts & Contracts Subject to Redetermination.**

Not applicable.

24. **Change in Incurred Losses and Loss Adjustment Expenses.**

Not applicable.

25. **Intercompany Pooling Arrangements.**

Not applicable.

26. **Structured Settlements.**

Not applicable.

27. **Health Care Receivables.**

Not applicable.

28. **Participating Policies.**

Not applicable.

29. **Premium Deficiency Reserves.**

Not applicable.

30. **High Deductibles.**

Not applicable.

31. **Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses.**

Not applicable.

32. **Asbestos/Environmental Reserves.**

Notes to Financial Statements

Not applicable.

33. **Subscriber Savings Accounts.**

Not applicable.

34. **Multiple Peril Crop Insurance.**

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Puerto Rico

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006

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. 12/31/1997

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/30/2000

3.4 By what department or departments?
Office of the Commissioner of Insurance of Puerto Rico

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

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

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

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

4.12 renewals? Yes[ ] No[X]

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

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

4.22 renewals? Yes[ ] No[X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control 0.000%

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

1 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and location (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
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young Puerto Rico LLC, 1000 Scotiabank, 273 Ponce de Leon Avenue, San Juan Puerto Rico 00917

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

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

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

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

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 response to 10.5 is "NO" or "N/A" please explain:

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

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 0

GENERAL INTERROGATORIES (Continued)

12.13 Total book/adjusted carrying value $ 0
12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

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
15.2001				

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[ ] No[X]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others $ 0
21.22 Borrowed from others $ 0
21.23 Leased from others $ 0
21.24 Other $ 0

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 $ 0
22.22 Amount paid as expenses $ 0
22.23 Other amounts paid $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes[X] No[ ]
24.02 If no, give full and complete information, relating thereto
24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]
24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0
24.06 If answer to 24.04 is no, report amount of collateral for other programs. $ 0
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. $ 0

GENERAL INTERROGATORIES (Continued)

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ 0
24.103 Total payable for securities lending reported on the liability page. $ 0

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 $ 0
25.22 Subject to reverse repurchase agreements $ 0
25.23 Subject to dollar repurchase agreements $ 0
25.24 Subject to reverse dollar repurchase agreements $ 0
25.25 Pledged as collateral $ 0
25.26 Placed under option agreements $ 0
25.27 Letter stock or securities restricted as to sale $ 0
25.28 On deposit with state or other regulatory body $ 1,402,394
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. $ 0

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 I, 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
UBS Financial	San Juan, Puerto Rico
Oriental Trust	San Juan, Puerto Rico

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	UBS Financial	San Juan, Puerto Rico
	Eagle Assets Management	St. Petersburg, Florida
	Oriental Financial Services	San Juan, Puerto Rico

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

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

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

GENERAL INTERROGATORIES (Continued)

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	83,197,522	85,919,804	2,722,282
30.2	Preferred stocks	2,398,394	3,928,400	1,530,006
30.3	Totals	85,595,916	89,848,204	4,252,288

30.4 Describe the sources or methods utilized in determining the fair values
Based on quoted market prices

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[ ]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[ ] N/A[ ]
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 116,121
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 Offices	91,665

34.1 Amount of payments for legal expenses, if any? $ 52,043
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Saldana, Saldana-Egozcue, CSP	51,000

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $ 0
35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[ ] No[X]
1.2 If yes, indicate premium earned on U.S. business only. $ 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0
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. $ 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0
1.6 Individual policies
Most current three years:
1.61 Total premium earned $ 0
1.62 Total incurred claims $ 0
1.63 Number of covered lives 0
All years prior to most current three years:
1.64 Total premium earned $ 0
1.65 Total incurred claims $ 0
1.66 Number of covered lives 0
1.7 Group policies
Most current three years:
1.71 Total premium earned $ 0
1.72 Total incurred claims $ 0
1.73 Number of covered lives 0
All years prior to most current three years:
1.74 Total premium earned $ 0
1.75 Total incurred claims $ 0
1.76 Number of covered lives 0

2. Health Test

		1 Current Year	2 Prior Year
2.1	Premium Numerator		
2.2	Premium Denominator	20,326,346	22,807,812
2.3	Premium Ratio (2.1 / 2.2)		
2.4	Reserve Numerator		
2.5	Reserve Denominator	31,815,825	32,618,072
2.6	Reserve Ratio (2.4 / 2.5)		

3.1 Does the reporting entity issue both participating and non-participating policies? Yes[ ] No[X]
3.2 If yes, state the amount of calendar year premiums written on:
3.21 Participating policies $ 0
3.22 Non-participating policies $ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:
4.1 Does the reporting entity issue assessable policies? Yes[ ] No[ ] N/A[X]
4.2 Does the reporting entity issue non-assessable policies? Yes[ ] No[ ] N/A[X]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $ 0

5. For Reciprocal Exchanges Only:
5.1 Does the exchange appoint local agents? Yes[ ] No[ ] N/A[X]
5.2 If yes, is the commission paid:
5.21 Out of Attorney's-in-fact compensation Yes[ ] No[ ] N/A[X]
5.22 As a direct expense of the exchange Yes[ ] No[ ] N/A[X]
5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes[ ] No[ ] N/A[X]
5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
The company does not write this line of business
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:
We use Risk Management Solutions IRAS Computer Modeling
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:
Catastrophic reinsurance program is in place.
6.4 Does the reporting entity carry catastrophic 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. 0
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[ ] N/A[X]

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;

GENERAL INTERROGATORIES (Continued)

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes[ ] No[X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes[ ] No[X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes[ ] No[X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or Yes[ ] No[X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes[ ] No[X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes[ ] No[X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes[ ] No[ ] N/A[X]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes[ ] No[X]
11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $..... 0
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $..... 0
12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds. $..... 0
12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes[ ] No[ ] N/A[X]
12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 0.000%
12.42 To 0.000%
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 $..... 0
12.62 Collateral and other funds $..... 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $..... 1,850,000
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

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes[ ] No[X]
14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes[ ] No[ ] N/A[X]
14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes[ ] No[ ] N/A[X]
14.5 If the answer to 14.4 is no, please explain

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

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes[ ] No[X]
Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.
17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 $..... 0
17.12 Unfunded portion of Interrogatory 17.11 $..... 0

GENERAL INTERROGATORIES (Continued)

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14 Case reserves portion of Interrogatory 17.11	$ 0
17.15 Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16 Unearned premium portion of Interrogatory 17.11	$ 0
17.17 Contingent commission portion of Interrogatory 17.11	$ 0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.	
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	$ 0
17.19 Unfunded portion of Interrogatory 17.18	$ 0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	$ 0
17.21 Case reserves portion of Interrogatory 17.18	$ 0
17.22 Incurred but not reported portion of Interrogatory 17.18	$ 0
17.23 Unearned premium portion of Interrogatory 17.18	$ 0
17.24 Contingent commission portion of Interrogatory 17.18	$ 0

18.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	$ 0
18.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	$ 0

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, Columns 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)			39,640	213,380	
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)	19,815,765	18,870,277	23,348,192	22,917,024	23,493,849
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	17,253,309	16,707,633	15,314,567	14,055,982	17,605,151
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)					
6. TOTAL (Line 35)	37,069,074	35,577,910	38,702,399	37,186,386	41,099,000
Net Premiums Written (Page 8, Part 1B, Column 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)			39,640	213,380	
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	12,434,318	12,334,215	15,125,108	15,056,079	15,152,211
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	8,562,261	8,226,334	7,630,040	7,303,269	8,865,191
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)					
12. TOTAL (Line 35)	20,996,579	20,560,549	22,794,788	22,572,728	24,017,402
Statement of Income (Page 4)					
13. Net underwriting gain or (loss) (Line 8)	3,255,648	9,460,209	5,243,784	5,209,534	7,323,295
14. Net investment gain or (loss) (Line 11)	5,736,917	6,152,878	6,437,087	810,103	2,602,521
15. TOTAL other income (Line 15)	(3,749)	204	(27,521)		10,016
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	127,696	3,371,334	1,849,166	1,698,869	2,570,691
18. Net income (Line 20)	8,861,120	12,241,957	9,804,184	4,320,768	7,365,141
Balance Sheet Lines (Pages 2 and 3)					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	106,167,895	108,774,246	115,100,150	110,802,966	104,670,085
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	1,331,079	1,119,375	1,473,000	1,367,882	1,855,876
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	43,365,630	44,446,033	52,970,298	55,679,136	53,791,471
22. Losses (Page 3, Line 1)	14,919,132	16,071,642	21,379,581	20,490,283	20,234,101
23. Loss adjustment expenses (Page 3, Line 3)	3,167,491	3,487,461	3,241,115	3,128,328	3,307,710
24. Unearned premiums (Page 3, Line 9)	13,729,202	13,058,969	15,306,232	15,562,308	17,233,662
25. Capital paid up (Page 3, Lines 30 & 31)	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
26. Surplus as regards policyholders (Page 3, Line 37)	62,802,265	64,328,213	62,129,852	55,123,830	50,878,614
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	5,184,698	3,997,234	11,932,653	3,329,312	9,083,187
Risk-Based Capital Analysis					
28. TOTAL adjusted capital	62,802,265	64,328,213	62,129,852	55,123,830	50,878,614
29. Authorized control level risk-based capital	3,426,494	4,031,033	4,868,566	5,015,699	4,441,966
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0					
30. Bonds (Line 1)	82.3	78.7	72.9	68.4	69.4
31. Stocks (Lines 2.1 & 2.2)	9.0	18.9	22.6	26.5	26.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	8.6	2.4	4.4	5.1	3.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables 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, (Schedule D, Summary, Line 12, Column 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. TOTAL of above Lines 42 to 47					
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, Column 1, Line 37 x 100.0)					

FIVE - YEAR HISTORICAL DATA (Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains or (Losses) (Line 24)	(403,083)	(377,876)	314,746	4,386,977	(2,632,253)
52. Dividends to stockholders (Line 35)	(10,000,000)	(10,825,000)	(3,800,000)	(3,800,000)	(3,850,000)
53. Change in surplus as regards policyholders for the year (Line 38)	(1,525,948)	2,198,361	7,006,022	4,245,216	(32,386)
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1,19.2 & 19.3,19.4)			5,925		
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	670,639	895,469	1,220,722	1,350,592	785,027
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	13,718,237	9,104,143	5,966,761	16,617,116	4,893,757
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. TOTAL (Line 35)	14,388,876	9,999,612	7,193,408	17,967,708	5,678,784
Net Losses Paid (Page 9, Part 2, Column 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)			5,925		
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	490,105	750,280	533,355	757,899	735,053
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34)	3,492,751	3,347,319	2,022,453	3,862,206	1,495,469
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. TOTAL (Line 35)	3,982,856	4,097,599	2,561,733	4,620,105	2,230,522
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)	13.9	(5.3)	15.0	20.1	12.9
68. Loss expenses incurred (Line 3)	5.2	8.1	5.8	4.1	9.0
69. Other underwriting expenses incurred (Line 4)	64.9	55.7	56.5	54.3	49.1
70. Net underwriting gain (loss) (Line 8)	16.0	41.5	22.7	21.5	29.0
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	62.8	61.8	57.3	58.3	51.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	19.1	2.8	20.7	24.2	21.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	33.4	32.0	36.7	40.9	47.2
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, Column 11)	2,388	(6,986)	(2,593)	(4,368)	(3,109)
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, Column 1 x 100.0)	3.7	(11.2)	(4.7)	(8.6)	(6.1)
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, Column 12)	(5,255)	(9,708)	(2,808)	(5,185)	(2,522)
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, Column 2 x 100.0)	(8.5)	(17.6)	(5.5)	(10.2)	(5.4)

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

If no, please explain::

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Columns 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	(342)		21				510	(321)	XXX
2. 2003	29,780	7,880	21,900	2,539	692	1,182	111			1,984	2,918	XXX
3. 2004	35,745	13,635	22,110	4,900	3,037	1,255	270			634	2,848	XXX
4. 2005	38,497	14,438	24,059	4,135	2,041	1,003	367			324	2,730	XXX
5. 2006	38,872	16,361	22,511	16,640	11,982	2,707	1,048			1,032	6,317	XXX
6. 2007	39,792	16,240	23,552	9,189	5,931	1,651	607			894	4,302	XXX
7. 2008	41,598	16,387	25,211	6,022	3,388	1,489	655			859	3,468	XXX
8. 2009	40,271	16,102	24,169	7,264	4,539	1,048	444			625	3,329	XXX
9. 2010	38,121	15,245	22,876	8,011	4,686	1,108	422			605	4,011	XXX
10. 2011	37,639	14,836	22,803	6,573	4,447	1,078	430			352	2,774	XXX
11. 2012	36,867	16,541	20,326	1,032	540	117	15			23	594	XXX
12. Totals	XXX	XXX	XXX	65,963	41,283	12,659	4,369			7,842	32,970	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	120		213		18		19				24	370	XXX
2. 2003	2,099	12	39	2	315		4				50	2,443	XXX
3. 2004	81	65	90	21	12		8				29	105	XXX
4. 2005	646	514	132	37	97		12				25	336	XXX
5. 2006	751	583	1,140	423	112		102				135	1,099	XXX
6. 2007	415	287	988	473	62		89				198	794	XXX
7. 2008	340	215	922	448	51		83				345	733	XXX
8. 2009	534	283	2,072	907	80		186				502	1,682	XXX
9. 2010	929	489	6,204	3,208	139		557				1,178	4,132	XXX
10. 2011	699	376	7,670	3,284	102		688				1,803	5,499	XXX
11. 2012	292	257	6,228	5,800	6		425				1,383	894	XXX
12. Totals	6,906	3,081	25,698	14,603	994		2,173				5,672	18,087	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	333	37
2. 2003	6,178	817	5,361	20.7	10.4	24.5				2,124	319
3. 2004	6,346	3,393	2,953	17.8	24.9	13.4				85	20
4. 2005	6,025	2,959	3,066	15.7	20.5	12.7				227	109
5. 2006	21,452	14,036	7,416	55.2	85.8	32.9				885	214
6. 2007	12,394	7,298	5,096	31.1	44.9	21.6				643	151
7. 2008	8,907	4,706	4,201	21.4	28.7	16.7				599	134
8. 2009	11,184	6,173	5,011	27.8	38.3	20.7				1,416	266
9. 2010	16,948	8,805	8,143	44.5	57.8	35.6				3,436	696
10. 2011	16,810	8,537	8,273	44.7	57.5	36.3				4,709	790
11. 2012	8,100	6,612	1,488	22.0	40.0	7.3				463	431
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	14,920	3,167

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 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior	7,303	10,181	11,665	13,280	13,519	12,378	10,838	11,109	10,016	9,423	(593)	(1,686)
2. 2003	4,937	3,662	4,566	6,979	6,508	5,652	5,437	5,452	5,387	5,361	(26)	(91)
3. 2004	XXX	4,840	3,779	3,313	3,584	2,841	2,777	2,994	2,968	2,953	(15)	(41)
4. 2005	XXX	XXX	5,103	4,669	4,108	2,820	2,829	2,951	3,039	3,066	27	115
5. 2006	XXX	XXX	XXX	5,450	5,920	7,478	7,044	8,028	7,065	7,416	351	(612)
6. 2007	XXX	XXX	XXX	XXX	6,702	6,063	6,231	6,032	4,933	5,096	163	(936)
7. 2008	XXX	XXX	XXX	XXX	XXX	8,613	6,321	6,471	3,866	4,201	335	(2,270)
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	9,665	5,512	4,160	5,011	851	(501)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,376	7,505	8,143	638	767
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,616	8,273	657	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,488	XXX	XXX
12. TOTALS											2,388	(5,255)

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012		
1. Prior	000	1,978	4,007	6,681	7,566	9,065	9,058	9,179	9,374	9,053	XXX	XXX
2. 2003	339	619	2,136	2,655	2,977	2,773	2,805	2,856	2,844	2,918	XXX	XXX
3. 2004	XXX	603	1,149	1,854	2,530	2,381	2,471	2,832	2,895	2,848	XXX	XXX
4. 2005	XXX	XXX	782	1,750	2,154	2,195	2,362	2,452	2,540	2,730	XXX	XXX
5. 2006	XXX	XXX	XXX	965	2,486	3,354	5,263	5,795	5,890	6,317	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	928	1,834	3,014	3,716	4,172	4,302	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	708	1,478	1,823	3,002	3,468	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	1,072	1,803	2,526	3,329	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	838	2,217	4,011	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,528	2,774	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	594	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 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	3,096	1,450	2,286	1,904	1,699	1,426	875	1,134	307	232
2. 2003	4,511	2,518	1,240	1,581	631	386	174	91	76	41
3. 2004	XXX	3,731	1,840	776	418	244	92	107	40	77
4. 2005	XXX	XXX	3,708	2,279	1,573	342	62	119	61	107
5. 2006	XXX	XXX	XXX	4,056	2,947	1,788	798	1,299	386	819
6. 2007	XXX	XXX	XXX	XXX	5,508	3,690	2,218	1,787	349	604
7. 2008	XXX	XXX	XXX	XXX	XXX	7,665	4,229	3,951	508	557
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	8,070	3,224	1,192	1,351
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,199	4,283	3,553
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,886	5,074
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	853

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 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	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)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	L	37,069,074	36,867,513		14,388,876	12,359,769	32,604,240		
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	XXX								
59. TOTALS	(a) 1	37,069,074	36,867,513		14,388,876	12,359,769	32,604,240		
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

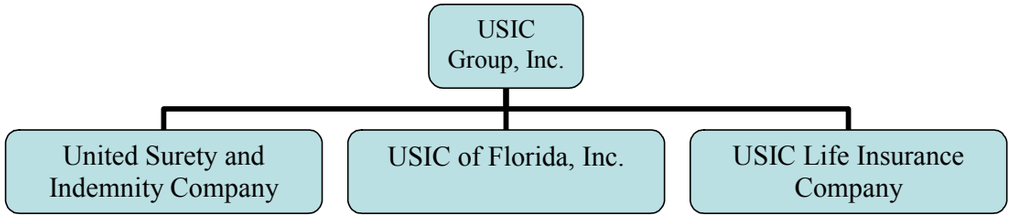
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: 100% Allocated to Puerto Rico

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Assets 2
Cash Flow 5
Exhibit of Capital Gains (Losses) 12
Exhibit of Net Investment Income 12
Exhibit of Nonadmitted Assets 13
Exhibit of Premiums and Losses (State Page) 19
Five-Year Historical Data 17
General Interrogatories 15
Jurat Page 1
Liabilities, Surplus and Other Funds 3
Notes To Financial Statements 14
Overflow Page for Write-ins 101
Schedule A - Part 1 ..... E01
Schedule A - Part 2 ..... E02
Schedule A - Part 3 ..... E03
Schedule A - Verification Between Years SI02
Schedule B - Part 1 ..... E04
Schedule B - Part 2 ..... E05
Schedule B - Part 3 ..... E06
Schedule B - Verification Between Years SI02
Schedule BA - Part 1 ..... E07
Schedule BA - Part 2 ..... E08
Schedule BA - Part 3 ..... E09
Schedule BA - Verification Between Years SI03
Schedule D - Part 1 ..... E10
Schedule D - Part 1A - Section 1 ..... SI05
Schedule D - Part 1A - Section 2 ..... SI08
Schedule D - Part 2 - Section 1 ..... E11
Schedule D - Part 2 - Section 2 ..... E12
Schedule D - Part 3 ..... E13
Schedule D - Part 4 ..... E14
Schedule D - Part 5 ..... E15
Schedule D - Part 6 - Section 1 ..... E16
Schedule D - Part 6 - Section 2 ..... E16
Schedule D - Summary By Country SI04
Schedule D - Verification Between Years SI03
Schedule DA - Part 1 ..... E17
Schedule DA - Verification Between Years SI10
Schedule DB - Part A - Section 1 ..... E18
Schedule DB - Part A - Section 2 ..... E19
Schedule DB - Part A - Verification Between Years SI11
Schedule DB - Part B - Section 1 ..... E20
Schedule DB - Part B - Section 2 ..... E21
Schedule DB - Part B - Verification Between Years SI11
Schedule DB - Part C - Section 1 ..... SI12
Schedule DB - Part C - Section 2 ..... SI13
Schedule DB - Part D E22
Schedule DB - Verification SI14
Schedule DL - Part 1 ..... E23
Schedule DL - Part 2 ..... E24
Schedule E - Part 1 - Cash E25
Schedule E - Part 2 - Cash Equivalents E26
Schedule E - Part 3 - Special Deposits E27
Schedule E - Verification Between Years SI15
Schedule F - Part 1 20
Schedule F - Part 2 21
Schedule F - Part 3 22
Schedule F - Part 4 23
Schedule F - Part 5 24
Schedule F - Part 6 - Section 1 25
Schedule F - Part 6 - Section 2 27
Schedule F - Part 7 28

INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule F - Part 8 29
Schedule F - Part 9 30
Schedule H - Accident and Health Exhibit - Part 1 31
Schedule H - Parts 2, 3, and 4 32
Schedule H - Part 5 - Health Claims 33
Schedule P - Part 1 - Summary 34
Schedule P - Part 1A - Homeowners/Farmowners 36
Schedule P - Part 1B - Private Passenger Auto Liability/Medical 37
Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical 38
Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation) 39
Schedule P - Part 1E - Commercial Multiple Peril 40
Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence 41
Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made 42
Schedule P - Part 1G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) 43
Schedule P - Part 1H - Section 1 - Other Liability - Occurrence 44
Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made 45
Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) 46
Schedule P - Part 1J - Auto Physical Damage 47
Schedule P - Part 1K - Fidelity/Surety 48
Schedule P - Part 1L - Other (Including Credit, Accident and Health) 49
Schedule P - Part 1M - International 50
Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property 51
Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability 52
Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines 53
Schedule P - Part 1R - Section 1 - Products Liability - Occurrence 54
Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made 55
Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty 56
Schedule P - Part 1T - Warranty 57
Schedule P - Part 2, Part 3 and Part 4 - Summary 35
Schedule P - Part 2A - Homeowners/Farmowners 58
Schedule P - Part 2B - Private Passenger Auto Liability/Medical 58
Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical 58
Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation) 58
Schedule P - Part 2E - Commercial Multiple Peril 58
Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence 59
Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made 59
Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) 59
Schedule P - Part 2H - Section 1 - Other Liability - Occurrence 59
Schedule P - Part 2H - Section 2 - Other Liability - Claims - Made 59
Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) 60
Schedule P - Part 2J - Auto Physical Damage 60
Schedule P - Part 2K - Fidelity, Surety 60
Schedule P - Part 2L - Other (Including Credit, Accident and Health) 60
Schedule P - Part 2M - International 60
Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property 61
Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability 61
Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines 61
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence 62
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made 62
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty 62
Schedule P - Part 2T - Warranty 62
Schedule P - Part 3A - Homeowners/Farmowners 63
Schedule P - Part 3B - Private Passenger Auto Liability/Medical 63
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical 63
Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation) 63
Schedule P - Part 3E - Commercial Multiple Peril 63
Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence 64
Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made 64
Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) 64
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence 64
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made 64
Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) 65
Schedule P - Part 3J - Auto Physical Damage 65
Schedule P - Part 3K - Fidelity/Surety 65

INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule P - Part 3L - Other (Including Credit, Accident and Health) 65
Schedule P - Part 3M - International 65
Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property 66
Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability 66
Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines 66
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence 67
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made 67
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty 67
Schedule P - Part 3T - Warranty 67
Schedule P - Part 4A - Homeowners/Farmowners 68
Schedule P - Part 4B - Private Passenger Auto Liability/Medical 68
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical 68
Schedule P - Part 4D Workers' Compensation (Excluding Excess Workers' Compensation) 68
Schedule P - Part 4E - Commercial Multiple Peril 68
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence 69
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made 69
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) 69
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence 69
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made 69
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) 70
Schedule P - Part 4J - Auto Physical Damage 70
Schedule P - Part 4K - Fidelity/Surety 70
Schedule P - Part 4L - Other (Including Credit, Accident and Health) 70
Schedule P - Part 4M - International 70
Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property 71
Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability 71
Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines 71
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence 72
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made 72
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty 72
Schedule P - Part 4T - Warranty 72
Schedule P - Part 5A - Homeowners/Farmowners 73
Schedule P - Part 5B - Private Passenger Auto Liability/Medical 74
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical 75
Schedule P - Part 5D - Workers' Compensation (Excluding Excess Worker' Compensation) 76
Schedule P - Part 5E - Commercial Multiple Peril 77
Schedule P - Part 5F - Medical Professional Liability - Claims-Made 79
Schedule P - Part 5F - Medical Professional Liability - Occurrence 78
Schedule P - Part 5H - Other Liability - Claims-Made 81
Schedule P - Part 5H - Other Liability - Occurrence 80
Schedule P - Part 5R - Products Liability - Claims-Made 83
Schedule P - Part 5R - Products Liability - Occurrence 82
Schedule P - Part 5T - Warranty 84
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical 85
Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation) 85
Schedule P - Part 6E - Commercial Multiple Peril 86
Schedule P - Part 6H - Other Liability - Claims-Made 87
Schedule P - Part 6H - Other Liability - Occurrence 86
Schedule P - Part 6M - International 87
Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property 88
Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability 88
Schedule P - Part 6R - Products Liability - Claims-Made 89
Schedule P - Part 6R - Products Liability - Occurrence 89
Schedule P - Part 7A - Primary Loss Sensitive Contracts 90
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts 92
Schedule P Interrogatories 94
Schedule T - Exhibit of Premiums Written 95
Schedule T - Part 2 - Interstate Compact 96
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group 97
Schedule Y - Part 1A - Detail of Insurance Holding Company System 98
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates 99

INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Statement of Income 4
Summary Investment Schedule SI01
Supplemental Exhibits and Schedules Interrogatories 100
Underwriting and Investment Exhibit Part 1 6
Underwriting and Investment Exhibit Part 1A 7
Underwriting and Investment Exhibit Part 1B 8
Underwriting and Investment Exhibit Part 2 9
Underwriting and Investment Exhibit Part 2A 10
Underwriting and Investment Exhibit Part 3 11