

ANNUAL STATEMENT

OF THE

Build America Mutual Assurance Company

of

New York

in the state of

New York

TO THE

Insurance Department

OF THE STATE OF

New York

For the Year Ended
December 31, 2012

2012



ANNUAL STATEMENT

For the Year Ended December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

Build America Mutual Assurance Company

NAIC Group Code	0000	0000	NAIC Company Code	14380	Employer's ID Number	45-4858468
	(Current Period)	(Prior Period)				
Organized under the Laws of	New York		State of Domicile or Port of Entry	New York		
Country of Domicile	United States of America					
Incorporated/Organized	03/16/2012		Commenced Business	07/20/2012		
Statutory Home Office	1 World Financial Ctr. - 27th Fl., 200 Liberty St.			New York, NY, US 10281		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	1 World Financial Ctr. - 27th Fl., 200 Liberty St.					
	(Street and Number)					
	New York, NY, US 10281			(212)235-2500		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	1 World Financial Ctr. - 27th Fl., 200 Liberty St.			New York, NY, US 10281		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1 World Financial Ctr. - 27th Fl., 200 Liberty St.					
	(Street and Number)					
	New York, NY, US 10281			(212)235-2500		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.buildamerica.com					
Statutory Statement Contact	Brian Michael Wymbs			(212)235-2513		
	(Name)			(Area Code)(Telephone Number)(Extension)		
	bwymbs@buildamerica.com			(212)962-1524		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	
Robert Phillips Cochran	Managing Director, Secretary and Chairman	#
Seán Wallace McCarthy	Managing Director and Chief Executive Officer	#
Elizabeth Ann Keys	Chief Financial Officer and Treasurer	#

OTHERS

Suzanne Marie Finnegan Bouton, Chief Credit Officer #	Laura Levenstein, Chief Risk Officer #
Alexander George Makowski, Jr., General Counsel and Assistant Secretary #	Brian Michael Wymbs, Controller #

DIRECTORS OR TRUSTEES

Raymond Joseph Rene Barrette #	Robert Phillips Cochran #
Seán Wallace McCarthy #	Richard Ravitch #
Edward Gene Rendell #	Robert Albert Vanosky #
Allan Lewis Waters #	

State of New York
 County of New York 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) Robert Phillips Cochran (Printed Name) 1. Managing Director, Secretary and Chairman # (Title)	 _____ (Signature) Seán Wallace McCarthy (Printed Name) 2. Managing Director and Chief Executive Officer # (Title)	 _____ (Signature) Elizabeth Ann Keys (Printed Name) 3. Chief Financial Officer and Treasurer # (Title)
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Subscribed and sworn to before me this
2012 day of February, 2013

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

 (Notary Public Signature)



ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	467,085,515		467,085,515	
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 (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....16,012,175 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....5,080,154 Schedule DA)	21,092,329		21,092,329	
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)	488,177,844		488,177,844	
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	2,818,446		2,818,446	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
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				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	536,996	505,566	31,430	
21. Furniture and equipment, including health care delivery assets (\$.....0)	95,952	95,952		
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	925,390	779,201	146,189	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	492,554,628	1,380,719	491,173,909	
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	492,554,628	1,380,719	491,173,909	
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. Prepaid assets	779,201	779,201		
2502. Other assets	146,189		146,189	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	925,390	779,201	146,189	

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
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)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	7,420,634	
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$.....0 and interest thereon \$.....0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....85,163 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)	24,160	
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	10,410	
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		
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	2,578	
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	7,457,782	
27. Protected cell liabilities		
28. TOTAL Liabilities (Lines 26 and 27)	7,457,782	
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	257,800	
33. Surplus notes	503,000,000	
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	(19,541,673)	
36. Less treasury stock, at cost:		
36.10 shares common (value included in Line 30 \$.....0)		
36.20 shares preferred (value included in Line 31 \$.....0)		
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	483,716,127	
38. TOTALS (Page 2, Line 28, Column 3)	491,173,909	
DETAILS OF WRITE-INS		
2501. Mandatory contingency reserve	2,578	
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)	2,578	
2901.		
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)		
3201. Member surplus contributions	257,800	
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)	257,800	

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	19,779,442	
5. Aggregate write-ins for underwriting deductions		
6. TOTAL Underwriting Deductions (Lines 2 through 5)	19,779,442	
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(19,779,442)	
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,840,109	
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses))	(219,044)	
11. Net investment gain or (loss) (Lines 9 + 10)	1,621,065	
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. TOTAL Other Income (Lines 12 through 14)		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(18,158,377)	
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)	(18,158,377)	
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(18,158,377)	
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		
22. Net income (from Line 20)	(18,158,377)	
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(1,380,719)	
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes	503,000,000	
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	255,222	
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	483,716,127	
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	483,716,127	
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.		
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)		
3701. Member surplus contributions	257,800	
3702. Change in mandatory contingency reserve	(2,578)	
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	255,222	

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	34,570	
2. Net investment income	1,675,443	
3. Miscellaneous income		
4. Total (Lines 1 through 3)	1,710,013	
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	12,716,788	
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	12,716,788	
11. Net cash from operations (Line 4 minus Line 10)	(11,006,774)	
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	273,380,960	
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	15,063	
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	273,396,023	
13. Cost of investments acquired (long-term only):		
13.1 Bonds	742,991,313	
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	742,991,313	
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)	(469,595,290)	
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	503,000,000	
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,305,607)	
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	501,694,393	
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)	21,092,329	
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year		
19.2 End of year (Line 18 plus Line 19.1)	21,092,329	

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

20.0001			
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written Per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Column 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty	24,160		24,160	
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1 19.2 Private passenger auto liability				
19.3 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability				
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	24,160		24,160	
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

	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
Line of Business					
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty		24,160			24,160
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
17.3 Excess Workers' Compensation					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1 19.2 Private passenger auto liability					
19.3 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS		24,160			24,160
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Line 35 through Line 37)					24,160
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: Upfront written premiums are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest to the original total principal and interest insured. Unearned premiums represent the portion of premiums written that relate to unexpired risk.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty	109,323				85,163	24,160
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1 19.2 Private passenger auto liability						
19.3 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	109,323				85,163	24,160
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
 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

9 Underwriting and Investment Exhibit Pt 2 NONE

10 Underwriting and Investment Exhibit Pt 2A NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		19,587		19,587
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
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)		(19,587)		(19,587)
3. Allowances to manager and agents				
4. Advertising		815,065		815,065
5. Boards, bureaus and associations		415,618		415,618
6. Surveys and underwriting reports		169,731		169,731
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		10,622,155		10,622,155
8.2 Payroll taxes		287,073		287,073
9. Employee relations and welfare		418,968		418,968
10. Insurance		192,282		192,282
11. Directors' fees		199,876		199,876
12. Travel and travel items		522,847		522,847
13. Rent and rent items		252,834		252,834
14. Equipment		48,271		48,271
15. Cost or depreciation of EDP equipment and software		212,503		212,503
16. Printing and stationery		107,134		107,134
17. Postage, telephone and telegraph, exchange and express		154,959		154,959
18. Legal and auditing		2,873,490		2,873,490
19. TOTALS (Lines 3 to 18)		17,292,805		17,292,805
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0		2,117		2,117
20.2 Insurance department licenses and fees		78,765		78,765
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		6,923		6,923
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		87,804		87,804
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		2,418,420	363,050	2,781,470
25. TOTAL expenses incurred		19,779,442	363,050	(a) 20,142,492
26. Less unpaid expenses - current year		7,057,584	363,050	7,420,634
27. Add unpaid expenses - prior year				
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)		12,721,858		12,721,858
DETAILS OF WRITE-INS				
2401. Organization and start up costs		2,157,126		2,157,126
2402. Professional fees other than legal and auditing		208,421	363,050	571,471
2403. Other miscellaneous		52,873		52,873
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)		2,418,420	363,050	2,781,470

(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) 690,913	555,983
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 966,521	1,629,183
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 8	17,993
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,657,442	2,203,159
11. Investment expenses		(g) 363,050
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)		363,050
17. Net Investment income (Line 10 minus Line 16)		1,840,109

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 \$.....17,470 accrual of discount less \$.....2,308,201 amortization of premium and less \$.....2,627,348 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 \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....363,050 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	(317,086)		(317,086)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	82,979		82,979		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	15,063		15,063		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(219,044)		(219,044)		

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	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
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			
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)			
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			
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			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	505,566		(505,566)
21. Furniture and equipment, including health care delivery assets	95,952		(95,952)
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	779,201		(779,201)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,380,719		(1,380,719)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,380,719		(1,380,719)
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. Prepaid assets	779,201		(779,201)
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)	779,201		(779,201)

Notes to Financial Statements

Build America Mutual Assurance Company (“Build America” or the “Company”) is a New York domiciled mutual financial guaranty insurance company. The Company was capitalized on July 17, 2012 and received its license to write financial guaranty insurance from the New York State Department of Financial Services (the “Department”) and commenced operations on July 20, 2012. As of February 12, 2013, Build America was also licensed in Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Texas, Vermont, Virginia, Washington and Wisconsin, and can write business in many additional jurisdictions throughout the United States under certain conditions. The Company’s intention is to be licensed nationwide, and Build America currently has license applications pending in the remaining 20 states where it is not licensed. Build America has received financial strength and counterparty credit ratings of ‘AA/Stable Outlook’, from Standard & Poor’s Ratings Services.

The first mutual bond insurance company, Build America is owned by and operated for the benefit of the cities, states and other municipal agencies—the municipal issuers—that use the Company’s ‘AA/Stable Outlook’ rated financial guaranty to lower their cost of funding in the U.S. municipal market. Build America’s unique corporate structure distinguishes it from traditional financial guaranty insurers in many important ways:

- Build America’s charter, underwriting guidelines and credit policies permit the Company to insure only fixed rate, long-term, essential public purpose municipal bonds in core sectors for municipalities or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code;
- Build America’s mutual model permits capital growth to track insured portfolio growth, eliminating the need to “go public” to raise capital, to drive earnings growth to satisfy equity markets, or to engage in mission creep by taking on risks outside of the core municipal market; and
- In addition to its own strong capital base, Build America has the benefit of collateralized first loss reinsurance protection for losses up to the first 15% of par outstanding on each policy written.

In order to purchase financial guaranty insurance and become a member of Build America, municipal issuers pay a fee to Build America which consists of a risk premium and a Member Surplus Contribution (“MSC”). Members have the right to vote as a member of Build America and to receive dividends. The risk premium collected by Build America is consideration for the insured risk.

The MSC is effective for the life of the policy, including refunding bonds of the same insured issue. The member does not lose the value of the MSC in the event of a refunding if the refunding bonds are insured by Build America. The member will continue to receive dividends and other benefits of mutual membership for the life of the policy. The Company’s policies are issued without contingent mutual liability for assessment.

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes (collectively, the “Surplus Notes”) to HG Holdings, Ltd. (“HG Holdings”), a Bermuda holding company, and its wholly owned subsidiary HG Re, Ltd. (“HG Re”) in the amount of \$203,000,000 and \$300,000,000, respectively.

The Company’s reinsurance protection is provided by HG Re via a first-loss reinsurance treaty (the “Reinsurance Agreement”), whereby HG Re assumes all directly insured losses in an amount up to 15% of the par outstanding for each insurance policy. HG Re’s obligations under the Reinsurance Agreement are secured by, and limited to the value of, high quality assets held in trusts, which are pledged for the benefit of Build America.

Both HG Holdings and HG Re are wholly owned subsidiaries of HG Global, Ltd. (“HG Global”), a Bermuda corporation. HG Global’s controlling parent is White Mountain Insurance Group, Ltd., a Bermuda-domiciled financial services holding company (“White Mountains”), which owns 89% of HG Global’s common equity and 97% of its preferred equity. Two of the Company’s directors, Mr. Cochran and Mr. McCarthy, along with 11 of the Company’s officers and employees, own individually or through family trusts the remaining common and preferred equity interests in HG Global.

1. Summary of Significant Accounting Practices

A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the State of New York.

The Department recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under New York State Insurance Law (“NYSIL”). The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) has been adopted as a component of prescribed practices by the Department.

The Department has the right to permit other specific practices that deviate from prescribed practices. The Company has received permission from the Department to defer the recognition of the deferred tax liabilities attributable to member surplus contributions received until such time the member surplus contributions are included in the Company’s taxable income, to the extent that the total gross deferred tax liabilities exceed the total gross admitted deferred tax assets. The Department’s permission to utilize this permitted practice expires on January 1, 2014. This permitted practice has no effect on either net income for the year ended December 31, 2012 or statutory surplus at December 31, 2012.

Notes to Financial Statements

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices permitted by the Department is shown below:

	State of Domicile	2012	2011
NET INCOME (LOSS)			
(1) Build America's state basis (Page 4, Line 20, Columns 1 and 2)	New York	\$ (18,158,376)	\$ -
(2) Effect of prescribed practices	New York	-	-
(3) Effect of permitted practice - deferred tax liability on MSC	New York	-	-
(4) NAIC SAP		<u>\$ (18,158,376)</u>	<u>\$ -</u>
SURPLUS			
(5) Build America's state basis (Page 3, Line 37, Columns 1 and 2)	New York	\$ 483,716,127	\$ -
(6) Effect of prescribed practices	New York	-	-
(7) Effect of permitted practice - deferred tax liability on MSC	New York	-	-
(8) NAIC SAP		<u>\$ 483,716,127</u>	<u>\$ -</u>

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

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the State of New York requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements, and the reported revenues and expenses during the reporting period. Such estimates are used in connection with certain fair value measurements, the evaluation of other-than-temporary impairments on investments and case basis loss reserves.

C. Accounting Policies

Up-front written premiums are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest to the original total principal and interest insured. Unearned premiums represent the portion of premiums written that relate to unexpired risk. When an issue insured by the Company has been refunded or called, the remaining unrecognized premium is earned at that time.

Premiums ceded to reinsurers reduce the amount of earned premium the Company recognizes from its insurance policies. Ceded premium is recognized in earnings in proportion to and at the same time the related gross premium revenue is recognized. Ceding commission income is recognized in earnings when due.

Expenses incurred in connection with the acquisition of new insurance business are charged to operations as incurred and are reduced for ceding commissions received or receivable.

In addition, the Company utilizes the following accounting policies:

- (1) Short-term investments and cash equivalents are stated at amortized cost.
- (2) Investments in long-term bonds with an NAIC designation of 1 or 2 that are not backed by loans are reported at amortized cost; amortized cost is computed using the effective interest method. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, premiums are amortized to the call date that produces the lowest yield, or, if there are no call features, premiums are amortized over the remaining term of the bond.
- (3) The Company did not hold investments in common stocks as of December 31, 2012.
- (4) The Company did not hold investments in preferred stocks as of December 31, 2012.
- (5) The Company did not hold investments in mortgage loans as of December 31, 2012.
- (6) Loan-backed securities with an NAIC designation of 1 or 2 are reported at amortized cost.

Changes in estimated cash flows, including the effect of prepayment assumptions, on loan-backed securities are reviewed periodically. Prepayment assumptions are applied consistently to securities backed by similar collateral. Loan-backed securities are revalued using the estimated cash flows, including new prepayment assumptions using the retrospective adjustment method. If there is an increase in expected cash flows, the Company will recalculate the amount of accretable yield. If there is a decrease in expected cash flows or if the fair value of the loan-backed security has declined below its amortized cost basis, the Company determines whether an other-than-temporary-impairment ("OTTI") has occurred.

For loan-backed securities for which the fair value has declined below its amortized cost basis and the Company either: i.) has the intent to sell the security, or ii.) does not have the intent or ability to hold security for a period of time sufficient to recover the amortized cost basis, an OTTI shall have occurred. The amount of the OTTI recognized in earnings as a realized loss will equal the entire difference between security's amortized cost basis and its fair value at the balance sheet date.

When an OTTI has occurred because the Company does not expect to recover the entire amortized cost basis of the security, even if the Company has no intent to sell and the Company has the intent and ability to hold, the amount of the OTTI recognized in earnings as a realized loss shall be equal to the difference between the security's amortized cost basis and the present value of cash flows expected to be collected.

- (7) The Company did not hold investments in subsidiaries, controlled or affiliated entities as of December 31, 2012.

Notes to Financial Statements

- (8) The Company did not hold investments in joint ventures, partnerships or limited liability companies as of December 31, 2012.
- (9) The Company did not hold derivative instruments as of December 31, 2012.
- (10) The Company anticipates investment income as a factor in premium deficiency calculations.
- (11) The Company's financial guaranty insurance contracts provide an unconditional and irrevocable guarantee of the payment of the principal and interest of insured obligations when due.

Case basis loss reserves are established in an amount equal to the present value of management's estimate of future claim payments. Case basis loss reserves are established on a contract-by-contract basis when an insured event has occurred or an insured event is expected in the future based upon credit deterioration which has already occurred and has been identified. Subsequent changes to the measurement of loss reserves are recognized as losses incurred in the period of change.

The Company did not have any loss reserves as of December 31, 2012. However, because the reserves are based on management's judgment and estimates, there can be no assurance that the ultimate liability will not exceed such estimates.

The Company is required to establish a mandatory contingency reserve in accordance with NAIC SAP, NYSIL and the insurance laws of each of the states in which it is licensed. The mandatory contingency reserve is a liability established to protect policyholders against the effect of adverse economic developments or cycles or other unforeseen circumstances. Under NAIC SAP, financial guarantors are required to establish a contingency reserve equal to the greater of 50% of premiums written or a stated percentage of the principal guaranteed based on the category of obligation insured. Contributions under NAIC SAP are made in equal quarterly installments over a period of 20 years for municipal bonds. Such contributions may be discontinued if the total reserve established for all categories exceeds the sum of the stated percentages multiplied by the unpaid principal balance. Under the Department's prescribed and permitted practices, a municipal bond insurer is required to establish a contingency reserve as calculated above except when another jurisdiction in which the insurer is licensed requires a larger contingency reserve. Certain states in which Build America is licensed may require contingency reserves greater than the amount required by NAIC SAP or NYSIL. Accordingly, the Company calculates contingency reserves using the requirements of each state in which it is licensed and records a contingency reserve equal to the greatest result. Contingency reserves must be maintained for the period specified above, except that the guarantor may be permitted to release reserves under specified circumstances in the event that actual loss experience exceeds certain thresholds or if the reserve accumulated is deemed excessive in relation to the guarantor's outstanding guaranteed obligations, with notice to or approval by the Department.

The NAIC SAP mandatory contingency reserve may be released on a first-in, first-out basis through unassigned surplus in the following circumstances:

- In any year where incurred losses exceed 35% of the corresponding earned premiums, with commissioner approval;
 - If the reserve has been in existence less than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, with commissioner approval;
 - If the reserve has been in existence more than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the insurer's financial guarantees, upon 30 days prior written notice to the commissioner.
- (12) Build America's written policy with respect to the capitalization of prepaid expenses, electronic data processing equipment, software, furniture, fixtures, other equipment and/or leasehold improvements is that purchases of less than ten thousand dollars are not capitalized and are expensed when purchased.
- (13) The method of estimating pharmaceutical rebate receivables is not applicable, as Build America does not write medical insurance with prescription drug coverage.
- (14) The Company records its surplus notes at par, which equals the proceeds received at issuance. The surplus notes are recorded as a component of surplus. The payment of principal and interest on the surplus notes is subject to the approval by the Department. Unapproved interest and principal payments are not recorded in the Company's financial statements.

2. Accounting Changes and Corrections of Errors

Other than the initial accounting policy elections of the Company noted above, there were no changes in the Company's accounting policies for the period ended December 31, 2012. There were no corrections of errors for the period ended December 31, 2012.

3. Business Combinations and Goodwill

- A. The Company has not been a party to any business combinations taking the form of a statutory purchase.
- B. The Company has not been a party to any business combinations taking the form of a statutory merger.
- C. The Company has not recognized an impairment loss.

Notes to Financial Statements

4. Discontinued Operations

The Company does not have any discontinued operations.

5. Investments

- A. The Company did not hold investments in mortgage loans as of December 31, 2012.
- B. The Company did not hold investments in any debt securities that were restructured as of December 31, 2012.
- C. The Company did not hold investments in reverse mortgages as of December 31, 2012.
- D. Loan-Backed Securities
 - (1) The Company consistently uses the retrospective method to revalue loan-backed securities using current prepayment assumptions. Prepayment assumptions for single class and multi-class loan-backed securities were obtained from publicly available resources. During 2012, there were no changes in the methodology utilized by the Company to revalue loan-backed securities.
 - (2) The Company has not recognized other-than-temporary impairment losses ("OTTI losses") on loan-backed securities for the period ended December 31, 2012. Gross unrealized losses on loan-backed securities as of December 31, 2012 were \$240,840.
 - (3) The Company did not recognize OTTI losses during the year.
 - (4) The Company did not recognize OTTI losses during the year.
 - (5) The Company did not recognize OTTI losses during the year.
- E. The Company has not engaged in any repurchase agreements or security-lending transactions for the period ended December 31, 2012.
- F. The Company did not hold investments in real estate, recognize any real estate impairments, or engage in any retail land sales as of December 31, 2012.
- G. The Company did not hold investments in low-income housing tax credits as of December 31, 2012.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have investments in joint ventures, limited partnerships or limited liability companies as of December 31, 2012.

7. Investment Income

- A. The Company does not admit investment income due and accrued if amounts are over 90 days past due.
- B. All investment income due and accrued was admitted as of December 31, 2012.

8. Derivative Instruments

The Company has not entered into any derivative contracts and there were no derivative contracts outstanding as of December 31, 2012.

Notes to Financial Statements

9. Income Taxes

A. Deferred Tax Assets / (Liabilities)

1. Components of net deferred tax asset / (liability):

	December 31, 2012		
	(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total
(a) Gross deferred tax assets	\$ 12,758,488	\$ 1,601	\$ 12,760,089
(b) Valuation allowance adjustment	<u>6,216,022</u>	<u>1,601</u>	<u>6,217,622</u>
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ 6,542,466	\$ -	\$ 6,542,466
(d) Deferred tax assets non-admitted	<u>-</u>	<u>-</u>	<u>-</u>
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ 6,542,466	\$ -	\$ 6,542,466
(f) Deferred tax liabilities	<u>6,542,466</u>	<u>-</u>	<u>6,542,466</u>
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	December 31, 2011		
	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
(a) Gross deferred tax assets	\$ -	\$ -	\$ -
(b) Valuation allowance adjustment	<u>-</u>	<u>-</u>	<u>-</u>
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ -	\$ -	\$ -
(d) Deferred tax assets non-admitted	<u>-</u>	<u>-</u>	<u>-</u>
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ -	\$ -	\$ -
(f) Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Change		
	(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (Col 3 - 6) Total
(a) Gross deferred tax assets	\$ 12,758,488	\$ 1,601	\$ 12,760,089
(b) Valuation allowance adjustment	<u>6,216,022</u>	<u>1,601</u>	<u>6,217,622</u>
(c) Adjusted gross deferred tax assets (1a - 1b)	\$ 6,542,466	\$ -	\$ 6,542,466
(d) Deferred tax assets non-admitted	<u>-</u>	<u>-</u>	<u>-</u>
(e) Subtotal net admitted deferred tax asset (1c + 1d)	\$ 6,542,466	\$ -	\$ 6,542,466
(f) Deferred tax liabilities	<u>6,542,466</u>	<u>-</u>	<u>6,542,466</u>
(g) Net admitted deferred tax asset / (net deferred tax liability) (1e - 1f)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements

2. Admission calculation components:

		December 31, 2012		
		(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ 6,542,466	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	<u>\$ 6,542,466</u>	<u>\$ -</u>	<u>\$ -</u>
		December 31, 2011		
		(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ -	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		Change		
		(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (Col 3 - 6) Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
(b)	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. The lesser of 2(b)1 and 2(b)2 below:	\$ -	\$ -	\$ -
1.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date (1a - 1b)	-	-	-
2.	Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
(c)	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) that can be offset by gross deferred tax liabilities	\$ 6,542,466	\$ -	\$ -
(d)	Deferred tax assets admitted as a result of application of SSAP No. 101. Total (2(a) + (2(b) + 2(c))	<u>\$ 6,542,466</u>	<u>\$ -</u>	<u>\$ -</u>

3. The Company did not admit any deferred tax assets ("DTA") pursuant to paragraphs 11.a, 11.b.i or 11.b.ii of SSAP 101.

Notes to Financial Statements

4. There was no impact on adjusted gross DTA or net admitted DTA as the result of either reinsurance related tax planning strategies or non-reinsurance related tax planning strategies.
- B. There are no unrecognized deferred tax liabilities. As noted in Footnote 1, the Company's permitted practice with respect to the recognition of deferred tax liabilities on MSC collected had no effect on either net income for the year ended December 31, 2012 or surplus at December 31, 2012.
- C. Current and deferred income taxes incurred consist of the following major components:

The Company had no current income taxes incurred.

Deferred income tax assets and liabilities:

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1 - 2) Change
1. Current Income Tax			
(a) Federal	\$ -	\$ -	\$ -
(b) Foreign	-	-	-
(c) Subtotal	\$ -	\$ -	\$ -
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes	\$ -	\$ -	\$ -
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ -	\$ -	\$ -
(2) Unearned premium reserve	846	-	846
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	1,892,941	-	1,892,941
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	10,130,680	-	10,130,680
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	\$ 734,021	\$ -	\$ 734,021
(99) Subtotal	12,758,488	-	12,758,488
(b) Statutory valuation allowance adjustment	\$ 6,216,022	\$ -	\$ 6,216,022
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 6,542,466	\$ -	\$ 6,542,466
(e) Capital			
(1) Investments	\$ 1,601	\$ -	\$ 1,601
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 1,601	\$ -	\$ 1,601
(f) Statutory valuation allowance adjustment	\$ 1,601	\$ -	\$ 1,601
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ -	\$ -	\$ -
(i) Admitted deferred tax assets (2d + 2h)	\$ 6,542,466	\$ -	\$ 6,542,466
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ 14,692	\$ -	\$ 14,692
(2) Fixed assets	16,915	-	16,915
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	6,510,859	-	6,510,859
(99) Subtotal	\$ 6,542,466	\$ -	\$ 6,542,466
(b) Capital			
(1) Investments	\$ -	\$ -	\$ -
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	\$ -	\$ -	\$ -
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 6,542,466	\$ -	\$ 6,542,466
4. Net deferred tax assets/liabilities (2i - 3c)	\$ -	\$ -	\$ -

Notes to Financial Statements

- D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before taxes as follows:

	December 31, 2012	Effective Tax Rate
Provision computed at 35% statutory rate	\$ (6,355,432)	(35.0)%
Increase in actual tax reported resulting from:		
Nondeductible expenses for meals, penalties & lobbying	56,602	0.9%
Change in valuation allowance adjustment	6,217,622	97.8%
Other	81,207	1.3%
Total income tax reported	\$ -	0.0%

- E. Operating loss carryforward

- (1) For the year ended December 31, 2012, the Company generated a tax basis ordinary operating loss of \$28,949,373, and as of December 31, 2012 has an unused operating loss carryforward of the same amount available to offset against future taxable income. This unused tax basis loss will fully expire in 2032.
- (2) At December 31, 2012, there are no amounts available for recoupment in the event of future net losses.
- (3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

- F. Consolidated federal income tax return

The Company's federal income tax return is not consolidated with those of any other entities.

- G. The Company had no income tax loss contingencies at December 31, 2012.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

- A. Build America is a mutual company with no parent, subsidiaries or affiliates entities. There were no material transactions with related parties for the year ended December 31, 2012.

11. Debt

- A. The Company has not issued any debt during 2012.
- B. The Company has no funding agreements with Federal Home Loan Banks (FHLB).

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

- A. The Company does not sponsor a defined benefit pension plan.
- B. The Company does not sponsor a defined contribution plan.
- C. The Company participates in a multiemployer defined contribution plan. All of Build America's employees are co-employed by Build America and a professional employer organization ("PEO"). Under this arrangement, the PEO is the employer of record; however, Build America directs the employees' day-to-day activities. Employees are eligible to participate in the PEO's defined contribution plan. Build America makes a matching contribution subject to limits set by the Internal Revenue Code. The Company provides a 100% match on employee contributions up to 3% of the employee's base pay. The Company provides a 50% match on employee contributions up to an additional 2% of the employee's base pay. The total cost to the Company of the defined contribution plan was \$77,185 for the year ended December 31, 2012.

- D. Consolidated/Holding Company Plans

The Company does not participate in any consolidated/holding company plans.

- E. Postemployment Benefits and Compensated Absences

The Company does not have any obligations for post employment benefits or compensated absences that have not been accrued for because the amounts could not be reasonably estimated.

- F. Impact of Medicare Modernization Act on Post Retirement Benefits

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

13. Capital and Surplus and Dividend Restrictions and Quasi-Reorganizations

- (1) The Company is a mutual insurance company and has not issued common stock.
- (2) The Company is a mutual insurance company and has not issued preferred stock.
- (3) The Company is a mutual insurance company and as such does not have any cumulative stockholders' dividends.
- (4) The Company is a mutual insurance company and does not have capital stock.
- (5) The Company is a mutual insurance company and does not pay ordinary dividends. The Company has

Notes to Financial Statements

committed to the Department that it will not pay dividends to members for the first two years of its operations without obtaining the Department's prior approval.

- (6) New York State's comprehensive financial guaranty insurance law defines the scope of permitted financial guaranty insurance and governs the conduct of business of all financial guarantors licensed to do business in the State of New York, including Build America. The New York financial guaranty insurance law also establishes single risk and aggregate risk limits with respect to insured obligations insured by financial guaranty insurers. Single risk limits are specific to the type of insured obligation. Under New York State Insurance Law policyholders' surplus and contingency reserves must be equal to or greater than a percentage of aggregate net liability. The percentage of aggregate net liability is equal to the sum of various percentages of aggregate net liability for various categories of specified obligations.

The Company only insures investment grade, fixed rate, long-term, essential public purpose municipal bonds in core sectors for municipalities or entities that qualify for tax exemption under Section 115 of the Internal Revenue Code. In addition, the Company maintains internal single and aggregate risk limits which are generally more conservative than the single and aggregate risk limits prescribed by New York State Insurance Law.

- (7) There were no mutual surplus advances during 2012.
- (8) The Company does not hold stock for special purposes.
- (9) There were no special surplus funds as of December 31, 2012.
- (10) There are no cumulative unrealized gains and losses in unassigned funds (surplus).
- (11) Surplus Notes

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes (collectively, the "Surplus Notes") to HG Holdings and HG Re in the amount of \$203,000,000 and \$300,000,000, respectively.

Date Issued	Series	Interest Rate	Par Value (Face Amount of the Note)	Carrying Value of Note	Principal and/ or Interest Paid Current Year	Total Principal and/ or Interest Paid	Unapproved Principal and/ or Interest	Date of Maturity
July 17, 2012	2012-A	8.0%	\$ 203,000,000	\$ 203,000,000	\$ -	\$ -	\$ 7,413,913	April 1, 2042
July 17, 2012	2012-B	8.0%	\$ 300,000,000	\$ 300,000,000	\$ -	\$ -	\$ 10,956,522	April 1, 2042

The surplus note agreement provides for quarterly interest payments commencing on December 1, 2012, upon; i.) the Company's request for authority to make payment and ii.) the Department's approval of that request. These conditions to the payment of interest due on the surplus notes allow for the deferral of interest without the occurrence of a default under the surplus note agreement. The Company did not request Department approval for the December 1, 2012 interest payment and does not anticipate requesting Department approval for the March 1, 2013 interest payment. No interest shall be accrued on deferred interest payments. The Surplus Notes are expressly subordinate and junior to the Company's policy obligations and all other liabilities other than distribution of assets to members. Because the Company is a mutual company, there is no liquidation preference for the insurer's common and preferred shareholders, as no such shares exist.

As funds become available to make interest and principal payments and subject to approval by the Department, payments will be made in the following order, satisfying each category of payment in full before beginning payments on the subsequent category: i.) the interest due and payable on the Series 2012-A Surplus Notes and the Series 2012-B Surplus Notes in pari passu, ii.) the outstanding principal of the Series 2012-A Surplus Notes, and iii.) the outstanding principal of the Series 2012-B Surplus Notes.

The Company may not make any payment of principal on the Series 2012-B Surplus Notes, or on any other debt subordinated to the Surplus Notes, until all interest due and all outstanding principal on the Series 2012-A Surplus Notes has been paid. In addition, the Company may not make any payment of principal on any debt subordinated to the Surplus Notes until all interest due and all outstanding principal on all of the Surplus Notes has been paid.

While the scheduled maturity date of the Surplus Notes is April 1, 2042, the Company has the option to pre-pay, in whole or in part, the principal amount of the Surplus Notes at par value prior to such date subject to Department approval and the conditions noted in the previous paragraph.

- (12) The Company has not undergone reorganization or quasi-reorganization.
- (13) The Company has not undergone reorganization or quasi-reorganization.

14. Contingencies

A. Commitments

- (1) The Company does not have subsidiaries, affiliates or controlled entities and does not have contingent commitments to a joint venture, partnership or limited liability company.
- (2) Other than exposures resulting from the issuance of financial guaranty insurance policies, the Company does not have any outstanding guarantees.
- (3) Other than exposures resulting from the issuance of financial guaranty insurance policies, the Company does not have any outstanding guarantees.

Notes to Financial Statements

- B. The Company does not issue life insurance policies and therefore is not subject to guaranty fund assessments.
- C. The Company did not recognize any gain contingencies.
- D. The Company did not have any claims related to extra contractual obligations or bad faith losses stemming from lawsuits.
- E. The Company did not issue any product warranties as of the balance sheet date.
- F. The Company has not been named in any lawsuits. The Company does not have any assets that it considers to be impaired.

15. Leases

A. Lessee Operating Lease

- (1) The Company leases office space in New York, New York and San Francisco, California under operating lease agreements that expire on December 30, 2015 and October 15, 2017, respectively. Rental expense for the period ended December 31, 2012 was \$239,001. The rental commitment for the New York, New York location has a cancellation option, which provides for the Company to cancel the lease beginning June 2014 but no later than March 31, 2015.
- (2) As of December 31, 2012 the minimum aggregate rental commitments are as follows:

Year	Amount
2013	\$ 698,044
2014	412,369
2015	177,271
2016	179,883
Thereafter	143,408
Total	<u>\$ 1,610,975</u>

- (3) The Company is not a party to any sales-leaseback transactions.

B. Other Leases

- (1) The Company is not the lessor in any leases.
 - a. Not applicable
 - b. Not applicable
 - c. Not applicable
 - d. Not applicable
- (2) The Company is not party to any leveraged leases.
 - e. Not applicable
 - f. Not applicable
 - g. Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Build America provides financial guaranty insurance for domestic public finance obligations. Total principal and interest exposure, net of reinsurance, at December 31, 2012 was \$30,831,884.

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

- A. The Company has not sold or transferred any receivables during 2012.
- B. The Company has not transferred or serviced any financial assets during 2012.
- C. The Company did not engage in any wash sale transactions during 2012.

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

- A. The Company does not serve as an Administrative Services Only provider.
- B. The Company does not serve as an Administrative Services Contract provider.
- C. The Company is not a party to any Medicare or similarly structured cost based reimbursement contracts.

Notes to Financial Statements

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

The Company did not write direct premiums through managing general agents or third party administrators.

20. Fair Value Measurements

- A. The fair values of the Company's financial instruments are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. The Company classifies financial assets in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;

Level 2: Valuations of financial assets and liabilities are based on prices obtained from independent index providers, pricing vendors or broker-dealers using observable inputs; and

Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Management's assumptions and/or internal valuation pricing models are used to determine the fair value of financial assets or liabilities.

- (1) As of December 31, 2012, the Company did not record any of its assets or liabilities at fair value.
- (2) During the period ended December 31, 2012, the Company did not transfer any assets or liabilities into or out of Level 3. The liability for net financial guaranty insurance contracts issued during the period ended December 31, 2012 had an estimated fair value of \$225,568. The transfers into or out of Level 3 were as follows for the period ended December 31, 2012:

	Beginning Balance at 01/01/2012	Transfers into Level 3	Transfer out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2012
a. Assets										
NONE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Liabilities										
Net Financial Guaranty Insurance Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,568	\$ -	\$ -	\$ 225,568
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,568	\$ -	\$ -	\$ 225,568

- (3) Transfers of assets and liabilities into or out of Level 3 are reflected at their fair values as of the end of each reporting period, consistent with the date of determination of fair value.
- (4) The following inputs, methods and assumptions were used to determine the fair value of each class of financial instrument for which it is practicable to estimate that value:

Bonds

The estimated fair values generally represent prices received from third party pricing services or alternative pricing sources. The pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities and matrix pricing. The observable inputs used in the valuation of these securities may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, prepayment speeds, delinquencies, loss severity and default rates. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount the Company could realize in the market. In these cases, the fair value measurements are primarily classified as Level 2.

Cash and Short-Term Investments

The fair value of cash and short-term investments approximates its amortized cost. The fair value measurements were classified as Level 1.

Investment Income Due and Accrued

The fair value of investment income due and accrued approximates carrying value, and the fair value measurements were classified as Level 1.

Net Financial Guarantee Insurance Contracts

The fair value of net financial guarantee insurance contracts represents the Company's estimate of the cost to Build America to completely transfer its insurance obligations to another financial guarantor under current market conditions. Theoretically, this amount should be the same amount that another financial guarantor would hypothetically charge in the market place to provide the same protection as of the balance sheet date. The cost to transfer these insurance obligations is based on pricing assumptions observed in the financial guaranty market and includes adjustments to the carrying values of unearned premium reserves and member surplus contributions, which are observable inputs, less estimated ceding commissions, which are not observable inputs. The Company has classified this fair value measurement as Level 3.

Notes to Financial Statements

Surplus Notes

The Surplus Notes issued by the Company are not publicly traded and market quotes are not readily available. Accordingly, management utilized an internal pricing model that utilizes observable inputs to estimate the fair value of the Surplus Notes and unapproved accrued interest. The observable inputs used in the valuation of the Surplus Notes include yield curves for similar instruments. The internal pricing model does not consider the risk of non-performance by the Company in estimating the fair value of the Surplus Notes. The fair value measurement of the Surplus Notes is classified as Level 2.

- (5) The Company did not hold any derivative assets or liabilities at December 31, 2012.
- B. The fair values of the Company's financial instruments are reflected in the table below.
- C. The admitted assets, fair values and related level classification within the fair value hierarchy of the Company's financial instruments as of December 31, 2012 was as follows:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Assets						
Bonds	\$ 467,329,599	\$ 467,085,515	\$ -	\$ 467,329,599	\$ -	\$ -
Cash and short-term investments	21,092,329	21,092,329	21,092,329	-	-	-
Investment income due and accrued	2,818,446	2,818,446	2,818,446	-	-	-
Total Financial Assets	<u>\$ 491,240,374</u>	<u>\$ 490,996,290</u>	<u>\$ 23,910,775</u>	<u>\$ 467,329,599</u>	<u>\$ -</u>	<u>\$ -</u>
Financial Liabilities						
Net financial guaranty insurance contracts	225,568	-	-	-	225,568	-
Total Financial Liabilities	<u>\$ 225,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,568</u>	<u>\$ -</u>
Other Financial Instruments						
Surplus Notes ¹	\$ 536,208,935	\$ -	\$ -	\$ 536,208,935	\$ -	\$ -
Total Other Financial Instruments	<u>\$ 536,208,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,208,935</u>	<u>\$ -</u>	<u>\$ -</u>

¹ The par outstanding on the surplus notes was \$503,000,000 at December 31, 2012.

- D. Not applicable.

21. Other Items

- A. The Company had no extraordinary items during 2012.
- B. The Company does not have outstanding debt and did not restructure debt in 2012.
- C. Assets with a carrying value of \$3,015,815 were on deposit with government authorities or trustees as required by law as of December 31, 2012. Assets with a carrying value of \$96,176 were maintained to secure a letter of credit as of December 31, 2012.
- D. The Company did not have any uncollectible balances as of December 31, 2012.
- E. The Company had no business interruption insurance recoveries during 2012.
- F. The Company did not have any state transferable tax credits as of December 31, 2012.
- G. The Company did not have any sub-prime mortgage related exposure as of December 31, 2012.

22. Events Subsequent

Pursuant to Statement of Statutory Accounting Principles ("SSAP") No. 9, Subsequent Events, the date through which Type I or Type II subsequent events have been evaluated was February 21, 2013 for the year ended December 31, 2012, the date in which the statutory financial statements were available for issue. Based on the Company's evaluation, no material items were noted.

23. Reinsurance

- A. The Company did not have an unsecured aggregate recoverable for losses, loss adjustment expenses and unearned premium with any individual reinsurers that exceeds 3% of the Company's policyholder surplus.
- B. The Company did not have any reinsurance recoverables in dispute as of December 31, 2012.
- C. Reinsurance Assumed and Ceded

- (1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. All Other	-	-	85,162	19,587	(85,162)	(19,587)
c. Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,162</u>	<u>\$ 19,587</u>	<u>\$ (85,162)</u>	<u>\$ (19,587)</u>
d. Direct Unearned Premium Reserve			\$ 109,323			

- (2) The Company does not have additional or return commissions that are predicated on loss experience or other forms of profit sharing arrangements as a result of existing contractual arrangements.
- (3) The Company does not use protected cells as an alternative to traditional reinsurance.

Notes to Financial Statements

- D. The Company did not have any uncollectible reinsurance as of December 31, 2012.
- E. The Company did not commute any ceded reinsurance as of December 31, 2012.
- F. The Company did not have any retroactive reinsurance as of December 31, 2012.
- G. The Company did not have any reinsurance accounted for as a deposit as of December 31, 2012.
- H. The Company did not have any disclosures for the transfer of property and casualty run-off agreements as of December 31, 2012.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not issue retrospectively rated contracts or contracts subject to redetermination. The Company's reinsurance contract is not retrospectively rated or subject to redetermination.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The Company did not have any losses and loss adjustment expenses for the period ended December 31, 2012.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

The Company has not purchased any annuities or completed structured settlements in 2012.

28. Health Care Receivables

The Company does not have any health care receivables as of December 31, 2012.

29. Participating Accident and Health Policies

The Company did not issue participating accident or health contracts during 2012.

30. Premium Deficiency Reserves

The Company did not have premium deficiency reserves as of December 31, 2012.

31. High Deductibles

The Company has not recorded any reserve credits during 2012 relating to high deductibles on unpaid claims.

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

The Company did not have any losses and loss adjustment expenses as of December 31, 2012.

33. Asbestos / Environmental Reserves

The Company has not written any policies that have been identified as having the potential for the existence of a liability due to asbestos or environmental losses.

34. Subscriber Savings Accounts

The Company is not a reciprocal exchange and, therefore, does not have subscriber savings accounts.

35. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

36. Financial Guaranty Insurance

- A. The following disclosures for financial guaranty insurance contracts in force as of December 31, 2012:
 - (1) As of December 31, 2012, the Company had no contracts outstanding for which premiums are received in installments.
 - (2) The following disclosures are for non-installment financial guaranty insurance contracts in force as of December 31, 2012:
 - a. The Company did not recognize any accelerated earned premium revenue on non-installment contracts during the year ended December 31, 2012.

Notes to Financial Statements

- b. The table below summarizes future expected earned premium revenue, net of reinsurance, on non-installment financial guaranty contracts as of December 31, 2012:

	Future Expected Earned Premiums, Net of Reinsurance
1. (a) 1st Quarter 2013	\$ -
(b) 2nd Quarter 2013	274
(c) 3rd Quarter 2013	-
(d) 4th Quarter 2013	247
(e) Year 2014	760
(f) Year 2015	775
(g) Year 2016	825
(h) Year 2017	972
2. (a) Years 2018 through 2022	6,635
(b) Years 2023 through 2027	4,610
(c) Years 2028 through 3032	9,062
Total	\$ 24,160

- (3) The Company did not have any claim liabilities for financial guaranty insurance contracts in force as of December 31, 2012.
- (4) Insured obligations are monitored periodically with the objective of identifying emerging trends, ensuring proper ratings for capital allocation and avoiding or minimizing losses.

Currently, all of Build America's insured obligations are "Fully Performing" and exhibit no indication that the status will change. The Company does not establish any case basis reserves for insured obligations that are "Fully Performing".

Should any of Build America's insured obligations exhibit weakness that could potentially lead to a rating of below investment grade, those obligations would be placed on Build America's "Watchlist" and would be monitored closely.

If the insured obligation requires "Distressed Credit Management", a team of Build America's professionals and, possibly, outside consultants or attorneys, would be engaged to work with the obligor to improve its financial situation and avoid or minimize losses to Build America.

If Build America determines that a loss on a Build America policy is expected and measurable, then Build America would establish a reserve for that policy. Build America's "Watchlist" will identify insured obligations for which a loss reserve has been established.

- B. The Company did not have any claim liabilities for financial guaranty insurance contracts in force as of December 31, 2012.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A[X]
- 1.3 State Regulating? New York
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No []
- 2.2 If yes, date of change: 07/13/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 07/18/2012
- 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. 07/18/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/18/2012
- 3.4 By what department or departments?
New York State Department of Financial Services
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No[X]
- 4.12 renewals? Yes [] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No[X]
- 4.22 renewals? Yes [] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC 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, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and 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?
PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, New York 10017
- 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?
Mark Littmann, PricewaterhouseCoopers LLP, 185 Asylum Street, Suite 2400, Hartford, CT 06103
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No[X]

GENERAL INTERROGATORIES (Continued)

- 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 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? Yes [] No [] N/A [X]
 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?
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code. Yes [X] No []
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 The code of ethics was amended during the period to (i) address circumstances where selective disclosure of Company non-public information may be required or contemplated by a contract that the Company is a party to, (ii) update language regarding sharing information about Company employees, (iii) proscribe the use of social media to transact Company business, (iv) provide additional guidance on prohibitions on insider trading and (v) explain the use of the anonymous compliance hotline recently established by the Company.
 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

GENERAL INTERROGATORIES (Continued)

- 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
- 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 \$ 146,189
- 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 \$ 3,015,819
- 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
The Bank of New York Mellon	500 Grant Street, Pittsburgh, PA 15258

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:
- | 1
Name(s) | 2
Location(s) | 3
Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |
- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[X] No[]
- 28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
not applicable	The Bank of New York Mellon	07/10/2012	Initial funding of the Company

- 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 |
|--|--------------------------------------|---|
| 107105 | Blackrock Financial Management | 55 East 52nd Street, New York, NY 10055 |

- 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	467,085,515	467,329,600	244,085
30.2	Preferred stocks			
30.3	Totals	467,085,515	467,329,600	244,085

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

The fair values of the Company's financial instruments are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available.

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

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

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

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? \$ 355,124

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
Standard & Poor's	94,721

34.1 Amount of payments for legal expenses, if any? \$ 1,779,731

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
Orrick, Herrington & Sutcliffe LLP	750,456
Drinker Biddle & Reath LLP	645,707

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 59,273

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
Canfield & Associates, Inc.	44,273
Paul P. Sanford & Associates, PA	15,000

GENERAL INTERROGATORIES (Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 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
2.3 Premium Ratio (2.1 / 2.2)
2.4 Reserve Numerator
2.5 Reserve Denominator	24,160
2.6 Reserve Ratio (2.4 / 2.5)

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes No
- 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
- 4.2 Does the reporting entity issue non-assessable policies? Yes No N/A
- 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
- 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes No N/A
 - 5.22 As a direct expense of the exchange Yes No N/A
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? Yes No N/A
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes No N/A
- 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 and has not issued workers' compensation contracts.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company's maximum insurance loss is equal to its gross insured exposure, consisting of both principal and interest on insured obligations.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss:
The Company does not write and has not issued contracts with catastrophe exposure. The Company has a first-loss reinsurance agreement covering 15% of gross par outstanding on each policy issued.
- 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 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
The Company does not write and has not issued contracts with catastrophe exposure. The Company has a first-loss reinsurance agreement covering 15% of gross par outstanding on each policy issued.
- 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
- 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
- 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
- 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

GENERAL INTERROGATORIES (Continued)

- deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.
- 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.
- 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?
- 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
 - (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
 - (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.
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?
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force?
- 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): \$ 14,326,488
- 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[X] No []
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [] 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.

GENERAL INTERROGATORIES (Continued)

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
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)					
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)					
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	109,323				
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)					
6. TOTAL (Line 35)	109,323				
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)					
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	24,160				
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)					
12. TOTAL (Line 35)	24,160				
Statement of Income (Page 4)					
13. Net underwriting gain or (loss) (Line 8)	(19,779,442)				
14. Net investment gain or (loss) (Line 11)	1,621,065				
15. TOTAL other income (Line 15)					
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	(18,158,377)				
Balance Sheet Lines (Pages 2 and 3)					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	491,173,909				
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)					
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)	7,457,782				
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)	24,160				
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	483,716,127				
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(11,006,774)				
Risk-Based Capital Analysis					
28. TOTAL adjusted capital					
29. Authorized control level risk-based capital					
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)	95.7				
31. Stocks (Lines 2.1 & 2.2)					
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)	4.3				
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)				X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (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)					
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	483,716,127				
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)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. TOTAL (Line 35)					
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)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. TOTAL (Line 35)					
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)					
68. Loss expenses incurred (Line 3)					
69. Other underwriting expenses incurred (Line 4)					
70. Net underwriting gain (loss) (Line 8)					
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)	81,868.6				
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
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)	0.0				
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)					
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)					
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)					
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)					

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::

EXHIBIT OF PREMIUMS AND LOSSES

(Statutory Page 14)



NAIC Group Code:

DIRECT BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR

NAIC Company Code: 14380

19 Grand Total

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non - liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												
8. Ocean marine												
9. Inland marine												
10. Financial guaranty	109,323			109,323								87,804
11. Medical professional liability												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 Medicare Title XVIII exempt from state taxes or fees												
15.7 All other A & H (b)												
15.8 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17.1 Other liability - occurrence												
17.2 Other Liability - claims-made												
17.3 Excess Workers' Compensation												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
30. Warranty												
34. Aggregate write-ins for other lines of business												
35. TOTALS (a)	109,323			109,323								87,804
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) Finance and service charges not included in Lines 1 to 35 \$.....0

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products0 and number of persons insured under indemnity only products0.

20 Schedule F Part 1 Assumed Reinsurance NONE

21 Schedule F Part 2 Reinsurance Effected NONE

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties		
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Columns 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers					
Unauthorized - Other Non-U.S. Insurers																					
AA-3191195	00000	HG Re Ltd	BMU		85									85			85	10		75	
1799998 Total - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)						85								85			85	10		75	
1799999 Total - Unauthorized - Other Non-U.S. Insurers						85								85			85	10		75	
1899999 Total - Unauthorized						85								85			85	10		75	
2899999 Total - Authorized, Unauthorized and Certified						85								85			85	10		75	
2999999 Total - Protected Cells						85								85			85	10		75	
9999999 Totals						85								85			85	10		75	

NOTE: A. Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

	1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1)
2)
3)
4)
5)

B. Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

	1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1)	HG Re Ltd	85	85	Yes[] No[X] ...
2)	Yes[] No[X] ...
3)	Yes[] No[X] ...
4)	Yes[] No[X] ...
5)	Yes[] No[X] ...

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							12	13
				5	Overdue				11			
					6	7	8	9		10		
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Current	1 - 29 Days	30-90 Days	91-120 Days	Over 120 Days	Total Overdue Columns 6 + 7 + 8 + 9	Cols. 5 + 10	Percentage Overdue Col. 10/Col. 11	Percentage More Than 120 Days Overdue Col. 9/Col. 11
N O N E												
9999999 Totals												

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Recoverable all Items Schedule F Pt. 3, Col.15	6 Funds Held by Company Under Reinsurance Treaties	7 Letters of Credit	Letter of Credit Issuing or Confirming Bank (a)			11 Ceded Balances Payable	12 Miscellaneous Balances	13 Other Allowed Offset Items	14 Sum of Cols. 6+7+11+12+13 But Not in Excess of Col. 5	15 Subtotal Col. 5 minus Col.14	16 Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due Not In Dispute	17 20 % of Amount in Col. 16	18 Smaller of Column 14 or Column 17	19 Smaller of Col. 14 or 20% of Amount in Dispute Included in Col. 5	20 Total Provis. for Unauthorized Rein.Smaller of Col. 5 or Cols.15+18+19
							8 American Bankers Association (ABA) Routing Number	9 Letter of Credit Code	10 Bank Name										
Other Non-U.S. Insurers																			
AA-3191195	00000	HG Re Ltd	BMU	85					10		172	85							
0899999 Total - Other Non-U.S. Insurers				85			X X X	X X X	X X X	10	172	85							
0999999 Total - Affiliates and Others				85			X X X	X X X	X X X	10	172	85							
1099999 Total - Protected Cells							X X X	X X X	X X X										
9999999 Totals				85			X X X	X X X	X X X	10	172	85							

1. Amounts in dispute totaling \$.....0 are included in Column 5.
2. Amounts in dispute totaling \$.....0 are excluded from Column 16.

(a)

Code	American Bankers Association (ABA) Routing Number	Bank Name

25 Schedule F Part 6 - Section 1 Reinsurance Ceded to Certified Reinsurers NONE

26 Schedule F Part 6 - Section 1 (Continued) NONE

27 Schedule F Part 6 - Section 2 Overdue Reins. Ceded to Certified Reinsurers . . NONE

28 Schedule F Part 7 Overdue Authorized Reinsurance NONE

29 Schedule F Part 8 Overdue Reinsurance NONE

SCHEDULE F - PART 9

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
ASSETS (Page 2, Column 3)			
1. Cash and invested assets (Line 12)	488,177,844		488,177,844
2. Premiums and considerations (Line 15)			
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1)			
4. Funds held by or deposited with reinsured companies (Line 16.2)			
5. Other assets	2,996,065		2,996,065
6. Net amount recoverable from reinsurers		74,753	74,753
7. Protected cell assets (Line 27)			
8. TOTALS (Line 28)	491,173,909	74,753	491,248,662
LIABILITIES (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)			
10. Taxes, expenses, and other obligations (Lines 4 through 8)	7,420,634		7,420,634
11. Unearned premiums (Line 9)	24,160	85,163	109,323
12. Advance premiums (Line 10)			
13. Dividends declared and unpaid (Line 11.1 and 11.2)			
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)	10,410	(10,410)	
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)			
17. Provision for reinsurance (Line 16)			
18. Other liabilities	2,578		2,578
19. TOTAL Liabilities excluding protected cell business (Line 26)	7,457,782	74,753	7,532,535
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	483,716,127	X X X	483,716,127
22. TOTALS (Line 38)	491,173,909	74,753	491,248,662

Note: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes No

If yes, give full explanation:

31	Schedule H Part 1 A & H Exhibit	NONE
32	Schedule H Parts 2, 3 & 4 - A & H Exh Cont	NONE
33	Schedule H Part 5 Health Claims	NONE
34	Schedule P - Part 1 Summary	NONE
35	Schedule P - Part 2 Summary	NONE
35	Schedule P - Part 3 Summary	NONE
35	Schedule P - Part 4 Summary	NONE
36	Schedule P - Part 1A	NONE
37	Schedule P - Part 1B	NONE
38	Schedule P - Part 1C	NONE
39	Schedule P - Part 1D	NONE
40	Schedule P - Part 1E	NONE
41	Schedule P - Part 1F Sn 1	NONE
42	Schedule P - Part 1F Sn 2	NONE
43	Schedule P - Part 1G	NONE
44	Schedule P - Part 1H Sn 1	NONE
45	Schedule P - Part 1H Sn 2	NONE
46	Schedule P - Part 1I	NONE
47	Schedule P - Part 1J	NONE
48	Schedule P - Part 1K	NONE
49	Schedule P - Part 1L	NONE
50	Schedule P - Part 1M	NONE
51	Schedule P - Part 1N	NONE
52	Schedule P - Part 1O	NONE
53	Schedule P - Part 1P	NONE
54	Schedule P - Part 1R Sn 1	NONE
55	Schedule P - Part 1R Sn 2	NONE
56	Schedule P - Part 1S	NONE
57	Schedule P - Part 1T	NONE
58	Schedule P - Part 2A	NONE
58	Schedule P - Part 2B	NONE
58	Schedule P - Part 2C	NONE
58	Schedule P - Part 2D	NONE
58	Schedule P - Part 2E	NONE
59	Schedule P - Part 2F Sn 1	NONE
59	Schedule P - Part 2F Sn 2	NONE
59	Schedule P - Part 2G	NONE
59	Schedule P - Part 2H Sn 1	NONE
59	Schedule P - Part 2H Sn 2	NONE
60	Schedule P - Part 2I	NONE
60	Schedule P - Part 2J	NONE
60	Schedule P - Part 2K	NONE
60	Schedule P - Part 2L	NONE
60	Schedule P - Part 2M	NONE
61	Schedule P - Part 2N	NONE
61	Schedule P - Part 2O	NONE
61	Schedule P - Part 2P	NONE
62	Schedule P - Part 2R Sn 1	NONE
62	Schedule P - Part 2R Sn 2	NONE
62	Schedule P - Part 2S	NONE
62	Schedule P - Part 2T	NONE
63	Schedule P - Part 3A	NONE
63	Schedule P - Part 3B	NONE
63	Schedule P - Part 3C	NONE
63	Schedule P - Part 3D	NONE
63	Schedule P - Part 3E	NONE
64	Schedule P - Part 3F Sn 1	NONE
64	Schedule P - Part 3F Sn 2	NONE
64	Schedule P - Part 3G	NONE
64	Schedule P - Part 3H Sn 1	NONE
64	Schedule P - Part 3H Sn 2	NONE
65	Schedule P - Part 3I	NONE
65	Schedule P - Part 3J	NONE
65	Schedule P - Part 3K	NONE

65	Schedule P - Part 3L	NONE
65	Schedule P - Part 3M	NONE
66	Schedule P - Part 3N	NONE
66	Schedule P - Part 3O	NONE
66	Schedule P - Part 3P	NONE
67	Schedule P - Part 3R Sn 1	NONE
67	Schedule P - Part 3R Sn 2	NONE
67	Schedule P - Part 3S	NONE
67	Schedule P - Part 3T	NONE
68	Schedule P - Part 4A	NONE
68	Schedule P - Part 4B	NONE
68	Schedule P - Part 4C	NONE
68	Schedule P - Part 4D	NONE
68	Schedule P - Part 4E	NONE
69	Schedule P - Part 4F Sn 1	NONE
69	Schedule P - Part 4F Sn 2	NONE
69	Schedule P - Part 4G	NONE
69	Schedule P - Part 4H Sn 1	NONE
69	Schedule P - Part 4H Sn 2	NONE
70	Schedule P - Part 4I	NONE
70	Schedule P - Part 4J	NONE
70	Schedule P - Part 4K	NONE
70	Schedule P - Part 4L	NONE
70	Schedule P - Part 4M	NONE
71	Schedule P - Part 4N	NONE
71	Schedule P - Part 4O	NONE
71	Schedule P - Part 4P	NONE
72	Schedule P - Part 4R Sn 1	NONE
72	Schedule P - Part 4R Sn 2	NONE
72	Schedule P - Part 4S	NONE
72	Schedule P - Part 4T	NONE
73	Schedule P - Part 5A Sn 1	NONE
73	Schedule P - Part 5A Sn 2	NONE
73	Schedule P - Part 5A Sn 3	NONE
74	Schedule P - Part 5B Sn 1	NONE
74	Schedule P - Part 5B Sn 2	NONE
74	Schedule P - Part 5B Sn 3	NONE
75	Schedule P - Part 5C Sn 1	NONE
75	Schedule P - Part 5C Sn 2	NONE
75	Schedule P - Part 5C Sn 3	NONE
76	Schedule P - Part 5D Sn 1	NONE
76	Schedule P - Part 5D Sn 2	NONE
76	Schedule P - Part 5D Sn 3	NONE
77	Schedule P - Part 5E Sn 1	NONE
77	Schedule P - Part 5E Sn 2	NONE
77	Schedule P - Part 5E Sn 3	NONE
78	Schedule P - Part 5F Sn 1A	NONE
78	Schedule P - Part 5F Sn 2A	NONE
78	Schedule P - Part 5F Sn 3A	NONE
79	Schedule P - Part 5F Sn 1B	NONE
79	Schedule P - Part 5F Sn 2B	NONE
79	Schedule P - Part 5F Sn 3B	NONE
80	Schedule P - Part 5H Sn 1A	NONE
80	Schedule P - Part 5H Sn 2A	NONE
80	Schedule P - Part 5H Sn 3A	NONE
81	Schedule P - Part 5H Sn 1B	NONE
81	Schedule P - Part 5H Sn 2B	NONE
81	Schedule P - Part 5H Sn 3B	NONE
82	Schedule P - Part 5R Sn 1A	NONE
82	Schedule P - Part 5R Sn 2A	NONE
82	Schedule P - Part 5R Sn 3A	NONE
83	Schedule P - Part 5R Sn 1B	NONE
83	Schedule P - Part 5R Sn 2B	NONE
83	Schedule P - Part 5R Sn 3B	NONE

84	Schedule P - Part 5T Sn 1	NONE
84	Schedule P - Part 5T Sn 2	NONE
84	Schedule P - Part 5T Sn 3	NONE
85	Schedule P - Part 6C Sn 1	NONE
85	Schedule P - Part 6C Sn 2	NONE
85	Schedule P - Part 6D Sn 1	NONE
85	Schedule P - Part 6D Sn 2	NONE
86	Schedule P - Part 6E Sn 1	NONE
86	Schedule P - Part 6E Sn 2	NONE
86	Schedule P - Part 6H Sn 1A	NONE
86	Schedule P - Part 6H Sn 2A	NONE
87	Schedule P - Part 6H Sn 1B	NONE
87	Schedule P - Part 6H Sn 2B	NONE
87	Schedule P - Part 6M Sn 1	NONE
87	Schedule P - Part 6M Sn 2	NONE
88	Schedule P - Part 6N Sn 1	NONE
88	Schedule P - Part 6N Sn 2	NONE
88	Schedule P - Part 6O Sn 1	NONE
88	Schedule P - Part 6O Sn 2	NONE
89	Schedule P - Part 6R Sn 1A	NONE
89	Schedule P - Part 6R Sn 2A	NONE
89	Schedule P - Part 6R Sn 1B	NONE
89	Schedule P - Part 6R Sn 2B	NONE

SCHEDULE P - PART 7A
PRIMARY LOSS SENSITIVE CONTRACTS

(\$000 omitted)

SECTION 1

Schedule P - Part 1		1	2	3	4	5	6
		Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
1.	Homeowners/Farmowners						
2.	Private Passenger Auto Liability/Medical						
3.	Commercial Auto/Truck Liability/Medical						
4.	Workers' Compensation						
5.	Commercial Multiple Peril						
6.	Medical Professional Liability - Occurrence						
7.	Medical Professional Liability - Claims - made						
8.	Special Liability						
9.	Other Liability - Occurrence						
10.	Other Liabilities - Claims - made						
11.	Special Property						
12.	Auto Physical Damage						
13.	Fidelity/Surety						
14.	Other						
15.	International						
16.	Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X	X X X	X X X	X X X
17.	Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X	X X X	X X X
18.	Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X	X X X	X X X
19.	Products Liability - Occurrence						
20.	Products Liability - Claims - made						
21.	Financial Guaranty/Mortgage Guaranty				24		
22.	Warranty						
23.	TOTALS				24		

SECTION 2

Years in Which Policies Were Issued	INCURRED 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									
2.	2003									
3.	2004	X X X								
4.	2005	X X X	X X X							
5.	2006	X X X	X X X	X X X						
6.	2007	X X X	X X X	X X X						
7.	2008	X X X	X X X	X X X						
8.	2009	X X X	X X X	X X X	X X X	X X X	X X X			
9.	2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
10.	2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
11.	2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES 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									
2.	2003									
3.	2004	X X X								
4.	2005	X X X	X X X							
5.	2006	X X X	X X X	X X X						
6.	2007	X X X	X X X	X X X						
7.	2008	X X X	X X X	X X X						
8.	2009	X X X	X X X	X X X	X X X	X X X	X X X			
9.	2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
10.	2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
11.	2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**SCHEDULE P - PART 7A
PRIMARY LOSS SENSITIVE CONTRACTS**

(Continued)

SECTION 4

Years in Which Policies Were Issued	NET EARNED PREMIUMS 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										
2. 2003										
3. 2004	X X X									
4. 2005	X X X	X X X								
5. 2006	X X X	X X X	X X X							
6. 2007	X X X	X X X	X X X							
7. 2008	X X X	X X X	X X X							
8. 2009	X X X	X X X	X X X							
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

SECTION 5

Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS 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										
2. 2003										
3. 2004	X X X									
4. 2005	X X X	X X X								
5. 2006	X X X	X X X	X X X							
6. 2007	X X X	X X X	X X X							
7. 2008	X X X	X X X	X X X							
8. 2009	X X X	X X X	X X X							
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

SCHEDULE P - PART 7B REINSURANCE LOSS SENSITIVE CONTRACTS

(\$000 omitted)

SECTION 1

	1	2	3	4	5	6
Schedule P - Part 1	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners						
2. Private Passenger Auto Liability/Medical						
3. Commercial Auto/Truck Liability/Medical						
4. Workers' Compensation						
5. Commercial Multiple Peril						
6. Medical Professional Liability - Occurrence						
7. Medical Professional Liability - Claims - made						
8. Special Liability						
9. Other Liability - Occurrence						
10. Other Liabilities - Claims - made						
11. Special Property						
12. Auto Physical Damage						
13. Fidelity/Surety						
14. Other						
15. International						
16. Reinsurance-Nonproportional Assumed Property						
17. Reinsurance-Nonproportional Assumed Liability						
18. Reinsurance-Nonproportional Assumed Financial Lines						
19. Products Liability - Occurrence						
20. Products Liability - Claims - made						
21. Financial Guaranty/Mortgage Guaranty				24		
22. Warranty						
23. TOTALS				24		

SECTION 2

Years in Which Policies Were Issued	INCURRED 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										
2. 2003										
3. 2004	X X X									
4. 2005	X X X	X X X								
5. 2006	X X X	X X X	X X X							
6. 2007	X X X	X X X	X X X							
7. 2008	X X X	X X X	X X X							
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X				
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES 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										
2. 2003										
3. 2004	X X X									
4. 2005	X X X	X X X								
5. 2006	X X X	X X X	X X X							
6. 2007	X X X	X X X	X X X							
7. 2008	X X X	X X X	X X X							
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X				
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

SCHEDULE P - PART 7B REINSURANCE LOSS SENSITIVE CONTRACTS

(Continued)

SECTION 4

Years in Which Policies Were Issued	NET EARNED PREMIUMS 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										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX							
7. 2008	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 5

Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS 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										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX							
7. 2008	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 6

Years in Which Policies Were Issued	INCURRED ADJUSTABLE COMMISSIONS 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										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX							
7. 2008	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 7

Years in Which Policies Were Issued	RESERVES FOR COMMISSION ADJUSTMENTS 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										
2. 2003										
3. 2004	XXX									
4. 2005	XXX	XXX								
5. 2006	XXX	XXX	XXX							
6. 2007	XXX	XXX	XXX							
7. 2008	XXX	XXX	XXX							
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies, EREs provided for reasons other than DDR are not to be included.

- 1.1 Does the company issue Medical Professional Liability Claims-Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions: Yes[] No[X]
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)? \$ 0
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes[] No[] N/A[X]
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes[] No[] N/A[X]
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A - Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes[] No[] N/A[X]
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in which premiums were earned and losses were incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601 Prior
1.602 2003
1.603 2004
1.604 2005
1.605 2006
1.606 2007
1.607 2008
1.608 2009
1.609 2010
1.610 2011
1.611 2012
1.612 TOTALS

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes[X] No[]
3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Yes[X] No[]
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on page 10? Yes[] No[X]
 If Yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.
 Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.
 Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
5. What were the net premiums in force at the end of the year for: (in thousands of dollars)
- | | | |
|--------------|----------|---|
| 5.1 Fidelity | \$ | 0 |
| 5.2 Surety | \$ | 0 |
6. Claim count information is reported per claim or per claimant (Indicate which). ✓
- | | | |
|------------------|-------|--|
| 6.1 per claim | | |
| 6.2 per claimant | | |
- If not the same in all years, explain in Interrogatory 7.
- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes[] No[X]
- 7.2 An extended statement may be attached.

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	L								
4. Arkansas (AR)	L								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	L								
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)	L								
15. Indiana (IN)	L								
16. Iowa (IA)	N								
17. Kansas (KS)	L								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	L								
22. Massachusetts (MA)	N								
23. Michigan (MI)	L								
24. Minnesota (MN)	L								
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)	L								
32. New Mexico (NM)	N								
33. New York (NY)	L								
34. North Carolina (NC)	L								
35. North Dakota (ND)	L								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	L	91,968							
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	L								
43. Tennessee (TN)	N								
44. Texas (TX)	L	17,355							
45. Utah (UT)	N								
46. Vermont (VT)	L								
47. Virginia (VA)	L								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	L								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. TOTALS	(a) 19	109,323							

DETAILS OF WRITE-INS

5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(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.: Premiums allocated based on location of risk and/or policyholders.

96 Schedule T - Part 2 - Interstate Compact - Exhibit of Premiums Written NONE

97 Schedule Y - Part 1 NONE

98 Schedule Y - Part 1A NONE

99 Schedule Y - Part 2 NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Response

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

- | | |
|--|--------|
| 1. Will an actuarial opinion be filed by March 1? | Yes |
| 2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? | Yes |
| 3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1? | Waived |
| 4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1? | Waived |

APRIL FILING

- | | |
|--|-----|
| 5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1? | Yes |
| 6. Will Management's Discussion and Analysis be filed by April 1? | Yes |
| 7. Will the Supplemental Investment Risk Interrogatories be filed by April 1? | Yes |

MAY FILING

- | | |
|---|--------|
| 8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1? | Waived |
|---|--------|

JUNE FILING

- | | |
|---|-----|
| 9. Will an audited financial report be filed by June 1? | Yes |
| 10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? | Yes |

AUGUST FILING

- | | |
|--|-----|
| 11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? | Yes |
|--|-----|

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

- | | |
|--|-----|
| 12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? | No |
| 13. Will the Financial Guaranty Insurance Exhibit be filed by March 1? | Yes |
| 14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? | No |
| 15. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1? | No |
| 16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1? | No |
| 17. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1? | No |
| 18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1? | No |
| 19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |
| 20. Will the Confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)? | Yes |
| 21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1? | Yes |
| 22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1? | No |
| 23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1? | No |
| 24. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |
| 25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1? | No |
| 26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1? | No |
| 27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1? | No |

APRIL FILING

- | | |
|--|----|
| 28. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1? | No |
| 29. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? | No |
| 30. Will the Accident and Health Policy Experience Exhibit be filed by April 1? | No |
| 31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? | No |
| 32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile AND the NAIC by April 1? | No |

AUGUST FILING

- | | |
|--|-----------------|
| 33. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? | See Explanation |
|--|-----------------|

Explanations:

33. The Company did not meet the threshold required for the filing.

Bar Codes:

Risk-Based Capital Filing



Statement (Annual, quarterly and combined)



Schedule SIS



Medicare Supplement Insurance Experience Exhibit



Supplement A to Schedule T



Trusteed Surplus Statement



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

Premiums Attributed to Protected Cells Exhibit



Reinsurance Summary Supplemental Filing



Medicare Part D Coverage Supplement



Exceptions to the Reinsurance Attestation Supplement



Bail Bond Supplement



Director and Officer Supplement



Approval for Relief related to five-year rotation for lead Audit Partner



Approval for Relief related to one-year cooling off period for inde. CPA



Approval for Relief related to Require. for Audit Committees



Credit Insurance Exhibit



LTC Supplemental Interrogatories



Accident and Health Policy Experience Exhibit



Supplemental Health Care Exhibit



Supplemental Health Care Exhibit's Expense Allocation Report



SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 U.S. treasury securities	35,078,000	7.185	35,078,000		35,078,000	7.185
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	56,331,645	11.539	56,331,645		56,331,645	11.539
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or Guaranteed by GNMA	45,074,937	9.233	45,074,937		45,074,937	9.233
1.512 Issued or Guaranteed by FNMA and FHLMC	56,256,425	11.524	56,256,425		56,256,425	11.524
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	274,344,508	56.198	274,344,508		274,344,508	56.198
2.2 Unaffiliated Non-U.S. securities (including Canada)						
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				X X X	X X X	X X X
10. Cash, cash equivalents and short-term investments	21,092,329	4.321	21,092,329		21,092,329	4.321
11. Other invested assets						
12. Total invested assets	488,177,844	100.000	488,177,844		488,177,844	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6)		
2.2 Additional investment made after acquisition (Part 2, Column 9)		
3. Current year change in encumbrances:		
3.1 Totals, Part 1, Column 13		
3.2 Totals, Part 3, Column 11		
4. Total gain (loss) on disposals, Part 3, Column 18		
5. Deduct amounts received on disposals, Part 3, Column 15		
6. Total foreign exchange change in book/adjusted carrying value	NONE	
6.1 Totals, Part 1, Column 15		
6.2 Totals, Part 3, Column 13		
7. Deduct current year's other than temporary impairment recognized:		
7.1 Totals, Part 1, Column 12		
7.2 Totals, Part 3, Column 10		
8. Deduct current year's depreciation:		
8.1 Totals, Part 1, Column 11		
8.2 Totals, Part 3, Column 9		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Lines 9 minus 10)		

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7)		
2.2 Additional investment made after acquisition (Part 2, Column 8)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 12		
3.2 Totals, Part 3, Column 11		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 9		
5.2 Totals, Part 3, Column 8		
6. Total gain (loss) on disposals, Part 3, Column 18		
7. Deduct amounts received on disposals, Part 3, Column 15	NONE	
8. Deduct amortization of premium and mortgage interest		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
9.1 Totals, Part 1, Column 13		
9.2 Totals, Part 3, Column 13		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 11		
10.2 Totals, Part 3, Column 10		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Lines 11 plus 12)		
14. Deduct total nonadmitted amounts		
15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 8)		
2.2 Additional investment made after acquisition (Part 2, Column 9)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 16		
3.2 Totals, Part 3, Column 12		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 13		
5.2 Totals, Part 3, Column 9		
6. Total gain (loss) on disposals, Part 3, Column 19	NONE	
7. Deduct amounts received on disposals, Part 3, Column 18		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value:		
9.1 Totals, Part 1, Column 17		
9.2 Totals, Part 3, Column 14		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 15		
10.2 Totals, Part 3, Column 11		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of bonds and stocks acquired, Part 3, Column 7		742,991,313
3. Accrual of Discount		17,470
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12		
4.2 Part 2, Section 1, Column 15		
4.3 Part 2, Section 2, Column 13		
4.4 Part 4, Column 11		
5. Total gain (loss) on disposals, Part 4, Column 19		(234,107)
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7		273,380,960
7. Deduct amortization of premium		2,308,201
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15		
8.2 Part 2, Section 1, Column 19		
8.3 Part 2, Section 2, Column 16		
8.4 Part 4, Column 15		
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14		
9.2 Part 2, Section 1, Column 17		
9.3 Part 2, Section 2, Column 14		
9.4 Part 4, Column 13		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		467,085,515
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		467,085,515

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	80,152,937	80,230,916	80,216,181	77,037,418
	2. Canada				
	3. Other Countries				
	4. Totals	80,152,937	80,230,916	80,216,181	77,037,418
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	112,588,070	112,757,388	112,817,817	107,341,054
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States	274,344,508	274,341,296	275,634,351	254,625,000
	9. Canada				
	10. Other Countries				
	11. Totals	274,344,508	274,341,296	275,634,351	254,625,000
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	467,085,515	467,329,600	468,668,349	439,003,472
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	467,085,515	467,329,600	468,668,349	

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating Per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 9.7	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1	29,288,731	22,419,376	15,483,677	11,851,538	6,189,769	85,233,091	18.05			85,233,091	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS	29,288,731	22,419,376	15,483,677	11,851,538	6,189,769	85,233,091	18.05			85,233,091	
2. All Other Governments											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 TOTALS											
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 TOTALS											
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 TOTALS											
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	17,685,621	75,229,396	14,892,736	4,772,228	8,089	112,588,070	23.85			112,588,070	
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 TOTALS	17,685,621	75,229,396	14,892,736	4,772,228	8,089	112,588,070	23.85			112,588,070	

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SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1		156,440,797	117,903,711			274,344,508	58.10			255,378,629	18,965,878
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS		156,440,797	117,903,711			274,344,508	58.10			255,378,629	18,965,878
7. Hybrid Securities											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Parent, Subsidiaries and Affiliates											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9. Total Bonds Current Year											
9.1 Class 1	(d) 46,974,352	254,089,569	148,280,124	16,623,766	6,197,858	472,165,669	100.00	X X X	X X X	453,199,790	18,965,878
9.2 Class 2	(d)							X X X	X X X		
9.3 Class 3	(d)							X X X	X X X		
9.4 Class 4	(d)							X X X	X X X		
9.5 Class 5	(d)					(c)		X X X	X X X		
9.6 Class 6	(d)					(c)		X X X	X X X		
9.7 TOTALS	46,974,352	254,089,569	148,280,124	16,623,766	6,197,858	(b) 472,165,669	100.00	X X X	X X X	453,199,790	18,965,878
9.8 Line 9.7 as a % of Column 6	9.95	53.81	31.40	3.52	1.31	100.00	X X X	X X X	X X X	95.98	4.02
10. Total Bonds Prior Year											
10.1 Class 1						X X X	X X X				
10.2 Class 2						X X X	X X X				
10.3 Class 3						X X X	X X X				
10.4 Class 4						X X X	X X X				
10.5 Class 5						X X X	X X X	(c)			
10.6 Class 6						X X X	X X X	(c)			
10.7 TOTALS						X X X	X X X	(b)			
10.8 Line 10.7 as a % of Col. 8						X X X	X X X		X X X		
11. Total Publicly Traded Bonds											
11.1 Class 1	46,974,352	246,751,712	136,652,102	16,623,767	6,197,857	453,199,790	95.98			453,199,790	X X X
11.2 Class 2											X X X
11.3 Class 3											X X X
11.4 Class 4											X X X
11.5 Class 5											X X X
11.6 Class 6											X X X
11.7 TOTALS	46,974,352	246,751,712	136,652,102	16,623,767	6,197,857	453,199,790	95.98			453,199,790	X X X
11.8 Line 11.7 as a % of Col. 6	10.37	54.45	30.15	3.67	1.37	100.00	X X X	X X X	X X X	100.00	X X X
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	9.95	52.26	28.94	3.52	1.31	95.98	X X X	X X X	X X X	95.98	X X X
12. Total Privately Placed Bonds											
12.1 Class 1		7,337,856	11,628,022			18,965,878	4.02			X X X	18,965,878
12.2 Class 2										X X X	
12.3 Class 3										X X X	
12.4 Class 4										X X X	
12.5 Class 5										X X X	
12.6 Class 6										X X X	
12.7 TOTALS		7,337,856	11,628,022			18,965,878	4.02			X X X	18,965,878
12.8 Line 12.7 as a % of Col. 6		38.69	61.31			100.00	X X X	X X X	X X X	X X X	100.00
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9		1.55	2.46			4.02	X X X	X X X	X X X	X X X	4.02

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(a) Includes \$.....18,965,878 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.....0 current year, \$.....0 prior year of bonds with Z designations and \$.....0 current year, \$.....0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.....0 current year, \$.....0 prior year of bonds with 5* designations and \$.....0 current year, \$.....0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.5	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments											
1.1	Issuer Obligations	25,126,561	10,001,059	5,030,533			40,158,153	8.51			40,158,154	
1.2	Residential Mortgage-Backed Securities	4,162,169	12,418,317	10,453,144	11,851,538	6,189,769	45,074,937	9.55			45,074,938	
1.3	Commercial Mortgage-Backed Securities											
1.4	Other Loan-Backed and Structured Securities											
1.5	Totals	29,288,730	22,419,376	15,483,677	11,851,538	6,189,769	85,233,090	18.05			85,233,092	
2.	All Other Governments											
2.1	Issuer Obligations											
2.2	Residential Mortgage-Backed Securities											
2.3	Commercial Mortgage-Backed Securities											
2.4	Other Loan-Backed and Structured Securities											
2.5	Totals											
3.	U.S. States, Territories and Possessions, Guaranteed											
3.1	Issuer Obligations											
3.2	Residential Mortgage-Backed Securities											
3.3	Commercial Mortgage-Backed Securities											
3.4	Other Loan-Backed and Structured Securities											
3.5	Totals											
4.	U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1	Issuer Obligations											
4.2	Residential Mortgage-Backed Securities											
4.3	Commercial Mortgage-Backed Securities											
4.4	Other Loan-Backed and Structured Securities											
4.5	Totals											
5.	U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1	Issuer Obligations		49,331,645	7,000,000			56,331,645	11.93			56,331,645	
5.2	Residential Mortgage-Backed Securities	17,685,621	25,897,750	7,892,736	4,772,228	8,088	56,256,423	11.91			56,256,424	
5.3	Commercial Mortgage-Backed Securities											
5.4	Other Loan-Backed and Structured Securities											
5.5	Totals	17,685,621	75,229,395	14,892,736	4,772,228	8,088	112,588,068	23.85			112,588,069	
6.	Industrial and Miscellaneous											
6.1	Issuer Obligations		156,440,797	117,903,710			274,344,507	58.10			255,378,629	18,965,878
6.2	Residential Mortgage-Backed Securities											
6.3	Commercial Mortgage-Backed Securities											
6.4	Other Loan-Backed and Structured Securities											
6.5	Totals		156,440,797	117,903,710			274,344,507	58.10			255,378,629	18,965,878
7.	Hybrid Securities											
7.1	Issuer Obligations											
7.2	Residential Mortgage-Backed Securities											
7.3	Commercial Mortgage-Backed Securities											
7.4	Other Loan-Backed and Structured Securities											
7.5	Totals											
8.	Parent, Subsidiaries and Affiliates											
8.1	Issuer Obligations											
8.2	Residential Mortgage-Backed Securities											
8.3	Commercial Mortgage-Backed Securities											
8.4	Other Loan-Backed and Structured Securities											
8.5	Totals											

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 9.5	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed
9. Total Bonds Current Year											
9.1 Issuer Obligations	25,126,561	215,773,501	129,934,243			370,834,305	78.54	X X X	X X X	351,868,428	18,965,878
9.2 Residential Mortgage-Backed Securities	21,847,790	38,316,067	18,345,880	16,623,766	6,197,857	101,331,360	21.46	X X X	X X X	101,331,362	
9.3 Commercial Mortgage-Backed Securities								X X X	X X X		
9.4 Other Loan-Backed and Structured Securities								X X X	X X X		
9.5 Totals	46,974,351	254,089,568	148,280,123	16,623,766	6,197,857	472,165,665	100.00	X X X	X X X	453,199,790	18,965,878
9.6 Line 9.5 as a % of Col. 6	9.95	53.81	31.40	3.52	1.31	100.00	X X X	X X X	X X X	95.98	4.02
10. Total Bonds Prior Year											
10.1 Issuer Obligations						X X X	X X X				
10.2 Residential Mortgage-Backed Securities						X X X	X X X				
10.3 Commercial Mortgage-Backed Securities						X X X	X X X				
10.4 Other Loan-Backed and Structured Securities						X X X	X X X				
10.5 Totals						X X X	X X X				
10.6 Line 10.5 as a % of Col. 8						X X X	X X X	X X X			
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	25,126,561	208,435,645	118,306,222			351,868,428	74.52			351,868,428	X X X
11.2 Residential Mortgage-Backed Securities	21,847,791	38,316,067	18,345,880	16,623,767	6,197,857	101,331,362	21.46			101,331,362	X X X
11.3 Commercial Mortgage-Backed Securities											X X X
11.4 Other Loan-Backed and Structured Securities											X X X
11.5 Totals	46,974,352	246,751,712	136,652,102	16,623,767	6,197,857	453,199,790	95.98			453,199,790	X X X
11.6 Line 11.5 as a % of Col. 6	10.37	54.45	30.15	3.67	1.37	100.00	X X X	X X X	X X X	100.00	X X X
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	9.95	52.26	28.94	3.52	1.31	95.98	X X X	X X X	X X X	95.98	X X X
12. Total Privately Placed Bonds											
12.1 Issuer Obligations		7,337,856	11,628,022			18,965,878	4.02			X X X	18,965,878
12.2 Residential Mortgage-Backed Securities										X X X	
12.3 Commercial Mortgage-Backed Securities										X X X	
12.4 Other Loan-Backed and Structured Securities										X X X	
12.5 Totals		7,337,856	11,628,022			18,965,878	4.02			X X X	18,965,878
12.6 Line 12.5 as a % of Col. 6		38.69	61.31			100.00	X X X	X X X	X X X	X X X	100.00
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9		1.55	2.46			4.02	X X X	X X X	X X X	X X X	4.02

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year					
2. Cost of short-term investments acquired	714,836,029	714,836,029			
3. Accrual of discount	17,990	17,990			
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals	15,064	15,064			
6. Deduct consideration received on disposals	709,788,929	709,788,929			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	5,080,154	5,080,154			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	5,080,154	5,080,154			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

SI11 Schedule DB Part A Verification NONE

SI11 Schedule DB Part B Verification NONE

SI12 Schedule DB Part C Sn 1 - Rep. (Syn Asset) Transactions NONE

SI13 Schedule DB Part C Sn 2 - Rep. (Syn Asset) Transactions NONE

SI14 Schedule DB Verification NONE

SI15 Schedule E - Verification NONE

E01 Schedule A - Part 1 Real Estate Owned NONE

E02 Schedule A - Part 2 Real Estate Acquired NONE

E03 Schedule A - Part 3 Real Estate Disposed NONE

E04 Schedule B Part 1 - Mortgage Loans Owned NONE

E05 Schedule B Part 2 - Mortgage Loans Acquired NONE

E06 Schedule B Part 3 - Mortgage Loans Disposed NONE

E07 Schedule BA Part 1 - Long-Term Invested Assets Owned NONE

E08 Schedule BA Part 2 - Long-Term Invested Assets Acquired NONE

E09 Schedule BA Part 3 - Long-Term Invested Assets Disposed NONE

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Desig- nation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 F O R E I G N	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Stated Contractual Maturity Date
91324PBV3	UNITEDHEALTH GROUP INC				1FE	2,821,638	102.5370	2,819,776	2,750,000	2,819,022		(2,616)			2.880	2.570	MS	23,280	41,069	08/03/2012	03/15/2022
92343VAG9	VERIZON COMMUNICATIONS				1FE	2,383,460	117.3500	2,347,006	2,000,000	2,355,412		(28,048)			5.500	1.200	AO	27,500	55,000	08/23/2012	04/01/2017
92343VBC7	VERIZON COMMUNICATIONS				1FE	2,430,120	109.4020	2,406,835	2,200,000	2,420,798		(9,322)			3.500	2.240	MN	12,833	38,500	07/30/2012	11/01/2021
92343VBD5	VERIZON COMMUNICATIONS				1FE	2,612,450	103.4940	2,587,338	2,500,000	2,603,902		(8,548)			2.000	0.890	MN	8,333	25,000	08/31/2012	11/01/2016
92343VBH6	VERIZON COMMUNICATIONS				1FE	1,949,649	100.0250	1,950,489	1,950,000	1,949,667		18			0.700	0.710	MN	2,048		11/02/2012	11/02/2015
927804FC3	VIRGINIA ELEC & POWER CO				1FE	3,111,325	122.1750	3,054,378	2,500,000	3,074,064		(37,261)			5.950	0.940	MS	43,799	74,375	09/05/2012	09/15/2017
931142CJ0	WAL-MART STORES INC				1FE	2,799,970	122.5050	2,756,354	2,250,000	2,766,256		(33,714)			5.800	1.170	FA	49,300		08/30/2012	02/15/2018
983024AM2	WYETH LLC				1FE	1,994,709	118.1440	1,972,994	1,670,000	1,972,135		(22,574)			5.450	1.080	AO	22,744	45,508	08/30/2012	04/01/2017
3299999	Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					275,634,369	X X X	274,341,296	254,625,000	274,344,508		(1,289,855)			X X X	X X X	X X X	2,265,060	2,219,447	X X X	X X X
3899999	Subtotal - Industrial & Miscellaneous (Unaffiliated)					275,634,369	X X X	274,341,296	254,625,000	274,344,508		(1,289,855)			X X X	X X X	X X X	2,265,060	2,219,447	X X X	X X X
7799999	Subtotals - Issuer Obligations					367,194,015	X X X	365,845,235	344,798,500	365,754,153		(1,439,856)			X X X	X X X	X X X	2,506,125	2,454,308	X X X	X X X
7899999	Subtotals - Residential Mortgage-Backed Securities					101,474,352	X X X	101,484,365	94,204,972	101,331,362		(142,989)			X X X	X X X	X X X	312,321	1,053,037	X X X	X X X
8399999	Grand Total - Bonds					468,668,367	X X X	467,329,600	439,003,472	467,085,515		(1,582,845)			X X X	X X X	X X X	2,818,446	3,507,345	X X X	X X X

E11 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned NONE

E12 Schedule D - Part 2 Sn 2 Common Stocks Owned NONE

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
36176XKU2	GNMA POOL #779107 4.000% 04/15/42		08/14/2012	Barclay's	X X X	4,515,417	4,116,033.00	8,689
36179MC24	GNMA POOL #MA0089 4.000% 05/20/42		07/17/2012	Bank of America	X X X	9,225,505	8,382,655.00	15,834
36179ME22	GNMA POOL #MA0153 3.000% 06/20/42		07/17/2012	JP Morgan	X X X	14,724,337	13,959,819.00	19,776
36179ME30	GNMA POOL #MA0154 3.500% 06/20/42		07/17/2012	Bank of America	X X X	7,267,379	6,704,321.00	11,081
36179MMX5	GNMA POOL MA0374 2.500% 09/20/27		09/26/2012	JP Morgan	X X X	9,379,391	8,851,091.00	9,220
912828PB0	US TREASURY N/B 0.500% 10/15/13		07/26/2012	RBS Securities	X X X	20,071,942	20,000,000.00	28,142
912828TC4	US TREASURY N/B 1.000% 06/30/19		07/18/2012	Morgan Stanley	X X X	5,031,006	5,023,500.00	2,458
912828TQ3	US TREASURY N/B 0.250% 09/30/14		10/04/2012	Citigroup Global Markets	X X X	10,001,205	10,000,000.00	343
0599999 Subtotal - Bonds - U.S. Governments						80,216,182	77,037,419.00	95,543
Bonds - U.S. Special Revenue, Special Assessment								
3128M9DF6	FREDDIE MAC GOLD POOL G07002 4.500% 12/01/41		08/24/2012	JP Morgan	X X X	7,836,276	7,269,483.00	10,904
3128MJQK9	FREDDIE MAC GOLD POOL G085457 4.500% 08/01/41		08/15/2012	Citigroup Global Markets	X X X	8,143,667	7,593,163.00	11,390
3133EAZ84	FEDERAL FARM CREDIT BANK 1.290% 09/25/18		09/24/2012	Morgan Stanley	X X X	7,000,000	7,000,000.00	
3134G3H78	FREDDIE MAC 0.350% 12/05/14		10/04/2012	BARCLAY'S	X X X	11,803,280	11,800,000.00	4,359
3134G3M31	FREDDIE MAC 1.000% 09/27/17		09/13/2012	SG Americas	X X X	9,497,150	9,500,000.00	
3135G0AL7	FANNIE MAE 2.250% 03/15/16		08/24/2012	Direct	X X X	13,981,176	13,200,000.00	133,650
3137EACM9	FREDDIE MAC 1.750% 09/10/15		09/24/2012	Bank of America	X X X	14,173,887	13,650,000.00	9,953
3138EJJR0	FANNIE MAE POOL AL2071 5.500% 03/01/40		08/24/2012	Bank of America	X X X	7,991,479	7,262,918.00	13,315
3138LVK69	FNMA POOL A04816 2.500% 08/01/27		08/14/2012	JP Morgan	X X X	9,087,513	8,793,481.00	10,381
3138LVVX7	FNMA POOL AO5161 3.500% 06/01/27		09/24/2012	JP Morgan	X X X	3,494,807	3,252,401.00	4,743
31402CU67	FNMA POOL 725205 5.000% 03/01/34		09/24/2012	Deutsche Bank	X X X	4,200,058	3,817,150.00	5,302
31403DGY9	FNMA POOL 745515 5.000% 05/01/36		08/24/2012	Deutsche Bank	X X X	7,846,545	7,178,086.00	11,963
31410KJY1	FNMA POOL 889579 6.000% 05/01/38		08/14/2012	Bank of America	X X X	3,633,258	3,296,407.00	6,593
31410KXL3	FNMA POOL 889983 6.000% 10/01/38		09/24/2012	Morgan Stanley	X X X	4,128,721	3,727,965.00	6,213
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment						112,817,817	107,341,054.00	228,766
Bonds - Industrial and Miscellaneous (Unaffiliated)								
001055AH5	AFLAC INC 2.650% 02/15/17		08/30/2012	Various	X X X	3,808,083	3,650,000.00	18,156
00206RBD3	AT&T INC 3.000% 02/15/22		07/31/2012	Goldman Sachs	X X X	5,309,500	5,000,000.00	70,833
00440EAK3	ACE INA HOLDINGS 5.800% 03/15/18		08/23/2012	Wells Fargo	X X X	2,463,040	2,000,000.00	52,522
009158AQ9	AIR PRODUCTS & CHECMICALS 2.000% 08/02/16		08/20/2012	Bank of America	X X X	879,725	850,000.00	992
009158AS5	AIR PRODUCTS & CHECMICALS 1.200% 10/15/17		09/06/2012	Morgan Stanley	X X X	2,647,244	2,650,000.00	
021441AD2	ALTERA CORP 1.750% 05/15/17		09/04/2012	Goldman Sachs	X X X	2,556,275	2,500,000.00	14,462
0258M0DE6	AMERICAN EXPRESS CREDIT MTN 1.750% 06/12/15		08/14/2012	Citigroup Global Markets	X X X	4,594,680	4,500,000.00	14,875
032654AG0	ANALOG DEVICES 3.000% 04/15/16		09/25/2012	FTN Financial	X X X	2,154,960	2,000,000.00	27,167
03523TBE7	ANHEUSER-BUSCH INBEV WOR 7.750% 01/15/19		08/22/2012	Wells Fargo	X X X	4,504,898	3,380,000.00	30,561
03523TBN7	ANHEUSER-BUSCH INBEV WOR 1.375% 07/15/17		07/30/2012	Deutsche Bank	X X X	2,522,425	2,500,000.00	1,528
037411BB0	APACHE CORP 1.750% 04/15/17		08/30/2012	Bank of America	X X X	2,058,740	2,000,000.00	14,194
05531FAL7	BB&T CORPORATION MTN 1.600% 08/15/17		08/07/2012	Deutsche Bank	X X X	2,744,995	2,750,000.00	
05531FAM5	BB&T CORPORATION MTN 1.450% 01/12/18		11/14/2012	Deutsche Bank	X X X	1,647,954	1,650,000.00	
055482AJ2	BJ SERVICES CO 6.000% 06/01/18		08/23/2012	Sterne, Agee & Leach	X X X	2,470,160	2,000,000.00	29,000
06406HBX6	BANK OF NEW YORK MELLON MTN 2.300% 07/28/16		09/06/2012	Scott & Stringfellow	X X X	2,834,622	2,700,000.00	7,418
071813BD0	BAXTER INTERNATIONAL INC 1.850% 01/15/17		08/30/2012	Citigroup Global Markets	X X X	1,551,660	1,500,000.00	3,854
071813BF5	BAXTER INTERNATIONAL INC 2.400% 08/15/22		08/08/2012	UBS Securities	X X X	1,030,518	1,035,000.00	
075887BB4	BECTON DICKINSON 1.750% 11/08/16		09/25/2012	Bank of America	X X X	2,590,300	2,500,000.00	17,014
097014AK0	BOEING CAPITAL CORP 3.250% 10/27/14		08/13/2012	JP Morgan	X X X	1,058,680	1,000,000.00	9,840
110122AT5	BRISTOL-MYERS SQUIBB CO 2.000% 08/01/22		07/26/2012	Citigroup Global Markets	X X X	4,679,415	4,750,000.00	
111320AE7	BROADCOM CORP 2.700% 11/01/18		08/31/2012	Mesirow	X X X	1,338,513	1,250,000.00	11,719
111320AG2	BROADCOM CORP 144A 2.500% 08/15/22		08/13/2012	JP Morgan	X X X	1,191,060	1,200,000.00	
15189XAL2	CENTERPOINT ENER HOUSTON 2.250% 08/01/22		08/07/2012	RBS Securities	X X X	2,593,084	2,600,000.00	
171232AR2	CHUBB CORP 5.750% 05/15/18		08/16/2012	Barclay's	X X X	4,907,520	4,000,000.00	61,333

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
17275RAC6	CISCO SYSTEMS INC 5.500% 02/22/16		08/31/2012	Wells Fargo	X X X	2,911,775	2,500,000.00	5,347
191216AP5	COCA-COLA CO/THE 1.500% 11/15/15		08/31/2012	Various	X X X	3,095,177	3,003,000.00	13,513
191216AY6	COCA-COLA CO/THE 1.650% 03/14/18		08/13/2012	Morgan Stanley	X X X	1,032,810	1,000,000.00	6,967
22160KAD7	COSTCO WHOLESALE CORP 0.650% 12/07/15		11/28/2012	JP Morgan	X X X	3,870,389	3,875,000.00	
235851AL6	DANAHER CORP 2.300% 06/23/16		09/25/2012	Morgan Stanley	X X X	2,790,291	2,650,000.00	16,084
263534BQ1	E.I. DU PONT DE NEMOURS 5.250% 12/15/16		08/21/2012	Keybank	X X X	1,159,817	992,000.00	9,982
26442CAC8	DUKE ENERGY CAROLINAS 5.250% 01/15/18		08/31/2012	Wells Fargo	X X X	2,394,520	2,000,000.00	14,875
26442CAD6	DUKE ENERGY CAROLINAS 5.100% 04/15/18		09/25/2012	UBS Securities	X X X	4,786,080	4,000,000.00	92,367
26875PAH4	EOG Resources Inc 2.500% 02/01/16		10/22/2012	Merrill Lynch	X X X	430,354	409,000.00	2,386
278642AG8	EBAY INC 1.350% 07/15/17		08/13/2012	Wells Fargo	X X X	1,005,320	1,000,000.00	825
291011BC7	EMERSON ELECTRIC CO 4.250% 11/15/20		09/24/2012	FTN Financial	X X X	1,164,670	1,000,000.00	15,583
29736RAE0	ESTEE LAUDER CO INC 2.350% 08/15/22		07/30/2012	JP Morgan	X X X	1,648,532	1,650,000.00	
341081EZ6	FLORIDA POWER & LIGHT 5.550% 11/01/17		08/31/2012	Wells Fargo	X X X	2,448,680	2,000,000.00	38,542
354613AH4	FRANKLIN RESOURCES INC 1.375% 09/15/17		09/25/2012	Various	X X X	2,401,350	2,400,000.00	229
36962G6M1	GENERAL ELEC CAP CORP 1.000% 12/11/15		12/05/2012	Citigroup Global Markets	X X X	2,497,500	2,500,000.00	
373334JV4	GEORGIA POWER COMPANY 3.000% 04/15/16		08/31/2012	Various	X X X	1,347,549	1,250,000.00	14,688
373334JY8	GEORGIA POWER COMPANY 0.750% 08/10/15		08/07/2012	Various	X X X	1,124,269	1,125,000.00	
38141GGS7	GOLDMAN SACHS GROUP INC 5.750% 01/24/22		10/04/2012	JP Morgan	X X X	6,427,685	5,500,000.00	66,764
38143USC6	GOLDMAN SACHS GROUP INC 3.625% 02/07/16		08/23/2012	Goldman Sachs	X X X	2,581,400	2,500,000.00	5,286
437076AP7	HOME DEPOT INC 5.400% 03/01/16		09/10/2012	Wells Fargo	X X X	2,897,350	2,500,000.00	4,500
438516AX4	HONEYWELL INTERNATIONAL 5.300% 03/01/18		08/28/2012	FTN Financial	X X X	1,214,560	1,000,000.00	26,500
458140AH3	INTEL CORP 1.950% 10/01/16		09/25/2012	RBC Capital Markets	X X X	2,362,253	2,250,000.00	21,572
459200HC8	IBM CORP 1.250% 02/06/17		09/13/2012	Various	X X X	4,817,358	4,750,000.00	12,743
46625HJE1	JP MORGAN CHASE & CO 3.250% 09/23/22		10/04/2012	UBS Securities	X X X	4,602,375	4,500,000.00	6,500
48126EAA5	JPMORGAN CHASE & CO 2.000% 08/15/17		08/23/2012	Deutsche Bank	X X X	4,549,591	4,550,000.00	2,022
57629WBQ2	MASSMUTUAL GLOBAL FUNDING 144A 2.000% 04/05/17		09/25/2012	BARCLAY'S	X X X	2,598,700	2,500,000.00	24,028
57629WBR0	MASSMUTUAL GLOBAL FUNDING 144A 2.500% 10/17/22		10/10/2012	Deutsche Bank	X X X	2,977,650	3,000,000.00	
58013MEE0	MCDONALD'S CORP MTN 5.350% 03/01/18		09/05/2012	Stifel Nicolaus	X X X	2,430,020	2,000,000.00	2,675
585055AX4	MEDTRONIC INC 3.125% 03/15/22		08/30/2012	Various	X X X	2,673,725	2,500,000.00	32,552
58933YAC9	MERCK & CO INC 1.100% 01/31/18		09/25/2012	Morgan Stanley	X X X	2,501,825	2,500,000.00	1,146
59156RAU2	METLIFE INC 6.750% 06/01/16		09/25/2012	Various	X X X	6,878,778	5,750,000.00	115,359
59217GAG4	MET LIFE GLOBAL FUNDING I 144A 3.650% 06/14/18		09/25/2012	Wells Fargo	X X X	4,975,065	4,500,000.00	47,450
61166WAF8	MONSANTO CO 5.125% 04/15/18		08/13/2012	JP Morgan	X X X	497,411	415,000.00	7,149
637071AL5	NATIONAL OILWELL VARCO I 1.350% 12/01/17		11/15/2012	BARCLAY'S	X X X	999,030	1,000,000.00	
64952WAW3	NEW YORK LIFE GLOBAL FDG 144A 3.000% 05/04/15		08/23/2012	Jefferies & Co	X X X	4,780,350	4,500,000.00	42,750
665772CD9	NORTHERN STATES PWR-MINN 5.250% 03/01/18		09/04/2012	Various	X X X	2,424,418	2,000,000.00	1,750
665772CH0	NORTHERN STATES PWR-MINN 2.150% 08/15/22		08/06/2012	JP Morgan	X X X	1,971,998	1,975,000.00	
665859AN4	NORTHERN TRUST CORP 2.375% 08/02/22		07/30/2012	Bank of America	X X X	2,069,128	2,075,000.00	
674599CB9	OCCIDENTAL PETROLEUM COR 1.750% 02/15/17		08/30/2012	Bank of America	X X X	2,577,450	2,500,000.00	2,431
68389XAK1	ORACLE CORP 3.875% 07/15/20		08/31/2012	Various	X X X	2,854,188	2,500,000.00	9,149
68389XAN5	ORACLE CORP 1.200% 10/15/17		10/18/2012	JP Morgan	X X X	2,345,935	2,350,000.00	
693476BM4	PNC FUNDING CORP 2.700% 09/19/16		09/06/2012	Various	X X X	4,790,074	4,500,000.00	57,774
69351UAQ6	PPL ELECTRIC UTILITIES 2.500% 09/01/22		08/31/2012	Various	X X X	2,115,799	2,100,000.00	833
695114CH9	PACIFICORP 5.650% 07/15/18		09/06/2012	Keybank	X X X	3,074,800	2,500,000.00	21,972
713448CB2	PEPSICO INC 1.250% 08/13/17		08/08/2012	Direct	X X X	2,487,100	2,500,000.00	
717081AQ6	PFIZER INC 4.650% 03/01/18		08/30/2012	Stifel Nicolaus	X X X	2,044,543	1,750,000.00	904
717081DB6	PFIZER INC 6.200% 03/15/19		08/13/2012	Bank of America	X X X	1,279,030	1,000,000.00	26,006
718172AN9	PHILIP MORROS INTL INC 1.625% 03/20/17		07/30/2012	RBS Securities	X X X	2,559,000	2,500,000.00	14,896
718172AS8	PHILIP MORROS INTL INC 1.125% 08/21/17		08/14/2012	Deutsche Bank	X X X	2,225,813	2,250,000.00	
74005PBB9	PRAXAIR INC 2.200% 08/15/22		08/13/2012	Various	X X X	5,725,778	5,750,000.00	856
740189AJ4	PRECISION CASTPARTS CORP 0.700% 12/20/15		12/17/2012	Citigroup Global Markets	X X X	2,349,295	2,350,000.00	
742718DS5	PROCTER & GAMBLE CO 1.800% 11/15/15		09/05/2012	Various	X X X	2,595,873	2,500,000.00	14,078
771196AS1	ROCHE HLDGS INC 144A 6.000% 03/01/19		08/30/2012	Various	X X X	2,533,895	2,000,000.00	31,958
806605AJ0	MERCK & CO INC 6.000% 09/15/17		09/05/2012	Various	X X X	4,329,370	3,500,000.00	98,083

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	
828807BV8	SIMON PROPERTY GROUP 5.875% 03/01/17		09/13/2012	Various	X X X	2,226,318	1,896,000.00	5,260	
842400FJ7	SOUTHERN CAL EDISON 5.500% 08/15/18		09/04/2012	Wells Fargo	X X X	2,471,620	2,000,000.00	6,722	
857477AH6	STATE STREET CORP 2.875% 03/07/16		08/30/2012	Deutsche Bank	X X X	4,812,930	4,500,000.00	63,969	
863667AC5	STRYKER CORP 2.000% 09/30/16		08/22/2012	Various	X X X	4,902,944	4,725,000.00	38,588	
872540AM1	TJX COS INC 6.950% 04/15/19		08/15/2012	Keybanc	X X X	1,275,150	1,000,000.00	24,132	
87612EAP1	Target Corp 5.375% 05/01/17		08/30/2012	Various	X X X	2,701,485	2,250,000.00	23,142	
882508AU8	TEXAS INSTRUMENTS INC 1.650% 08/03/19		07/30/2012	JP Morgan	X X X	4,721,025	4,750,000.00		
89417EAC3	TRAVELERS COS INC MTN 5.750% 12/15/17		08/23/2012	Wells Fargo	X X X	2,478,359	2,000,000.00		
904764AP2	UNILEVER CAPITAL CORP 0.850% 08/02/17		08/22/2012	Bank of America	X X X	1,946,856	1,975,000.00	1,166	
911312AP1	UNITED PARCEL SERVICE 1.125% 10/01/17		09/25/2012	Various	X X X	5,078,284	5,075,000.00	78	
91159HHD5	US BANCORP MTN 1.650% 05/15/17		08/30/2012	Various	X X X	5,120,275	5,000,000.00	26,010	
913017BQ1	UNITED TECHNOLOGIES CORP 6.125% 02/01/19		07/26/2012	Credit Suisse	X X X	4,430,055	3,500,000.00	107,188	
91324PBV3	UNITEDHEALTH GROUP INC 2.875% 03/15/22		08/03/2012	UBS Securities	X X X	2,821,638	2,750,000.00	32,943	
92343VAG9	VERIZON COMMUNICATIONS 5.500% 04/01/17		08/23/2012	Wells Fargo	X X X	2,383,460	2,000,000.00	44,917	
92343VBC7	VERIZON COMMUNICATIONS 3.500% 11/01/21		07/30/2012	Credit Suisse	X X X	2,430,120	2,200,000.00	19,464	
92343VBD5	VERIZON COMMUNICATIONS 2.000% 11/01/16		08/31/2012	Credit Suisse	X X X	2,612,450	2,500,000.00	17,361	
92343VBH6	VERIZON COMMUNICATIONS 0.700% 11/02/15		11/02/2012	BARCLAY'S	X X X	1,949,649	1,950,000.00		
927804FC3	VIRGINIA ELEC & POWER CO 5.950% 09/15/17		09/05/2012	Wells Fargo	X X X	3,111,325	2,500,000.00	72,309	
931142CJ0	WAL-MART STORES INC 5.800% 02/15/18		08/30/2012	Various	X X X	2,799,970	2,250,000.00	4,189	
983024AM2	WYETH LLC 5.450% 04/01/17		08/30/2012	Stifel Nicolaus	X X X	1,994,698	1,670,000.00	38,934	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						275,634,358	254,625,000.00	1,842,914
8399997	Subtotal - Bonds - Part 3						468,668,357	439,003,473.00	2,167,223
8399998	Summary item from Part 5 for Bonds						274,322,956	271,522,619.00	460,125
8399999	Subtotal - Bonds						742,991,313	710,526,092.00	2,627,348
8999998	Summary Item from Part 5 for Preferred Stocks							X X X	
9799998	Summary Item from Part 5 for Common Stocks							X X X	
9899999	Subtotal - Preferred and Common Stocks							X X X	
9999999	Totals						742,991,313	X X X	2,627,348

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SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date
8399998	Summary Item from Part 5 for Bonds					273,380,960	271,522,619.00	274,322,956			(707,886)		(707,886)		273,615,065		(234,107)	(234,107)	777,445	X X X
8999998	Summary Item from Part 5 for Preferred Stocks						X X X													X X X
9799998	Summary Item from Part 5 for Common Stocks						X X X													X X X
9899999	Subtotal - Preferred and Common Stocks						X X X													X X X
9999999	Totals					273,380,960	X X X	274,322,956			(707,886)		(707,886)		273,615,065		(234,107)	(234,107)	777,445	X X X

SCHEDULE D - PART 5

Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F O R E I G N	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) Number of Shares (Stock)	9 Actual Cost	10 Consider- ation	11 Book/ Adjusted Carrying Value at Disposal	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends			
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (Col. 12+ 13-14)	16 Total Foreign Exchange Change in B./A.C.V.								
Bonds - U.S. Governments																							
36176XKU2	GNMA POOL #779107 4.000% 04/15/42		08/14/2012	Barclay's	12/01/2012	Paydown	276,021.000	302,804	276,021	276,021				(26,783)		(26,783)					1,667	583	
36179MC24	GNMA POOL #MA0089 4.000% 05/20/42		07/17/2012	Bank of America	12/01/2012	Paydown	663,956.000	730,715	663,956	663,956				(66,759)		(66,759)					7,812	1,254	
36179ME22	GNMA POOL #MA0153 3.000% 06/20/42		07/17/2012	JP Morgan	12/01/2012	Paydown	207,197.000	218,544	207,197	207,197				(11,347)		(11,347)					1,677	294	
36179ME30	GNMA POOL #MA0154 3.500% 06/20/42		07/17/2012	Bank of America	12/01/2012	Paydown	197,284.000	213,853	197,284	197,284				(16,569)		(16,569)					2,030	326	
36179MMX5	GNMA POOL MA0374 2.500% 09/20/27		09/26/2012	JP Morgan	12/01/2012	Paydown	92,682.000	98,214	92,682	92,682				(5,532)		(5,532)					289	97	
912828NY2	US TREASURY N/B 0.750% 09/15/13		07/26/2012	Morgan Stanley	09/26/2012	Various	50,000,000.000	50,314,621	50,277,567	50,279,998				(34,623)		(34,623)		(2,431)	(2,431)		183,485	136,549	
912828PB0	US TREASURY N/B 0.500% 10/15/13		07/26/2012	RBS Securities	10/04/2012	Various	30,000,000.000	30,107,913	30,092,087	30,091,564				(16,349)		(16,349)		523	523		69,945	42,213	
912828RK8	US TREASURY N/B 0.125% 09/30/13		07/26/2012	Credit Suisse	09/25/2012	Various	50,000,000.000	49,957,199	49,958,270	49,961,771				4,572		4,572		(3,501)	(3,501)		28,053	20,150	
912828RN2	US TREASURY N/B 0.250% 10/31/13		07/26/2012	RBC Capital Markets	09/26/2012	Various	50,000,000.000	50,027,511	50,026,825	50,024,497				(3,014)		(3,014)		2,328	2,328		47,196	29,891	
912828SV3	US TREASURY N/B 1.750% 05/15/22		07/17/2012	Bank of America	10/04/2012	Various	17,075,000.000	17,467,927	17,214,891	17,461,366				(6,561)		(6,561)		(246,475)	(246,475)		105,177	51,967	
912828TC4	US TREASURY N/B 1.000% 06/30/19		07/17/2012	Morgan Stanley	09/14/2012	Various	25,500,000.000	25,537,798	25,496,363	25,537,073				(724)		(724)		(40,710)	(40,710)		47,731	12,473	
912828TM2	US TREASURY N/B 0.625% 08/31/17		09/04/2012	Citigroup Global Markets	09/27/2012	Various	21,550,000.000	21,569,434	21,542,377	21,569,197				(237)		(237)		(26,820)	(26,820)		10,159	1,860	
0599999 Subtotal - Bonds - U.S. Governments							245,562,140.000	246,546,533	246,045,520	246,362,606				(183,926)		(183,926)		(317,086)	(317,086)		505,221	297,657	
Bonds - U.S. Special Revenue, Special Assessment																							
3128M9DF6	FREDDIE MAC GOLD POOL G07002 4.500% 12/01/41		08/24/2012	JP Morgan	12/01/2012	Paydown	1,120,086.000	1,207,418	1,120,086	1,120,086				(87,332)		(87,332)					8,389	1,680	
3128MJQK9	FREDDIE MAC GOLD POOL G085457 4.500% 08/01/41		08/15/2012	Citigroup Global Markets	12/01/2012	Paydown	886,361.000	950,622	886,361	886,361				(64,261)		(64,261)					7,612	1,330	
3134G3H78	FREDDIE MAC 0.350% 12/05/14		10/04/2012	BARCLAY'S	12/07/2012	Credit Suisse	3,200,000.000	3,200,890	3,202,350	3,200,816				(73)		(73)		1,533	1,533		3,175	1,182	
3138EJJR0	FANNIE MAE POOL AL2071 5.500% 03/01/40		08/24/2012	Bank of America	12/01/2012	Paydown	984,283.000	1,083,019	984,283	984,283				(98,736)		(98,736)					9,108	1,805	
3138LTBL1	FNMA POOL A02742 3.000% 05/01/27		08/14/2012	JP Morgan	09/14/2012	JP Morgan	3,052,973.000	3,207,053	3,232,335	3,207,053									25,282	25,282		4,325	4,325
3138LVK69	FNMA POOL A04816 2.500% 08/01/27		08/14/2012	JP Morgan	12/01/2012	Paydown	163,314.000	168,775	163,314	163,314				(5,461)		(5,461)					731	193	
3138LVWX7	FNMA POOL A05161 3.500% 06/01/27		09/24/2012	JP Morgan	12/01/2012	Paydown	32,970.000	35,427	32,970	32,970				(2,457)		(2,457)					138	48	
31402CU67	FNMA POOL 725205 5.000% 03/01/34		09/24/2012	Deutsche Bank	12/01/2012	Paydown	316,631.000	348,393	316,631	316,631				(31,762)		(31,762)					1,935	440	
31403DGY9	FNMA POOL 745515 5.000% 05/01/36		08/24/2012	Deutsche Bank	12/01/2012	Paydown	1,079,011.000	1,179,494	1,079,011	1,079,011				(100,483)		(100,483)					8,917	1,798	
31410KJY1	FNMA POOL 889579 6.000% 05/01/38		08/14/2012	Bank of America	12/01/2012	Paydown	524,922.000	578,563	524,922	524,922				(53,640)		(53,640)					5,330	1,050	
31410KXL3	FNMA POOL 889983 6.000% 10/01/38		09/24/2012	Morgan Stanley	12/01/2012	Paydown	399,928.000	442,920	399,928	399,928				(42,992)		(42,992)					2,992	667	
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment							11,760,479.000	12,402,574	11,942,191	11,915,375				(487,197)		(487,197)		26,815	26,815		52,652	14,518	
Bonds - Industrial and Miscellaneous (Unaffiliated)																							
002819AB6	ABBOTT LABORATORIES 5.600% 11/30/17		07/30/2012	BNY Mellon	12/10/2012	Call	1,250,000.000	1,531,713	1,537,713	1,513,501				(18,212)		(18,212)					36,944	12,056	

SCHEDULE D - PART 5

Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F O R E I G N	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) Number of Shares (Stock)	9 Actual Cost	10 Consider- ation	11 Book/ Adjusted Carrying Value at Disposal	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (Col. 12+ 13-14)	16 Total Foreign Exchange Change in B./A.C.V.					
039483BB7 ...	ARCHER-DANIELS-MIDLAND C 4.479% 03/01/21		07/30/2012	BNP Paribas	10/23/2012	Citigroup Global Markets	1,250,000.000	1,465,763	1,448,963	1,460,454		(5,308)		(5,308)		(11,492)	(11,492)	36,547	23,484	
38141GEA8 ..	GOLDMAN SACHS GROUP INC 5.125% 01/15/15		09/25/2012	Goldman Sachs	10/04/2012	Morgan Stanley	4,000,000.000	4,316,600	4,324,640	4,312,171		(4,429)		(4,429)		12,469	12,469	48,403	41,569	
46625HHR4 ..	JP MORGAN CHASE & CO 3.400% 06/24/15		09/25/2012	JP Morgan	10/04/2012	Morgan Stanley	4,500,000.000	4,767,030	4,789,260	4,763,872		(3,158)		(3,158)		25,388	25,388	45,050	39,950	
48126EAA5 ...	JPMORGAN CHASE & CO 2.000% 08/15/17		08/23/2012	Deutsche Bank	09/26/2012	JP Morgan	200,000.000	199,982	200,730	199,982						748	748	456	89	
74432NAA0 ..	PRUDENTIAL COVERED TRUST 144A 2.997% 09/30/15		08/23/2012	Deutsche Bank	12/11/2012	JP Morgan Redemption 100.0000	2,375,000.000	2,463,208	2,466,913	2,457,708		(5,500)		(5,500)		9,205	9,205	50,221	29,262	
74432NAA0 ..	PRUDENTIAL COVERED TRUST 144A 2.997% 09/30/15		08/23/2012	Deutsche Bank	09/30/2012	100.0000	125,000.000	129,643	125,000	129,485		(157)		(157)		(4,485)	(4,485)	1,873	1,540	
92343VBH6 ..	VERIZON COMMUNICATIONS 0.700% 11/02/15		11/02/2012	BARCLAY'S	11/09/2012	Wells Fargo	500,000.000	499,910	500,030	499,911		1		1		119	119	78		
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							14,200,000.000	15,373,849	15,393,249	15,337,084		(36,763)		(36,763)		56,164	56,164	219,572	147,950
8399998	Subtotal - Bonds							271,522,619.000	274,322,956	273,380,960	273,615,065		(707,886)		(707,886)		(234,107)	(234,107)	777,445	460,125
9999999	Totals								274,322,956	273,380,960	273,615,065		(707,886)		(707,886)		(234,107)	(234,107)	777,445	460,125

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
NONE									
1999999 Total - Preferred and Common Stocks X X X X X X ...

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....0.
2. Total amount of intangible assets nonadmitted \$.....0.

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total - Preferred and Common Stocks X X X X X X ...

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identi- fication	2 Description	Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest						21 Paid For Accrued Interest
		3 Code	4 For- eign					9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.			15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued	17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year	
8399999 Total Bonds																				
Exempt Money Market Mutual Funds																				
999592116	DREYFUS TRSY PRIME CASH MGMT	SD		12/31/2012	Various		5,080,154													
8899999 Subtotal - Exempt Money Market Mutual Funds																				5,080,154
9199999 Total Short-Term Investments																				5,080,154

E18 Schedule DB - Part A Sn 1 Opt/Cap/Floor/Collars/Swaps/Forwards Open NONE

E19 Schedule DB - Part A Sn 2 Opt/Cap/Floor/Collars/Swaps/Forwards Term. . . . NONE

E20 Schedule DB - Part B Sn 1 Future Contracts Open NONE

E21 Schedule DB - Part B Sn 2 Future Contracts Terminated NONE

E22 Schedule DB - Part D Counterparty Exposure for Derivative Instruments NONE

E23 Schedule DL - Part 1 - Securities Lending Collateral Assets NONE

E24 Schedule DL - Part 2 - Securities Lending Collateral Assets NONE

SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
open depositories						
First Republic Bank	San Francisco, California	12/31/2012			16,012,175	X X X
0199998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories						
			X X X			X X X
0199999 Totals - Open Depositories						
			X X X		16,012,175	X X X
0299998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories						
			X X X			X X X
0299999 Totals - Suspended Depositories						
			X X X			X X X
0399999 Total Cash On Deposit						
			X X X		16,012,175	X X X
0499999 Cash in Company's Office						
			X X X	X X X	X X X	X X X
0599999 Total Cash						
			X X X		16,012,175	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	4. April	7. July	10. October	20,762,255
2. February	5. May	8. August	11. November	18,980,268
3. March	6. June	9. September	12. December	16,012,175
				27,040,226
				24,450,512
				22,521,091

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents							

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

	1 States. Etc.	2 Type of Deposit	3 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
				3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)	B	STATUTORY REQUIREMENT, FINANCIAL GUARANTY			110,012	110,025
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)	B	STATUTORY REQUIREMENT, FINANCIAL GUARANTY			105,011	105,025
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)	O	STATUTORY REQUIREMENT, FINANCIAL GUARANTY	2,040,716	2,041,587		
34.	North Carolina (NC)	B	STATUTORY REQUIREMENT, FINANCIAL GUARANTY			210,022	210,049
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)						
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)	B	STATUTORY REQUIREMENT, FINANCIAL GUARANTY			550,058	550,129
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)						
55.	U.S. Virgin Islands (VI)						
56.	Northern Mariana Islands (MP)						
57.	Canada (CAN)						
58.	Aggregate Alien and Other (OT)	X X X	X X X				
59.	Total	X X X	X X X	2,040,716	2,041,587	975,103	975,228
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X				

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