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ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

Maine Employers' Mutual Insurance Company

NAIC Group Code 1332 (Current Period), 1332 (Prior Period) NAIC Company Code 11149 Employer's ID Number 01-0476508

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

Country of Domicile US

Incorporated/Organized November 13, 1992 Commenced Business January 1, 1993

Statutory Home Office 261 Commercial Street, Portland, Maine, US 04101
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 261 Commercial Street, Portland, Maine, US 04101 (Street and Number, City or Town, State, Country and Zip Code) 207-791-3300 (Area Code) (Telephone Number)

Mail Address 261 Commercial Street, PO Box 11409, Portland, Maine, US 04104-1409
(Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 261 Commercial Street, Portland, Maine, US 04101
(Street and Number, City or Town, State, Country and Zip Code)
207-791-3300
(Area Code) (Telephone Number)

Internet Website Address www.memic.com

Statutory Statement Contact Eileen M Fongemie (Name) 207-791-3330 (Area Code) (Telephone Number) (Extension)

efongemie@memic.com (E-Mail Address) 207-791-3469 (Fax Number)

OFFICERS

John Thomas Leonard (President & CEO)
Daniel Joseph McGarvey (Sr Vice-Pres CFO & Treasurer)
Michael Peter Bourque (Sr Vice-Pres External Affairs, Secretary)

OTHER OFFICERS

Gary Richard Baxter (Sr Vice-Pres & Chief Information Officer)
Donald Vernon Hale (Sr Vice-Pres Underwriting)
Catherine Flaherty Lamson (Sr Vice-Pres & Chief Admin Officer)
John Francis Marr (Sr Vice-Pres Claims)
Gregory Grant Jamison (Asst Vice-Pres Underwriting)
Jeffrey David Funk# (Asst Vice-Pres Underwriting)
Karl Van Siegfried# (Asst Vice-Pres Loss Control)
Matthew Howard Harmon# (Asst Vice-Pres Claims Operations)
Daniel Gordon Smith# (Asst Vice-Pres Claims Operations)

DIRECTORS OR TRUSTEES

State of Maine
County of Cumberland } SS

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

John Thomas Leonard President & CEO	Daniel Joseph McGarvey Sr Vice-Pres CFO & Treasurer	Michael Peter Bourque Sr Vice-Pres External Affairs, Secretary

Subscribed and sworn to before me this
15th 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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col 1 - Col 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	465,154,749		465,154,749	474,467,703
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	185,703,857		185,703,857	144,763,438
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 $ .... encumbrances)				
4.2 Properties held for the production of income (less $ .... encumbrances)				
4.3 Properties held for sale (less $ .... encumbrances)				
5. Cash ($ 1,264,117 , Schedule E - Part 1), cash equivalents ($ .... , Schedule E - Part 2) and short-term investments ($ 12,143,381 , Schedule DA)	13,407,498		13,407,498	10,520,911
6. Contract loans (including $ .... premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	11,529,661		11,529,661	11,162,386
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	8,294,790		8,294,790	6,077,872
12. Subtotals, cash and invested assets (Line 1 through Line 11)	684,090,555		684,090,555	646,992,310
13. Title plants less $ .... charged off (for Title insurers only)				
14. Investment income due and accrued	5,180,869		5,180,869	5,474,101
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	7,751,364	1,438,982	6,312,382	6,574,172
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)	34,309,723	75,736	34,233,987	32,319,135
15.3 Accrued retrospective premiums	56,027	5,603	50,424	11,152
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	590,379		590,379	1,244,633
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				6,122,963
18.2 Net deferred tax asset	20,626,330	4,150,796	16,475,534	16,814,093
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	802,061	351,510	450,551	404,546
21. Furniture and equipment, including health care delivery assets ($ ....)	1,060,335	1,060,335		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	2,361,323	493,792	1,867,531	463,962
24. Health care ($ ....) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	842,960	837,764	5,196	4,784
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	757,671,926	8,414,518	749,257,408	716,425,851
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	757,671,926	8,414,518	749,257,408	716,425,851
DETAILS OF WRITE-INS				
1101. Other investment in mutual funds	8,294,790		8,294,790	6,077,872
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	8,294,790		8,294,790	6,077,872
2501. Equities in Pools	5,196		5,196	4,784
2502. Prepaids and other assets	837,764	837,764		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	842,960	837,764	5,196	4,784

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	287,330,381	296,440,251
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Columnn 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	34,495,446	33,453,824
4.	Commissions payable, contingent commissions and other similar charges	6,108,878	5,062,082
5.	Other expenses (excluding taxes, licenses and fees)	17,488,707	13,886,522
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,635,033	1,209,562
7.1	Current federal and foreign income taxes (including $ .... on realized capital gains (losses))	1,197,285	
7.2	Net deferred tax liability		
8.	Borrowed money $ .... and interest thereon $		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ .... 854,246 and including warranty reserves of $ .... and accrued accident and health experience rating refunds including $ .... for medical loss ratio rebate per the Public Health Service Act)	59,887,611	59,738,660
10.	Advance premium	1,382,412	1,213,279
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	656,393	615,309
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	2,185,335	2,578,209
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ .... 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 $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	842,038	1,110,879
26.	Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	413,209,519	415,308,577
27.	Protected cell liabilities		
28.	Total liabilities (Line 26 and Line 27)	413,209,519	415,308,577
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	711,539	
33.	Surplus notes		
34.	Gross paid in and contributed surplus	3,196,888	3,207,180
35.	Unassigned funds (surplus)	332,139,462	297,910,094
36.	Less treasury stock, at cost:		
	36.1 .... shares common (value included in Line 30 $ ....)		
	36.2 .... shares preferred (value included in Line 31 $ ....)		
37.	Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39)	336,047,889	301,117,274
38.	Totals (Page 2, Line 28, Column 3)	749,257,408	716,425,851

DETAILS OF WRITE-INS

2501.	Provision for contingent losses of subsidiary	818,665	1,087,506
2502.	Return capital contribution payable	23,373	23,373
2503.			
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	842,038	1,110,879
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		
3201.	Deferred unrealized gains on bonds transferred to subsidiaries	711,539	
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)	711,539	

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	126,374,464	122,698,571
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	63,318,718	78,723,277
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	13,419,240	12,298,740
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	31,039,235	27,238,746
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Line 2 through Line 5)	107,777,193	118,260,763
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	18,597,271	4,437,808
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	21,073,992	21,203,217
10.	Net realized capital gains (losses) less capital gains tax of $ (Exhibit of Capital Gains (Losses))	3,188,512	7,015,131
11.	Net investment gain (loss) (Line 9 plus Line 10)	24,262,504	28,218,348
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 92,970 ,amount charged off $ 269,885)	(176,915)	(334,621)
13.	Finance and service charges not included in premiums	196,797	190,164
14.	Aggregate write-ins for miscellaneous income	(12,000)	(10,500)
15.	Total other income (Line 12 through Line 14)	7,882	(154,957)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	42,867,657	32,501,199
17.	Dividends to policyholders	13,000,000	12,055,419
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)	29,867,657	20,445,780
19.	Federal and foreign income taxes incurred	6,527,065	2,444,293
20.	Net income (Line 18 minus Line 19) (to Line 22)	23,340,592	18,001,487
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	301,117,274	285,896,940
22.	Net income (from Line 20)	23,340,592	18,001,487
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 3,142,987	9,471,832	(4,627,790)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(997,352)	(2,779,040)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	2,414,296	4,640,633
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	(10,292)	(14,956)
	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 Line 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	711,539	
38.	Change in surplus as regards policyholders for the year (Line 22 through Line 37)	34,930,615	15,220,334
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	336,047,889	301,117,274
	DETAILS OF WRITE-INS		
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401.	Other expense	(12,000)	(10,500)
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	(12,000)	(10,500)
3701.	Deferred unrealized gains on bonds transferred to subsidiaries	711,539	
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	711,539	

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	124,586,760	121,841,815
2. Net investment income	23,542,743	23,405,942
3. Miscellaneous income	7,881	(154,956)
4. Total (Line 1 through Line 3)	148,137,384	145,092,801
5. Benefit and loss related payments	71,774,334	77,070,848
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	39,753,370	36,573,536
8. Dividends paid to policyholders	13,000,811	12,055,380
9. Federal and foreign income taxes paid (recovered) net of $ ....tax on capital gains (losses)	(793,183)	6,424,766
10. Total (Line 5 through Line 9)	123,735,332	132,124,530
11. Net cash from operations (Line 4 minus Line 10)	24,402,052	12,968,271
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	75,338,818	112,354,551
12.2 Stocks	7,884,860	11,403,715
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	83,223,678	123,758,266
13. Cost of investments acquired (long-term only):		
13.1 Bonds	85,135,401	108,912,588
13.2 Stocks	16,596,368	34,289,892
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		5,100,000
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	101,731,769	148,302,480
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)	(18,508,091)	(24,544,214)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	(10,292)	(14,956)
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)	(2,997,082)	979,955
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(3,007,374)	964,999
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	2,886,587	(10,610,944)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	10,520,911	21,131,855
19.2 End of year (Line 18 plus Line 19.1)	13,407,498	10,520,911

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

20.0001 Non-cash capital contribution of bonds to subsidiaries	(19,773,609)	
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 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				
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	126,154,292	59,589,349	59,680,834	126,062,807
17.1 Other liability - occurrence				
17.2 Other liability - claims-made	325,488	136,920	150,750	311,658
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	126,479,780	59,726,269	59,831,584	126,374,465
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire					
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					
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	59,736,861			(56,027)	59,680,834
17.1 Other liability - occurrence					
17.2 Other liability - claims-made	150,750				150,750
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	59,887,611			(56,027)	59,831,584
36. Accrued retrospective premiums based on experience					56,027
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through Line 37)					59,887,611
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page					
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
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						
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	128,166,728		294,884		2,307,320	126,154,292
17.1 Other liability - occurrence						
17.2 Other liability - claims-made	2,184,866				1,859,378	325,488
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	XXX					
32. Reinsurance - Nonproportional Assumed Liability	XXX					
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	130,351,594		294,884		4,166,698	126,479,780
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page						
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)						

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	 2 Reinsurance Assumed	 3 Reinsurance Recovered	 4 Net Payments (Columns 1 plus 2 minus 3)	5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 plus 5 minus 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
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								
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	73,947,074	103,747	1,640,499	72,410,322	287,027,280	296,337,046	63,100,556	50.1
17.1 Other liability - occurrence								
17.2 Other liability - claims-made	363,305		345,036	18,269	303,097	103,205	218,161	70.0
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	XXX							
32. Reinsurance- Nonproportional Assumed Liability	XXX							
33. Reinsurance- Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	74,310,379	103,747	1,985,535	72,428,591	287,330,377	296,440,251	63,318,717	50.1
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page								
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	Net Unpaid Loss Adjustment Expenses
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									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation	81,938,587	566,069	8,605,050	73,899,606	220,588,331	910,822	8,371,479	287,027,280	34,495,446
17.1 Other liability - occurrence									
17.2 Other liability - claims-made	280,151		259,035	21,116	4,453,529		4,171,548	303,097	
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	XXX				XXX				
32. Reinsurance- Nonproportional Assumed Liability	XXX				XXX				
33. Reinsurance- Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	82,218,738	566,069	8,864,085	73,920,722	225,041,860	910,822	12,543,027	287,330,377	34,495,446
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	6,420,789			6,420,789
1.2 Reinsurance assumed	(69,946)			(69,946)
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	6,350,843			6,350,843
2. Commission and brokerage:				
2.1 Direct excluding contingent		6,199,667		6,199,667
2.2 Reinsurance assumed excluding contingent		(243,579)		(243,579)
2.3 Reinsurance ceded excluding contingent				
2.4 Contingent - direct		4,014,693		4,014,693
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		9,970,781		9,970,781
3. Allowances to manager and agents				
4. Advertising		908,727		908,727
5. Boards, bureaus and associations		988,432		988,432
6. Surveys and underwriting reports	159			159
7. Audit of assureds' records		527,381		527,381
8. Salary and related items:				
8.1 Salaries	3,384,642	7,245,929	90,449	10,721,020
8.2 Payroll taxes	232,614	501,045	4,827	738,486
9. Employee relations and welfare	1,856,252	3,470,432	71,691	5,398,375
10. Insurance	34,454	92,824	3,132	130,410
11. Directors' fees	60,133	110,782	7,993	178,908
12. Travel and travel items	133,833	631,586	9,591	775,010
13. Rent and rent items	280,548	400,210		680,758
14. Equipment	329,510	767,932	8,195	1,105,637
15. Cost or depreciation of EDP equipment and software	67,501	117,486	421	185,408
16. Printing and stationery	92,344	186,169	1,370	279,883
17. Postage, telephone and telegraph, exchange and express	227,810	442,951	11,245	682,006
18. Legal and auditing	109,151	314,316	1,249,674	1,673,141
19. Totals (Line 3 through Line 18)	6,808,951	16,706,202	1,458,588	24,973,741
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $		2,389,236		2,389,236
20.2 Insurance department licenses and fees	27,846	1,317,009	2,936	1,347,791
20.3 Gross guaranty association assessments		(19,110)		(19,110)
20.4 All other (excluding federal and foreign income and real estate)	39,612	78,026	1,256	118,894
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	67,458	3,765,161	4,192	3,836,811
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	191,989	597,090	2,076	791,155
25. Total expenses incurred	13,419,241	31,039,234	1,464,856	(a) 45,923,331
26. Less unpaid expenses - current year	34,495,446	25,233,696		59,729,142
27. Add unpaid expenses - prior year	33,453,824	19,937,154		53,390,978
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	12,377,619	25,742,692	1,464,856	39,585,167
DETAILS OF WRITE-INS				
2401. Outside services and other expenses	191,989	597,090	2,076	791,155
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	191,989	597,090	2,076	791,155

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 1,442,318	1,228,945
1.1	Bonds exempt from U.S. tax	(a) 7,954,641	7,864,636
1.2	Other bonds (unaffiliated)	(a) 11,038,722	11,043,171
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	2,090,034	2,095,143
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) 16,733	17,321
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	289,632	289,632
10.	Total gross investment income	22,832,080	22,538,848
11.	Investment expenses		(g) 1,464,855
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 (Line 11 through Line 15)		1,464,855
17.	Net investment income (Line 10 minus Line 16)		21,073,993
	DETAILS OF WRITE-INS		
0901.	Other investment income	289,632	289,632
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	289,632	289,632
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes $ 374,743 accrual of discount less $ 2,550,262 amortization of premium and less $ 317,012 paid for accrued interest on purchases.
(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued dividends on purchases.
(c) Includes $ 317 accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.
(e) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.
(f) Includes $ .... accrual of discount less $ .... amortization of premium.
(g) Includes $ .... investment expenses and $ .... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ .... interest on surplus notes and $ .... interest on capital notes.
(i) Includes $ .... depreciation on real estate and $ .... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Col. 1 + Col. 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	156,683		156,683		
1.1	Bonds exempt from U.S. tax	619,067		619,067		
1.2	Other bonds (unaffiliated)	1,648,237		1,648,237	415,600	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	53		53		
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,074,636	(525)	1,074,111	8,564,361	
2.21	Common stocks of affiliates				3,085,624	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets				367,275	
9.	Aggregate write-ins for capital gains (losses)	401,899	(711,538)	(309,639)	181,959	
10.	Total capital gains (losses)	3,900,575	(712,063)	3,188,512	12,614,819	
	DETAILS OF WRITE-INS					
0901.	Other investment in mutual funds	401,899		401,899	181,959	
0902.	Deferred bonds transferred included in real gains		(711,538)	(711,538)		
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	401,899	(711,538)	(309,639)	181,959	

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
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 (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,438,982	1,007,172	(431,810)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	75,736	53,009	(22,727)
15.3 Accrued retrospective premiums	5,603	1,239	(4,364)
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	4,150,796	7,952,576	3,801,780
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	351,510	486,892	135,382
21. Furniture and equipment, including health care delivery assets	1,060,335	442,914	(617,421)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates	493,792	198,100	(295,692)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	837,764	686,910	(150,854)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	8,414,518	10,828,812	2,414,294
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	8,414,518	10,828,812	2,414,294
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. Prepaids and other assets	837,764	686,910	(150,854)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	837,764	686,910	(150,854)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices, Impact of NAIC/State Differences

The accompanying financial statements of Maine Employers' Mutual Insurance Company (Company) have been prepared on the basis of accounting practices prescribed or permitted by the Maine Bureau of Insurance.

The State of Maine requires insurance companies domiciled in the State of Maine to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Maine Bureau of Insurance. The Maine Bureau of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maine. There are no differences between the Company's net income, capital and surplus as recognized under NAIC SAP and the practices prescribed and permitted by the State of Maine.

Description	State	2012	2011
1. Net Income, state basis	ME	23,340,592	18,001,487
2. Effect of state prescribed practices		-	-
3. Effect of state permitted practices		-	-
4. Net Income, NAIC SAP basis		23,340,592	18,001,487

Description	State	2012	2011
5. Policyholders' surplus, state basis	ME	336,047,889	301,117,274
6. Effect of state prescribed practices		-	-
7. Effect of state permitted practices		-	-
8. Policyholders' surplus, NAIC SAP basis		336,047,889	301,117,274

B. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

C. Accounting Policies

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

Net investment income earned consists primarily of interest and dividends less investment related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.

2. Investment grade non-loan-backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.

3. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value. Investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

4. The Company no longer holds any investment of non investment grade perpetual or redeemable preferred stocks.

5. The Company does not have any mortgage loans on real estate.

6. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

7. Investment in subsidiaries and affiliated companies are stated as follows:

   Insurance subsidiaries (MEMIC Indemnity Company and MEMIC Casualty Company) are stated at statutory equity value. The Company carries MEMIC Services, Inc., a 100% owned non-insurance subsidiary at a statutory equity

NOTES TO FINANCIAL STATEMENTS

balance of $(818,665) and Casco View Holdings, LLC (CVH), a 100% owned non-insurance subsidiary at a US GAAP equity balance of $11,529,661.

8. The Company has a minor ownership interest in a joint venture. The Company carries its interests in the joint venture at US GAAP equity of the investee.

9. The Company does not currently participate in any derivative transactions.

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with NAIC SSAP No. 53, Property Casualty Contracts Premiums.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. The Company uses the same methodology for any related losses and loss/claims adjustment expenses related to potential claims resulting from toxic waste cleanup, asbestos-related illness or other environmental remediation exposures.

12. The Company has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

13. Not applicable as the Company does not write major medical insurance with prescription drug coverage.

Note 2 - Accounting Changes and Corrections of Errors

A. The Company adopted the provisions of SSAP 101 *Income Taxes A Replacement of SSAP 10R and SSAP 10*, effective January 1, 2012. SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets. The difference between the recalculated amounts as of January 1, 2012, and the amount actually reported in the prior year financial statements is treated as a change in accounting principle in accordance with SSAP 3 *Accounting Changes and Corrections of Errors.* The cumulative effect of this change in accounting principle resulted in a $0 increase in unassigned funds as of January 1, 2012.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

B. Statutory Mergers

Not applicable

C. Writedowns for Impairment of Investments in Affiliates

Not applicable (see Note 10J)

Note 4 - Discontinued Operations

A. Not applicable

Note 5 – Investments

A. Mortgage Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

Not applicable

D. Loan-Backed and Structured Securities

1. The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources which include broker dealer survey values. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

2. The following table summarizes by quarter other-than-temporary (OTTI) for loan-backed securities recorded during the year because the Company had either the intent to sell the securities or the inability or lack of intent to retain as cited in the table:

NOTES TO FINANCIAL STATEMENTS

	1 Amortized Cost Before OTTI	2 OTTI Recognized	3 Fair Value 1 - 2
OTTI recognized 1st quarter			
a. Intent to sell			
b. Inability or lack of intent to retain investment in security for period of time sufficient to recover amortized cost basis			
c. Total 1st quarter			
OTTI recognized 2nd quarter			
d. Intent to sell			
e. Inability or lack of intent to retain investment in security for period of time sufficient to recover amortized cost basis			
f. Total 2nd quarter		None	
OTTI recognized 3rd quarter			
g. Intent to sell			
h. Inability or lack of intent to retain investment in security for period of time sufficient to recover amortized cost basis			
i. Total 3rd quarter			
OTTI recognized 4th quarter			
j. Intent to sell			
k. Inability or lack of intent to retain investment in security for period of time sufficient to recover amortized cost basis			
l. Total 4th quarter			
m. Annual aggregate total		None	

3. The following table summarizes other–than-temporary impairments (OTTI) for loan-backed and structured securities held at the end of the year recorded based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities. There was no other-than-temporary impairment recorded on the one security the company holds during 2012. The current fair value of this security at December, 31, 2012 is $744,233.

CUSIP	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Recognized	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date of Finanical Statement Where Reported
68383NCX9	2,209,427	2,012,788	196,639	2,012,788	1,571,028	12/31/2009
68383NCX9	1,737,020	1,600,690	136,330	1,600,690	1,266,695	6/30/2010
68383NCX9	1,462,072	998,214	327,527	1,134,545	1,095,810	12/31/2010
Total	XXX	XXX	660,496	XXX	XXX	XXX

4. Loan-backed and structured securities in unrealized loss positions as of year-end, stratified based on length of time continuously in these unrealized loss positions, are as follows:

a.	**Aggregate amount of unrealized loss**	
	1. Less than twelve months	14,283
	2. Twelve months or longer	49,824
	3. Total	**64,107**
b.	**Aggregate fair value of securities with unrealized loss**	
	1. Less than twelve months	4,978,201
	2. Twelve months or longer	1,039,160
	3. Total	**6,017,361**

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether

to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detail analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

Not applicable

G. Low Income Housing Tax Credits

Not applicable

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

Not applicable

B. Writedowns for Impairments of Joint Ventures, Partnerships and LLCs

Not applicable

Note 7 - Investment Income

A. Accrued Investment Income

The Company has recognized all investment income due and accrued in the financial statements. There are no circumstances that prevent recognition of investment income in the financial statements.

B. Amounts Nonadmitted

Not applicable

Note 8 - Derivative Instruments

A. Not applicable

Derivatives	Notional Amount	Number of Contracts	B/ACV	Fair Value
Written call options				
Totals	None			

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

		2012		
		1 Ordinary	2 Capital	3 (Col 1+2) Total
a.	Gross deferred tax assets	26,470,019	4,609,314	31,079,333
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	26,470,019	4,609,314	31,079,333
d.	Deferred tax assets nonadmitted	3,528,177	622,619	4,150,796
e.	Subtotal net admitted deferred tax asset (1c - 1d)	22,941,842	3,986,695	26,928,537
f.	Deferred tax liabilities	325,655	10,127,348	10,453,003
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	22,616,187	(6,140,653)	16,475,534
		2011		
		4 Ordinary	5 Capital	6 (Col 4+5) Total
a.	Gross deferred tax assets	26,538,673	5,649,469	32,188,142
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	26,538,673	5,649,469	32,188,142
d.	Deferred tax assets nonadmitted	9,432,929	(1,480,352)	7,952,577
e.	Subtotal net admitted deferred tax asset (1c - 1d)	17,105,744	7,129,821	24,235,565
f.	Deferred tax liabilities	291,651	7,129,821	7,421,472
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	16,814,093	-	16,814,093
		Change		
		7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a.	Gross deferred tax assets	(68,654)	(1,040,155)	(1,108,809)
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	(68,654)	(1,040,155)	(1,108,809)
d.	Deferred tax assets nonadmitted	(5,904,752)	2,102,971	(3,801,781)
e.	Subtotal net admitted deferred tax asset (1c - 1d)	5,836,098	(3,143,126)	2,692,972
f.	Deferred tax liabilities	34,004	2,997,527	3,031,531
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	5,802,094	(6,140,653)	(338,559)

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

	2012		
	1	2	3
			(Col 1+2)
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	7,406,747	-	7,406,747
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:	9,068,787	-	9,068,787
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	9,068,787	-	9,068,787
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	
c. Adjusted gross deferred taxe assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	325,655	10,127,348	10,453,003
d. Deferred tax assets admitted as the result of application of SSAP101 Total 2(a)+2(b)+2(c)	16,801,189	10,127,348	26,928,537
	2011		
	4	5	6
			(Col 4+5)
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	11,032,990	-	11,032,990
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:	5,781,103	-	5,781,103
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,781,103	-	5,781,103
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	
c. Adjusted gross deferred taxe assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	291,651	7,129,821	7,421,472
d. Deferred tax assets admitted as the result of application of SSAP101 Total 2(a)+2(b)+2(c)	17,105,744	7,129,821	24,235,565
	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	(3,626,243)	-	(3,626,243)
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:	3,287,684	-	3,287,684
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	3,287,684	-	3,287,684
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	
c. Adjusted gross deferred taxe assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	34,004	2,997,527	3,031,531
d. Deferred tax assets admitted as the result of application of SSAP101 Total 2(a)+2(b)+2(c)	(304,555)	2,997,527	2,692,972

3. Other Admissibility Criteria

	2012	2011
[illegible]	[illegible]	[illegible]
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	47,868,271	42,584,795

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

	2012			2011			Change		
	1	2	3 (Col 1+2)	1	2	3 (Col 1+2)	1	2	3 (Col 1+2)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	0.0%	14.8%	14.8%	0.0%	17.6%	17.6%	0.0%	-2.8%	-2.8%
b. Net admitted adjusted gross DTAs (% of total net admitted DTAs)	0.0%	28.0%	28.0%	0.0%	33.6%	33.6%	0.0%	-5.6%	-5.6%
c. Does the company's tax planning strategies include the use of reinsurance?							Yes [ ] No [X]		

B. Deferred Tax Liabilities Not Recognized

Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2012	2 2011	3 (Col 1 - 2) Change
a. Federal	6,532,065	2,444,293	4,087,772
b. Foreign	-	-	-
c. Subtotal	6,532,065	2,444,293	4,087,772
d. Federal income tax on net capital gains		(666,439)	666,439
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and Foreign income taxes incurred	6,532,065	1,777,854	4,754,211

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1 2012	2 2011	3 (Col 1 - 2) Change
a. Ordinary			
1. Discounting of unpaid losses	16,580,711	17,627,076	(1,046,365)
2. Unearned premium reserves	4,288,901	4,266,636	22,265
3. Policyholder reserves	-	-	-
4. Investments	-	-	-
5. Deferred acquisition costs	-	-	-
6. Policyholder dividends accrual	-	-	-
7. Fixed assets	-	-	-
8. Compensation and benefits accrual			-
9. Pension accrual	4,004,676	3,337,279	667,397
10. Receivables - nonadmitted	-	-	-
11. Net operating loss carry-forward	-	-	-
12. Tax credit carry-forward	-	-	-
13. Other (including items < 5% of total ordinary tax assets)	1,595,731	1,307,682	288,049
14. Other assets - nonadmitted	-	-	-
99. Subtotal	26,470,019	26,538,673	(68,654)
b. Statutory Valuation allowance adjustment	-	-	-
c. Nonadmitted	3,528,177	9,432,929	(5,904,752)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	22,941,842	17,105,744	5,836,098
e. Capital:			
1. Investments	4,609,314	5,649,469	(1,040,155)
2. Net capital loss carry-forward	-	-	-
3. Real estate	-	-	-
4. Other (including items < 5% of total capital tax assets)	-	-	-
99. Subtotal	4,609,314	5,649,469	(1,040,155)
f. Statutory Valuation allowance adjustment	-	-	-
g. Nonadmitted	622,619	(1,480,352)	2,102,971
h. Admitted capital deferred tax assets (2e99-2f-2g)	3,986,695	7,129,821	(3,143,126)
i. Admitted deferred tax assets (2d+2h)	26,928,537	24,235,565	2,692,972

3. Deferred Tax Liabilities

	1 2012	2 2011	3 (Col 1 - 2) Change
a. Ordinary:			
1. Investments	232,023	218,592	13,431
2. Fixed Assets	93,632	73,059	20,573
3. Deferred and uncollected premium	-	-	-
4. Policyholder reserves	-	-	-
5. Other (including items <5% of total ordinary tax assets)	-	-	-
6. Additional acquisition costs-installment premiums	-	-	-
7. Discount of accrued salvage and subrogation	-	-	-
8. Guaranty funds receivable	-	-	-
99. Subtotal	325,655	291,651	34,004
b. Capital:			
1. Investments	10,127,348	7,129,821	2,997,527
2. Real estate	-	-	-
3. Other (including items < 5% of total capital tax assets)	-	-	-
99. Subtotal	10,127,348	7,129,821	2,997,527
c. Deferred tax liabilities (3a99+3b99)	10,453,003	7,421,472	3,031,531

4. Net Deferred Tax Assets

Net Deferred Tax Assets/Liabilities (2i-3c)	16,475,534	16,814,093	(338,559)

NOTES TO FINANCIAL STATEMENTS

D. Reconciliation of Federal Income Tax Rate to Actual Effective rate

Among the more significant book tax adjustments were the following:

	2012	Effective Tax Rate (%)
Provision computed at statutory rate	10,455,430	35%
Change in nonadmitted assets	(845,003)	-3%
Tax exempt income deduction	(2,795,965)	-9%
Dividends received deduction	(435,249)	-1%
Accrued dividend from 100% owned affiliate	-	0%
Goodwill amortization	-	0%
Proration of tax exempt investment income	419,395	1%
AMT Credit	(258,082)	-1%
Disallowed travel and entertainment	-	0%
Taxes recovered - 2008 RAR	-	0%
Accrual adjustment - prior year	331,041	1%
Other	657,850	2%
Totals	7,529,417	25%
Federal and foreign income taxes incurred	6,532,065	22%
Realized capital gains (losses) tax	-	0%
Change in net deferred income taxes	997,352	3%
Total statutory income taxes	7,529,417	25%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At December 31, 2012, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

Year	Amount
2012	6,459,106
2011	1,642,831

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

As of December 31, 2012 and 2011 the Company has no uncertain tax positions requiring disclosure in these financial statements. Had the Company identified such positions, these amounts would be evaluated and disclosed or accrued. Liabilities would be reflected on the statement of financial position and the related interest and penalties would be included on the statement of income as underwriting expenses.

As of December 31, 2011, the Company incurred AMT of $258,002 on a stand-alone basis and $509,533 on a consolidated basis. The Company does not expect to be in an AMT position in 2012.

The tax years that remain subject to examination by major tax jurisdictions for the Company are 2006, 2007, 2008, 2009, 2010 & 2011.

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

   Casco View Holdings, LLC, a 100% owned non-insurance entity,
   MEMIC Indemnity Company, a 100% owned Property/Casualty insurance subsidiary,
   MEMIC Casualty Company, a 100% owned Property/Casualty insurance subsidiary, and
   MEMIC Services, Inc., a 100% owned insurance services subsidiary

   tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

G. Federal or Foreign Federal Income Tax loss Contingencies

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A,B&C. Nature of Relationships

The Company owns 100% of the common stock of the insurance services subsidiary, MEMIC Services, Inc. During 2012, the Company paid the affiliate, MEMIC Services, Inc., $5,169,944 for loss control, managed care and other

NOTES TO FINANCIAL STATEMENTS

services provided to the Company. The Company charges management fees and other services to MEMIC Services, Inc. in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2012, the Company charged MEMIC Services, Inc. approximately $2,748,491 for administrative and management services that were provided to MEMIC Services, Inc. Certain other direct costs are paid by the Company and charged back to MEMIC Services, Inc.

Detail of Transactions Greater than ½% of Admitted assets

The Company owns 100% of the common stock of MEMIC Indemnity Company, a property/casualty insurance company domiciled in New Hampshire that is licensed to write workers' compensation insurance. The Company charges management fees and other services to MEMIC Indemnity Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2012, the Company charged MEMIC Indemnity Company approximately $2,273,294 for administrative and management services, underwriting, claims and investment management fees and was charged $192,378 for premium audit and other claims services that were provided from MEMIC Indemnity Company. Certain other direct costs are paid by the Company and charged back to MEMIC Indemnity Company.

In 2000, the Company capitalized MEMIC Indemnity Company with a $12,000,000 investment. The Company supplemented its investment by contributing an additional $14,000,000 in 2001, $10,000,000 in 2003, $5,000,000 in 2004, $5,000,000 in 2005, $8,000,000 in 2011 and $18,000,000 during 2012. The Company contributed capital of $18,000,000 in the form of fixed income securities and cash towards its investment in MEMIC Indemnity Company in during 2012. The $18,000,000 capital contribution noted as a change in common stock includes $9,880,027 non cash contribution of bonds and $8,119,973 in cash. As a result of the contribution of fixed income securities with a book/adjusted carrying value of $9,880,027 the Company recognized a deferred gain in surplus of $375,190 since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized under SSAP No. 25 until the transferred securities mature or are sold by MEMIC Indemnity Company.

The Company owns 100% of the common stock of MEMIC Casualty Company, a property/casualty insurance company domiciled in Vermont. The Vermont Department of Financial Regulation, acting as rehabilitator, converted the former Granite Manufacturers' Mutual Indemnity Company (GMMIC) to a stock company and on December 12, 2011 the Company purchased the Company, formerly known as GMMIC, a property/casualty insurance company licensed to write workers' compensation insurance. In conjunction with the transaction, GMMIC was renamed to MEMIC Casualty Company. The former GMMIC has not written workers' compensation policies since 1969 under its original incorporation and does not currently have any open claims under this former incorporation. The newly formed stock Company is licensed to write workers' compensation insurance in Vermont and New York and began writing policies in May 2012. The Company contributed capital of $4,622,576 and a $561,375 bond towards its original investment in MEMIC Casualty Company during 2011.

In December 2012, the Company contributed additional capital of $10,000,000 in the form of fixed income securities and cash towards its investment in MEMIC Casualty Company. The $10,000,000 capital contribution noted as a change in policyholder surplus includes a $9,893,576 non-cash contribution of bonds and $106,424 in cash. As a result of the contribution of fixed income securities with a book/adjusted carrying value of $9,893,576 the Company recognized a deferred gain in surplus of $336,349 since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized under SSAP No. 25 until the transferred securities mature or are sold by MEMIC Casualty Company.

The Company charges management fees and other services to the MEMIC Casualty Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2012 and 2011, there was $17,500 and $0, charged to MEMIC Casualty Company by the Company for such services for administrative and management services, underwriting, claims and investment management fees. Certain other direct costs are paid by the Company and charged back to MEMIC Casualty Company.

In January 2010 the Company established a wholly owned subsidiary, Casco View Holdings, LLC (CVH). This entity was established for the management and ownership of current and future investments in real estate. This investment is included in Schedule BA, Other Invested Assets. On March 1, 2011, the Company invested an additional $5,100,000 CVH. CVH invested 100% of the $5,100,000 in its wholly owned subsidiary, Casco View Holdings II, LLC (CVHII) for the purchase of the home office building of the Company which had previously been under a long-term lease with an unrelated party. The Company records both the current and this additional member contribution in CVH in other invested assets on Schedule BA. During 2012, CVH paid the Company $24,000 for management services. During 2012 the Company paid $859,350 for rental income and parking associated with the 100% occupancy of the commercial office building located at 261 Commercial Street.

The amounts are settled periodically in accordance with the terms of certain cost sharing agreements. The amounts due from or (to) affiliates are as follows:

	2012	2011
MEMIC Services, Inc.	-	-
MEMIC Indemnity Company	1,771,984	472,740
Casco View Holdings, LLC	114,365	(12,253)
MEMIC Casualty Company	(18,817)	3,475
Totals	1,867,532	463,962

NOTES TO FINANCIAL STATEMENTS

E. Guarantees or Undertakings for Related parties

The Company has guarantees/commitments regarding all operations of MEMIC Services, Inc. The Company has recorded all amounts in the financial statements.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to purchase loss control, managed care, and other services from MEMIC Services, Inc. the 100% owned insurance services affiliate, with respect to providing these services to the Company's policyholders. The Company has also agreed to provide certain administrative and management services, underwriting, claims and investment management fees to all affiliates, as applicable.

G. Nature of Relationships that Could Affect Operations

As a result of the control relationship noted in A, B & C above, the operating results or financial position of the reporting entity would not be significantly different from those that would have been obtained if the enterprises were autonomous.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

There are no investments in affiliates noted above which exceed 10% of admitted assets.

Description	Amount
Admitted assets	None
Liabilities	
Policyholders' surplus	
Net income	

J. Writedowns for Impairment of Investments in Affiliates

Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look -Through Method

Not applicable

Note 11 - Debt

A. The Company has no outstanding debt included on its balance sheet as of December 31, 2012 however; the Company has a guarantee on an outstanding note payable from a local bank through its wholly owned subsidiary, CVH who is the single member of CVHII. CVHII secured the note with a local bank on March 1, 2011.

Debt Description	Amount
Total recorded as borrowed money	None
Total recorded as encumbrances on real estate	
Total debt outstanding	

The Company does not have any reverse repurchase agreements

B. Funding Agreements with the Federal Home Loan Bank (FHLB)

Not applicable

Postretirement Benefit Plans

A. Defined Benefit Plan

Not applicable

B. Defined Contribution Plans

The Company sponsors a defined contribution plan. See Note 12D.

C. Multiemployer Plans

Not applicable

D. Consolidated / Holding Company Plans

The Company has adopted a qualified defined contribution pension, 401(k) and profit sharing plan (the Plan) covering substantially all full-time employees who meet the plans' eligibility requirements. If approved by the Board of Directors, the pension component of the defined contribution plan is determined to be 3-6% of the covered employees' annual eligible compensation. Employees become eligible to participate upon completion of three months of service and are fully vested in the plan after three years of service. The amount expensed for the pension related portion for the Plan was approximately $644,000 and $403,000 in 2012 and 2011, respectively.

The 401(k) and profit sharing portion of the Plan provides for a tax deferred profit sharing contribution by the Company and an employee elective contribution with a matching provision. In 2012 and 2011, with respect to the 401(k) component of the Plan, the Company will contribute an amount up to 100% of the employees' 401(k) contributions to a maximum of 5% of an employees' annual compensation. An employee's contribution may not exceed 60% of their annual salary or the maximum amount allowed as determined by the Internal Revenue Code. These Company contributions become fully vested after five years. The Company incurred approximately $491,000 and $432,000 of expense related to the 401(k) component of the Plan in 2012 and 2011, respectively. With respect to the profit sharing component of the Plan, each eligible participant may receive a profit sharing contribution in an amount to be determined by the Board of Directors not to exceed 6% plus an additional allocation for employees earning in excess of the taxable wage base. The Company incurred approximately $782,000 and $501,000 of expense related to the profit sharing component of the Plan in 2012 and 2011, respectively.

The Company sponsors a non-qualified, deferred compensation plan (the Compensation Plan) and trust for certain key executives providing for payments upon retirement, death or disability. The Compensation Plan permits eligible officers to defer a portion of their compensation. The Compensation Plan provides that, in the event of liquidation of the Company, all assets of the Compensation Plan will be available to meet the obligations of the Company. Included in both other invested assets and other liabilities are amounts of $8,295,000 and $6,078,000 at December 31, 2012 and 2011, respectively, related to the Compensation Plan. In accordance with NAIC SAP, the increase/(decrease) in market value of the assets of the Plan are recorded into income or expense to the Company. The Company incurred approximately $1,069,000 and $499,000 of expense related to the Compensation Plan in 2012 and 2011, respectively.

The Company also maintains an Incentive Compensation Plan (the ICP) for certain members of senior management. Under the terms of the ICP, participants are awarded "surplus shares" at the discretion of the Executive Committee of the Board of Directors. Four classes of surplus shares have been awarded under the ICP however, as of December 31, 2012, a total of 1,990 Class B shares were all that remained unexpired under the Plan. The value of each class of surplus share is determined based on excess capital and surplus as defined in the ICP. Shares become fully vested over a 10 year period or a shorter period, under certain conditions. The Company has incurred approximately $1,033,000 and $850,000 of expense related to the ICP in 2012 and 2011, respectively.

A Long Term Incentive Plan (LTIP) was established by the Compensation Committee of the Board of Directors (the Committee) effective January 1, 2007 for certain members of management and highly compensated individuals (participants). Participants are granted a fixed dollar base award (the "Award") contingent upon the anticipated growth of imputed surplus. The final earned amount of the Award is based on the actual growth levels of imputed surplus and is calculated upon imputed surplus as compared to Target, Threshold and Maximum Growth levels for an applicable performance period, generally three years. The actual earned amount of the Award can range from Zero to 150% of the fixed dollar base Award. Participants vest in the plan over three years, or a shorter period, under certain established conditions. The Company has incurred approximately $1,457,000 and $1,289,000 of expense related to the LTIP in 2012 and 2011, respectively.

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation pay. The liability for earned but untaken vacation pay has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable

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

A. Outstanding Shares

Not applicable

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend restrictions

The maximum amount of dividends which can be paid by insurers domiciled in the State of Maine to policyholders without prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus.

D. Dates and Amounts of Dividends Paid

An ordinary dividend of $13,000,000 was declared by the Board of Directors on September 30, 2012. $13,000,000 of this dividend was paid to eligible policyholders in November 2012.

NOTES TO FINANCIAL STATEMENTS

E. Amount of Ordinary Dividends That May Be Paid

The Company is subject to regulatory limitations with respect to statutory surplus levels and dividends. Under these regulations, annual extraordinary dividends cannot exceed the greater of 10% of the insurer`s surplus as of the prior year end or the net gain from operations for the twelve month period ended in the prior year. The maximum amount of dividends which can be paid by insurers to policyholders without prior approval of the Superintendent of Insurance during 2012 and 2011 is $30,111,727 and $28,589,694, respectively.

F. Restrictions on Unassigned Funds

There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E and these unassigned funds are held for the benefit of the owner and policyholders.

As authorized by specific provisions of State law, the Company was formed as a special purpose mono-line workers' compensation insurer without any initial capital or surplus. To provide capital, each of the Company's policyholders were required to make a Capital Contribution equal to a percentage of final audited premium, 15% for policies issued in 1993 and 10% for policies issued in 1994 and 1995. Capital contributions were based on estimated annual premiums and are subsequently adjusted based on actual cancellations and premium audits. The Company suspended the Capital Contribution charge for policies effective January 1, 1996 and later. In 1998, the Company received approval from the Maine Bureau of Insurance to return capital contributions to the extent authorized by the Board of Directors and the Maine Bureau of Insurance. Cumulative capital contributions remaining as of December 31, 2012 and 2011 were $3,196,888 and $3,207,180, respectively. The Company returned $10,292 and $14,956, of capital contributions during calendar years 2012 and 2011, respectively, net of related write-offs.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purpose

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Change in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Unrealized gains /(losses), net of deferred tax: $30,342,318

K. Surplus Notes

Date Issued	Interest Rate	Par Value (Face Amount of 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
None							

L. Impact of the Restatements Due to a Quasi Reorganization

Not applicable

M. Dates of Quasi Reorganizations

Not applicable

Note 14 - Contingencies

1. Capital Commitments

The Company has a guarantee on an outstanding note payable from a local bank through its wholly owned subsidiary, CVH who is the single member of CVHII. CVHII secured the note with a local bank on March 1, 2011. See note 11 above. The Company also has commitments/guarantees regarding all operations of MEMIC Services, Inc. The Company has recorded all related liabilities.

NOTES TO FINANCIAL STATEMENTS

2. Detail of Other Contingent Commitments

Nature and Circumstances of Guarantee and Key Attributes, Including Date and Duration of Agreement	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action under Guarantee Required	Maximum Potential Amount of Future Payments Guarantor Could be Required to Make	Current Status of Payment or Performance Risk of Guarantee
		None		
Total				

B. Guaranty Fund and Other Assessments

1. Liability and Related Assessments

The Company is subject to guaranty funds and other assessments by states in which it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has recorded an expense for guaranty fund and other assessments of $654,501 and $497,932 at December 31, 2012 and 2011, respectively. Of these amounts, the company has accrued a net liability at December 31, 2012 and 2011 of $1,119,977 and $730,501, respectively. This amount represents management's best estimate of its liability for assessments based on information received from the states in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies and other factors related to the funding requirements of the various assessments. The Company does not have the ability to recover assessments through policyholder surcharges so no related asset is recorded or included in the following table.

2. Rollforward of Related Asset

Not applicable

Description	Amount
a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year - end	
b. Decreases current year:	
Premium tax offsets applied	
Premium tax offsets charged off	
Policy surcharges collected	
Policy surcharges charged off	
c. Increases current year:	
Premium tax offsets accrued	
Policy surcharges accrued	None
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year - end	

3. Gain Contingencies

Not applicable

4. Extra Contractual Obligation and Bad Faith Losses

The Company paid $0 in the current year to settle claims related extra contractual obligations (ECO) and bad faith losses resulting from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during current year	None

The number of claims for which amounts were paid to settle claims related extra contractual obligations and bad faith losses resulting during the current year.

0 - 25 Claims	26 - 50 Claims	51-100 Claims	101 - 500 Claims	More than 500 Claims
X				

Claim count information is disclosed per claim, not per claimant

5. Product Warranties

Not applicable

NOTES TO FINANCIAL STATEMENTS

6. Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company is contingently liable under certain structured settlement agreements (see note 27A).

Note 15 - Leases

A. Lessee Leasing Arrangements

1. The Company leases office space and various office equipment and vehicles under arrangements expiring through 2016. Total lease and rent expense was approximately $949,319 and $1,062,264 for the years ended December 31, 2012 and 2011, respectively. There are no contingent rentals, no terms of renewal or purchase options, escalation clauses or restrictions imposed by lease agreements.

2. Future minimum rental payments are as follows:

Year	Amount
2013	1,029,399
2014	973,983
2015	812,446
2016	127,717
2017	-
Thereafter	-
Total	2,943,545

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

B. Lessor Leasing Arrangements

1. Operating Leases

Not applicable

2. Leveraged Leases

Not applicable

Note 16 – Information about Financial Instruments With Off – Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

A. Face or Contract Amounts

Not applicable

	Assets		Liabilities	
Description	2012	2011	2012	2011
a. Swaps				
b. Futures				
c. Options				
d. Total	None			

B. Nature and Terms

Not applicable

C. [illegible]

Not applicable

D. Collateral Policy

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

1. Not applicable

2. The details by NAIC Designation 3 or below of securities sold during the year and reacquired within 30 days of the sale date are:

Bonds and Preferred Stocks	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
Bonds				
a. NAIC 3				
b. NAIC 4				
c. NAIC 5				
d. NAIC 6		None		
Preferred Stocks				
e. NAIC P/RP3				
f. NAIC P/RP4				
g. NAIC P/RP5				
h. NAIC P/RP6				

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

A. Not applicable

Name and Address	FEI Number	Exclusive Contract	Type of Business Written	Type of Authority Granted	Direct Premium Written
		None			

Note 20 - Fair Value Measurement

A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

1. Items Measured and Reported at Fair Value by Levels 1, 2 and 3

three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded preferred and common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 – Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis includes bonds, which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

NOTES TO FINANCIAL STATEMENTS

Level 3 – Significant Unobservable Inputs: The Company has no assets or liabilities measured at fair value in this category.

Description	Level 1	Level 2	Level 3	Total
a. Assets on balance sheet at fair value				
Bonds				
Issuer obligations	-	-	-	-
Commercial mortgage-backed securities	-	-	-	-
Total bonds	-	-	-	-
Preferred stocks				
Perpetual - industrial and miscellaneous	-	-	-	-
Total preferred stocks	-	-	-	-
Common stocks				
Industrial and miscellaneous	87,254,755	-	-	87,254,755
Subsidiary	-	-	-	-
Mutual Funds	8,294,790	-	-	8,294,790
Total common stocks	95,549,545	-	-	95,549,545
Other - short term investments	12,143,381	-	-	12,143,381
Total assets on balance sheet at fair value	107,692,926	-	-	107,692,926
b. Liabilities on balance sheet at fair value		NONE		
Derivative liabilities				
Total liabilities on balance sheet at fair value	-	-	-	-

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2.

2. Rollforward on Transfers Into and Out of Level 3

The Company has no assets or liabilities measured at fair value in the Level 3 category so the following table does not apply.

Description	Balance January 1, 2012	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance December 31, 2012
a. Assets										
Bonds										
Issuer obligations										
Commercial MBS										
Preferred stocks										
Perpetual										
Common stocks										
Industrial										
Subsidiary										
Mutual funds										
Total assets						None				
b. Liabilities										
Derivatives										
Total Liabilities						None				

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or

current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 or Level 3 category.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

The table below reflects the fair values and admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial instruments - assets						
Bonds	510,371,635	465,154,749	510,371,635	-	-	-
Preferred stocks	-	-	-	-	-	-
Common stocks	87,254,755	87,254,755	87,254,755	-	-	-
Mortgage Loans	-	-	-	-	-	-
Cash, cash equivalents and Short - term investments	13,407,498	13,407,498	13,407,498	-	-	-
Other - mutual funds	8,294,790	8,294,790	8,294,790	-	-	-
Total assets	619,328,678	574,111,792	619,328,678	-	-	-
Financial instruments - liabilities						
Derivatives			None			
Total liabilities	-	-	-	-	-	-

D. Financial Instruments for which Not Practicable to Estimate Fair Values

Not applicable

Type or Class of Financial Instrument	Carrying Value	Effective Interest rate	Maturity Date	Explanation
Total		None		

Note 21 - Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Assets in the amount of $3,907,213 (Par Value $3,795,000) and $3,554,169 (Par Value $3,545,000) at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by insurance or federal law.

D. Uncollectible Premiums Receivable

At December 31, 2012 and 2011, respectively, the Company had admitted assets of $40,596,794 and $38,904,459, respectively, in accounts receivable from policyholders. The Company routinely assesses the collectability of these receivables. Based on the Company's experience, the potential loss is insignificant and not material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

F. State Transferable and Non-Transferable Tax credits

Not applicable

G. Subprime Mortgage Related Risk Exposure

1. Subprime Mortgage Exposures

The Company considers its exposure to subprime mortgage risk based on the likelihood of future cash flows, unrealized losses, potential write-downs and the likelihood that impairment is other than temporary. The Company regularly reviews the rating of all subprime mortgage risk securities. Differentiation between changes in asset values due to interest related unrealized losses or changes in asset values due to less than anticipated future cash flows (credit losses) are necessary, as reported in Note 5 above. Conservative lending and investment practices limit the Company's exposure to such losses. The Company mitigates its overall exposure with a predominately fixed income portfolio in other than subprime mortgage based securities.

2. Direct Exposure – Mortgage Loans

Not applicable

	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Value of Land and Buildings	OTTI Recognized	Default Rate
a. Mortgages in the process of foreclosure					
b. Mortgages in good standing					
c. Mortgages with restructured terms					
d. Total	None				

3. Direct Exposure – Other Investment Classes

The Company has several other investment classes that could have subprime mortgage exposure including mortgage-backed securities, debt obligations of financial institutions participating in subprime lending practices and unaffiliated equity securities, common, issued by financial institutions participating in subprime lending.

The Company has reviewed its mortgage-backed security portfolio and determined that all of these investments are in pools that are backed by loans made to well qualified borrowers or in tranches that have minimal default risk. All bonds held that were issued by financial institutions participating in subprime lending activities are investment grade quality. Default risk on these bonds appears minimal. The impact on these investments should the subprime credit crisis worsen cannot be assessed at this time.

The following is a summary of the Company's other investments with subprime exposure and other-than-temporary impairments (OTTI) recognized.

	Actual Cost	Book/Adjusted Carrying Value	Fair Value	OTTI Recognized
a. Residential mortgage-backed securities	115,982	116,201	119,105	-
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	348,998	350,053	320,459	-
e. Equity investments in SCAs	-	-	-	-
f. Other assets	-	-	-	-
Totals	464,980	466,254	439,564	-

4. Underwriting Exposure

Not applicable

Note 22 - Events Subsequent

A. Subsequent events have been considered through February 19, 2013 for these statutory financial statements which are to be issued February 28, 2013. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these financial statements.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverables

The Company's unsecured reinsurance balances (including ceded case and IBNR reserves) in excess of 3% of policyholders' surplus with any one reinsurer are displayed below:

NAIC Code	Federal ID #	Name of Reinsurer	Amount
22039	13-2673100	General Reinsurance Corp	17,112,000

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholder surplus in aggregate. There are no amounts in dispute at December 31, 2012 or December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Status of Dispute		
		Notification	Arbitration	Litigation
None				

C. Reinsurance Assumed and Ceded and Protected Cells

1. The Company would not owe reinsurers any return commission if all the Company's assumed reinsurance contracts were cancelled.

The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affilitates	-	-			-	-
b. All other	-	-	-	-	-	-
c. Totals	-	-	-	-	-	-
d. Direct Unearned Premium Reserve			60,642,837			

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. There are no current year amounts accrued.

Description	Direct	Assumed	Ceded	Net
a. Contingent commissions	None			
b. Sliding scale adjustments				
c. Other profit commissions				
d. Totals				

Under the Company's reinsurance agreement for Employment Practices Liability Insurance a 30% profit commission shall be paid to the Company on the difference between "income" (net premium and claims refunds) and "outgo" (return premiums, paid claims, outstanding claims, claim costs and expenses, 30% of return premium in respect of underwriters expenses and deficit, if any brought forward) for each underwriting year.

In the event the Profit Commission calculations for any one underwriting year results in a deficit, the total amount of such deficit shall be shown as an item of "outgo" on the Profit Commission statement for the ensuring year or years. No Profit Commission shall be restored on such ensuing year or years until the previous loss has been expunged and a profit balance restored.

A provision calculation shall be made at 12 months after the expiration of each underwriting year with an annual adjustment thereafter until all risks have expired and all outstanding claims have been settled. There were no amounts for Ceded profit sharing commissions accrued as of December 31, 2012. The Company received $83,382 in profit sharing commissions on this line of business during 2012.

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

During the most recent year, the Company did not write off any reinsurance balances

Statement of Income Account	Amount
a. Losses Incurred	-
b. Loss adjustment expenses incurred	-
c. Premiums earned	-
d. Other	-
Total	None

Reinsurer	Amount
	-
Total	None

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company commuted a reinsurance contract during the year with General Reinsurance Corporation. There was no amount due to the Company on this treaty year as a result of the commutation. There was no net effect on the income statement or balance sheet of the Company as a result of this commutation.

Statement of Income Account	Amount
a. Losses Incurred	-
b. Loss adjustment expenses incurred	-
c. Premiums earned	-
d. Other	-
Total	**None**

Reinsurer	Amount
	-
Total	**None**

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Run-off Agreements

Not applicable

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate

The Company sells workers compensation policies for which the premiums vary based on loss experience. Future premium adjustments for these retrospective policies are estimated and accrued. The Company estimates these accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contracts to arrive at the best estimates of return or additional retrospective premiums.

B. Method Used to Record

The Company records the retrospective premium accruals as earned by adjusting unearned premiums. These amounts are not recorded as premiums written until they are billed to the policyholders. Return premiums are recorded as liabilities and additional premiums are recorded as assets.

C. Amount and Percent of Net Retrospective Premiums

Net premiums written for the current year on retrospective workers compensation policies were $0.

D. Medical Loss Ratio Rebates

Not applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been non-admitted. The calculation of the non-admitted and admitted amounts is summarized as follows:

a.	Total accrued asset for retrospective premiums	56,027
b.	Unsecured amounts	56,027
c.	Non-admitted amount, 10% of unsecured	5,603
d.	Non-admitted for any person for whom agents' balance or uncollected premiums are nonadmitted	-
e.	Admitted amount (a - c - d)	50,424

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

A. Reserves for incurred losses and loss adjustment expenses attributable to insured events as of December 31, 2011 were $329,894,000. As of December 31, 2012, $59,917,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $248,910,000 as a result of re-

NOTES TO FINANCIAL STATEMENTS

estimation of unpaid claims and claim adjustment expenses principally on the workers' compensation line of business. Therefore, there has been a $21,067,000 favorable prior year development since December 31, 2011. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

The first two columns in the chart below reflect by line of business the expense on the Statement of Income and what that expense would have been without prior year development (from Schedule P – Part 1). The third column is the difference between the first two columns and reflects the favorable development of $21,067,000. Increases or decreases of this nature occur as the result of claim settlements and receipt and evaluation of additional information regarding unpaid claims. Recent development trends are also taken into account in evaluating the overall adequacy of reserves. The last two columns reconcile development in the third column to the information shown in Schedule P – Part 2 which includes losses and the defense cost containment (DCC) portion of LAE but excludes the adjusting and other (AO) portion of LAE.

(000's omitted) Schedule P Lines of Business	Current Calendar Year Losses and LAE Incurred	Current Loss Year Losses and LAE Incurred Sch. P - Part 1	Prior Year Loss and LAE (favorable) unfavorable development	Loss and DCC (favorable) unfavorable development Sch. P - Part 2	AO (favorable) unfavorable development
Workers' compensation	76,520	97,587	(21,067)	(21,042)	(25)
Other liability occurrence	-	-	-	-	-
Other liability claim-made	218	218	-	-	-
Totals	76,738	97,805	(21,067)	(21,042)	(25)

Note 26 - Intercompany Pooling Arrangements

A. Not applicable

Note 27 - Structured Settlements

A. Reserves Released Due to Purchase of Annuities

The Company has purchased annuities wherein the claimants are payees and which the Company is contingently liable in case of default by the Life Insurance Company that pays the annuity. In the event of default the Company would be contingently liable for approximately $204,692, the outstanding value of the annuity. There are no associated unrecorded loss contingencies or claim reserves associated with this annuity that remain on the books of the Company.

Loss Reserves Eliminated By Annuities	Unrecorded Loss Contingencies
-	-

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

The Company has not purchased annuities from life insurers under which the Company is payee and, therefore, no balances are due from such annuity insurers.

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes/No	Statement Value (i.e., Present Value of Annuities)
	None	

Note 28 - Health Care Receivables

A. & B. Not applicable

Note 29 - Participating Policies

A. Not applicable

Note 30 - Premium Deficiency Reserves

The company evaluated the need to record a premium deficiency reserve and determined that an additional liability was not required.

The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property Casualty Contracts Premiums.

1. Liability for premium deficiency reserve	
2. Date of most recent evaluation	NONE
3. Was anticipated investment income utilized in calculation?	Yes [x] No [ ]

NOTES TO FINANCIAL STATEMENTS

Note 31 - High Deductibles

A. As of December 31, 2012, there were no material amount of reserve credits recorded for high deductibles in unpaid claims and there were no material amounts billed and recoverable on paid claims.

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

A. Tabular Discounts

Not applicable

	Tabular Discounts	
	Case	IBNR
4. Workers' compensation		
5. Commercial mutiple peril		
9. Other liability - occurrence		
23. Total	None	

B. Non-Tabular Discounts

Not applicable

C. Changes in Discount Assumptions

Not applicable

Note 33 - Asbestos/Environmental Reserves

A. The company has no Assets/Environmental reserve recorded or necessary

	December 31,				
	2008	2009	2010	2011	2012
1. Asbestos, Direct	None				
a. Beginning reserves - including case, bulk and IBNR, and LAE					
b. Losses and LAE incurred					
c. Calendar year payments for losses and LAE					
d. Ending reserves - including case, bulk and IBNR, and LAE					
2. Asbestos, Assumed					
3. Asbestos, Net					
a. Beginning reserves - including case, bulk and IBNR, and LAE					
b. Losses and LAE incurred					
c. Calendar year payments for losses and LAE					
d. Ending reserves - including case, bulk and IBNR, and LAE					

B. Asbestos IBNR and Bulk Reserve, Direct, Assumed and Net

Not applicable

C. Asbestos LAE Reserve, Direct, Assumed and Net

Not applicable

Not applicable

E. Environmental IBNR and Bulk Reserve, Direct, Assumed and Net

Not applicable

F. Environmental LAE Reserves, Direct, Assumed and Net

Not applicable

Note 34 - Subscriber Savings Accounts

A. Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 35 - Multiple Peril Crop Insurance

A. Not applicable

Note 36 - Financial Guaranty Insurance

A. & B. Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1	Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?	Yes (X) No ( )
1.2	If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?	Yes (X) No ( ) N/A ( )
1.3	State Regulating?	Maine
2.1	Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?	Yes ( ) No (X)
2.2	If yes, date of change:	....
3.1	State as of what date the latest financial examination of the reporting entity was made or is being made.	12/31/2009
3.2	State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.	12/31/2009
3.3	State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).	01/30/2011
3.4	By what department or departments? Maine Bureau of Insurance	
3.5	Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?	Yes (X) No ( ) N/A ( )
3.6	Have all of the recommendations within the latest financial examination report been complied with?	Yes (X) No ( ) N/A ( )
4.1	During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:	
	4.11 sales of new business?	Yes ( ) No (X)
	4.12 renewals?	Yes ( ) No (X)
4.2	During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:	
	4.21 sales of new business?	Yes ( ) No (X)
	4.22 renewals?	Yes ( ) No (X)

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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 entity, the NAIC company code, and state of domicile 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:
While no license was suspended or revoked, the Company did voluntarily surrender its Florida Certificate of Authority on February 20, 2012.

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

7.2 If yes,

7.21 State the percentage of foreign control; ....%

7.22 State the nationality(s) 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 locations (city and state of the main office) of any 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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLC, 125 High Street, Boston, MA 02110

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

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

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

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

10.5 Has the reporting entity established an Audit Committee in compliance with 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?
David Mohman FCAS, MAAA Towers Watson, 175 Powder Forest Drive, Weatogue, CT 06089

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

12.11 Name of real estate holding company
Casco View Holdings, LLC & Casco View Holdings II, LLC

12.12 Number of parcels involved 2

12.13 Total book/adjusted carrying value $. 11,529,661

12.2 If yes, provide explanation

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes ( ) No ( )

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

14.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

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

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

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

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

15.2 If the response to 15.1 is yes, indicated the American Bankers Association (ABA) Routing Number and the name of 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

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11	To directors or other officers	$ ....
20.12	To stockholders not officers	$ ....
20.13	Trustees, supreme or grand (Fraternal only)	$ ....

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

20.21	To directors or other officers	$ ....
20.22	To stockholders not officers	$ ....
20.23	Trustees, supreme or grand (Fraternal only)	$ ....

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

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

21.21	Rented from others	$ ....
21.22	Borrowed from others	$ ....
21.23	Leased from others	$ ....
21.24	Other	$ ....

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

22.2 If answer is yes:

22.21	Amount paid as losses or risk adjustment	$ ....
22.22	Amount paid as expenses	$ ....
22.23	Other amounts paid	$ ....

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

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

24.03 For the 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 Risk-Based Capital Instructions? Yes ( ) No ( ) N/A (X)

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

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

24.07 Does your security 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 reinvented collateral assets reported on Schedule DL, Parts 1 and 2 $ ....

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

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

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

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

25.21	Subject to repurchase agreements	$ ....
25.22	Subject to reverse repurchase agreements	$ ....
25.23	Subject to dollar repurchase agreements	$ ....
25.24	Subject to reverse dollar repurchase agreements	$ ....
25.25	Pledged as collateral	$ ....
25.26	Placed under option agreements	$ ....
25.27	Letter stock or securities restricted as to sale	$ ....
25.28	On deposit with state or other regulatory body	$ 3,907,213
25.29	Other	$ ....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Key Private Bank	One Canal Plaza, 2nd Floor, Portland, ME 04101

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)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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
Citibank Private Bank		01/01/2012	Securities no longer required as collateral, balances now zero
Citibank, N.A.	Key Private Bank	12/05/2011	Opted for new custodian due to service relationship, balances now zero

28.05 Identify all investment advisors, 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
105900	GenRe/New England Asset Management	76 Batterson Park Rd, Farmington, CT 06032
107423	Conning Asset Management	One Financial Plaza, Hartford, CT 06103

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

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value

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

1 Name of Mutual Fund (from question 29.2)	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

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

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	$ 477,298,130	$ 522,515,028	$ 45,216,898
30.2 Preferred stocks	$	$	$
30.3 Totals	$ 477,298,130	$ 522,515,028	$ 45,216,898

30.4 Describe the sources or methods utilized in determining the fair values:
The Fair Value is primarily determined by widely accepted third party vendors, followed by a hierarchy using broker/dealer quotes, index pricing, models using analytical data and Bloomberg pricing.

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

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

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? $ 1,018,253

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
National Council on Compensation Insuran	$ 841,260
	$
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 157,803

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Pierce Atwood	$ 144,766
	$
	$
	$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 11,640

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

1 Name	2 Amount Paid
Pierce Atwood	$ 8,317
	$
	$
	$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)

1.2 If yes, indicate premium earned on U.S. business only. $ ....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ ....

1.31 Reason for excluding:

....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned	$ ....
1.62 Total incurred claims	$ ....
1.63 Number of covered lives	....

All years prior to most current three years:

1.64 Total premium earned	$ ....
1.65 Total incurred claims	$ ....
1.66 Number of covered lives	....

1.7 Group policies:

Most current three years:

1.71 Total premium earned	$ ....
1.72 Total incurred claims	$ ....
1.73 Number of covered lives	....

All years prior to most current three years:

1.74 Total premium earned	$ ....
1.75 Total incurred claims	$ ....
1.76 Number of covered lives	....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$	$ ....
2.2 Premium Denominator	$	$ ....
2.3 Premium Ratio (Line 2.1/Line 2.2)	....	....
2.4 Reserve Numerator	$	$ ....
2.5 Reserve Denominator	$	$ ....
2.6 Reserve Ratio (Line 2.4/Line 2.5)	....	....

3.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies	$ ....
3.22 Non-participating policies	$ ....

4. For Mutual reporting entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes (X) No ( )

4.2 Does the reporting entity issue non-assessable policies? Yes ( ) No (X)

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .... 100.0 %

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

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes ( ) No ( )

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation	Yes ( ) No ( ) N/A (X)
5.22 As a direct expense of the exchange	Yes ( ) No ( ) N/A (X)

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

....

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

5.5 If yes, give full information.

....

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

The Company has reinsurance coverage for $45M xs $5M for loss years 2006-2012, $48M xs $2M for 2005, $49M xs $1M for 2003-2004, statutory xs $500k for 1998-2002 and $49.5xs$500k for 1997 & prior. A 50% participation was purchased for $25M xs $50M for 2006-2012.

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:

Paid, ceded and other reserve actuarial analysis is performed by Towers Watson consulting actuaries.

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?

Property losses are not covered by the Company.

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

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

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

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

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

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes ( ) No (X)

8.2 If yes, give full information.

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes ( ) No (X)

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

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

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

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 reporting entity would have been required to charge had it retained the risks. Has this been done? Yes (X) No ( ) N/A ( )

11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)

11.2 If yes, give full information.

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 163,052

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $

12.2 Of the amount on Line 15.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: $

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No (X) N/A ( )

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From %

12.42 To %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes (X) No ( )

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

12.61 Letters of credit $ 250,000

12.62 Collateral and other funds $

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $

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

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

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes (X) No ( )

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

Insurance premiums and losses incurred are calculated and recorded on the Company who originated the policy.

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

14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes (X) No ( )

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

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)

15.2 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

16.1 Does the reporting entity write any warranty business? Yes ( ) No (X)

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:
....
....

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes ( ) No (X)

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5.
Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	$ ....
17.12 Unfunded portion of Interrogatory 17.11	$ ....
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ ....
17.14 Case reserves portion of Interrogatory 17.11	$ ....
17.15 Incurred but not reported portion of Interrogatory 17.11	$ ....
17.16 Unearned premium portion of Interrogatory 17.11	$ ....
17.17 Contingent commission portion of Interrogatory 17.11	$ ....

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	$ ....
17.19 Unfunded portion of Interrogatory 17.18	$ ....
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	$ ....
17.21 Case reserves portion of Interrogatory 17.18	$ ....
17.22 Incurred but not reported portion of Interrogatory 17.18	$ ....
17.23 Unearned premium portion of Interrogatory 17.18	$ ....
17.24 Contingent commission portion of Interrogatory 17.18	$ ....

18.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ ....

18.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ ....

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	130,646,478	127,911,758	121,593,177	129,172,480	139,311,977
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	130,646,478	127,911,758	121,593,177	129,172,480	139,311,977
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 and 19.3, 19.4)	126,479,780	123,990,341	117,471,545	125,077,751	135,421,537
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	126,479,780	123,990,341	117,471,545	125,077,751	135,421,537
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	18,597,271	4,437,808	25,561,439	4,720,636	24,302,230
14. Net investment gain (loss) (Line 11)	24,262,504	28,218,348	20,920,005	23,546,564	7,982,300
15. Total other income (Line 15)	7,882	(154,957)	(408,417)	(533,420)	(249,178)
16. Dividends to policyholders (Line 17)	13,000,000	12,055,419	10,999,955	10,000,000	15,000,110
17. Federal and foreign income taxes incurred (Line 19)	6,527,065	2,444,293	9,140,019	3,065,319	6,117,053
18. Net income (Line 20)	23,340,592	18,001,487	25,933,053	14,668,461	10,918,189
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	749,257,408	716,425,851	694,328,161	671,568,258	644,357,850
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	6,312,382	6,574,172	5,447,153	7,226,179	8,609,750
20.2 Deferred and not yet due (Line 15.2)	34,233,987	32,319,135	30,994,600	31,350,137	33,942,025
20.3 Accrued retrospective premiums (Line 15.3)	50,424	11,152	371	133	8,282
21. Total liabilities excluding protected cell business (Page 3, Line 26)	413,209,519	415,308,577	408,431,221	430,450,342	427,481,598
22. Losses (Page 3, Line 1)	287,330,381	296,440,251	294,844,482	309,752,661	300,922,066
23. Loss adjustment expenses (Page 3, Line 3)	34,495,446	33,453,824	32,195,606	38,486,960	38,855,011
24. Unearned premiums (Page 3, Line 9)	59,887,611	59,738,660	58,434,910	60,343,419	65,324,885
25. Capital paid up (Page 3, Line 30 and Line 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	336,047,889	301,117,274	285,896,940	241,117,916	216,876,252
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	24,402,052	12,968,271	6,831,729	19,602,423	28,376,377
Risk-Based Capital Analysis					
28. Total adjusted capital	336,047,889	301,117,274	285,896,940	241,117,916	216,876,252
29. Authorized control level risk-based capital	22,058,958	21,765,099	20,578,512	20,384,500	19,391,390
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)	68.0	73.3	75.3	79.2	79.4
31. Stocks (Line 2.1 and Line 2.2)	27.1	22.4	19.6	16.4	15.7
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)				0.9	0.8
34. Cash, cash equivalents and short-term investments (Line 5)	2.0	1.6	3.3	2.7	3.3
35. Contact loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	1.7	1.7	0.9		
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	1.2	0.9	0.9	0.8	0.8
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	98,449,100	67,632,319	57,135,014	51,346,838	51,723,498
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	11,529,661	11,162,386	5,792,488		
48. Total of above Line 42 through Line 47	109,978,761	78,794,705	62,927,502	51,346,838	51,723,498
49. Total investment in parent included in Line 42 through Line 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)	32.7	22.5	20.0	21.3	23.8

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	9,471,832	(4,627,790)	10,719,858	5,992,122	(8,261,710)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	34,930,615	15,220,334	44,779,024	24,241,664	(3,903,445)
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 and 19.3, 19.4)	74,414,126	79,645,547	81,020,243	80,490,703	76,362,540
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	74,414,126	79,645,547	81,020,243	80,490,703	76,362,540
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 and 19.3, 19.4)	72,428,591	77,127,508	78,519,505	77,249,707	71,720,832
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)					
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	72,428,591	77,127,508	78,519,505	77,249,707	71,720,832
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)	50.1	64.2	53.3	66.2	51.7
68. Loss expenses incurred (Line 3)	10.6	10.0	4.0	8.5	10.8
69. Other underwriting expenses incurred (Line 4)	24.6	22.2	21.3	21.7	20.0
70. Net underwriting gain (loss) (Line 8)	14.7	3.6	21.4	3.6	17.4
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	24.5	22.1	22.0	23.0	20.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	60.7	74.2	57.3	74.6	62.6
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)	37.6	41.2	41.1	51.9	62.4
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)	(21,042)	(5,029)	(18,233)	(296)	(19,078)
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)	(7.0)	(1.8)	(7.6)	(0.1)	(8.6)
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)	(22,833)	(22,605)	(17,643)	(19,182)	(21,584)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0)	(8.0)	(9.4)	(8.1)	(8.7)	(10.9)

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

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Columns 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	2,876	1,176	115	12	134			1,937	XXX
2. 2003	138,239	6,367	131,872	82,378	3,413	3,134	29	7,033		2,432	89,103	XXX
3. 2004	152,643	9,144	143,499	74,583	25	3,040		6,214		935	83,812	XXX
4. 2005	157,691	6,519	151,172	79,279		3,314		6,741		1,119	89,334	XXX
5. 2006	157,455	4,292	153,163	70,353		2,826		6,907		777	80,086	XXX
6. 2007	150,224	2,937	147,287	64,659		2,950		7,187		1,526	74,796	XXX
7. 2008	143,213	3,328	139,885	64,394	33	3,023		7,176		1,030	74,560	XXX
8. 2009	133,859	3,822	130,037	53,711	165	2,917		6,869		612	63,332	XXX
9. 2010	123,471	4,073	119,398	44,216	285	2,529		6,138		452	52,598	XXX
10. 2011	126,727	4,028	122,699	31,971	254	1,797		5,748		597	39,262	XXX
11. 2012	130,463	4,092	126,371	18,900	87	884		5,192		20	24,889	XXX
12. Totals	XXX	XXX	XXX	587,320	5,438	26,529	41	65,339		9,500	673,709	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding - Direct & Assumed
1.	6,696	2,424	18,189	7,264	459	16	2,811	118	2,669			21,002	XXX
2.	8,292	5,420	8,816	1,017	196	(1)	307	62	1,180		336	12,293	XXX
3.	3,216		6,131	2	249		594	10	503		119	10,681	XXX
4.	5,714	526	6,482	74	288	2	341	13	935		165	13,145	XXX
5.	5,795	235	12,893	15	316	1	594	4	1,417		201	20,760	XXX
6.	9,033		13,819		395		648		1,480		518	25,375	XXX
7.	6,646		17,183	207	580		692		1,392		363	26,286	XXX
8.	8,168		20,427	937	767		290		992		287	29,707	XXX
9.	7,322	72	27,646	1,027	887		643		840		312	36,239	XXX
10.	8,381	74	41,265	965	1,316		2,344		1,155		811	53,422	XXX
11.	13,522	113	53,103	1,036	2,177		3,365		1,898		58	72,916	XXX
12.	82,785	8,864	225,954	12,544	7,630	18	12,629	207	14,461		3,170	321,826	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter - Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	15,197	5,805
2.	111,336	9,940	101,396	80.5	156.1	76.9				10,671	1,622
3.	94,530	37	94,493	61.9	0.4	65.8				9,345	1,336
4.	103,094	615	102,479	65.4	9.4	67.8				11,596	1,549
5.	101,101	255	100,846	64.2	5.9	65.8				18,438	2,322
6.	100,171		100,171	66.7		68.0				22,852	2,523
7.	101,086	240	100,846	70.6	7.2	72.1				23,622	2,664
8.	94,141	1,102	93,039	70.3	28.8	71.5				27,658	2,049
9.	90,221	1,384	88,837	73.1	34.0	74.4				33,869	2,370
10.	93,977	1,293	92,684	74.2	32.1	75.5				48,607	4,815
11.	99,041	1,236	97,805	75.9	30.2	77.4				65,476	7,440
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	287,331	34,495

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior	130,512	139,648	142,613	142,021	144,723	131,534	131,456	122,942	122,778	122,782	4	(160)
2. 2003	86,305	85,480	87,850	88,169	87,522	85,110	85,102	90,174	90,174	93,183	3,009	3,009
3. 2004	XXX	99,808	98,559	98,369	98,426	98,529	98,549	86,909	86,909	87,776	867	867
4. 2005	XXX	XXX	100,999	101,180	98,938	98,923	98,908	96,952	96,952	94,803	(2,149)	(2,149)
5. 2006	XXX	XXX	XXX	105,892	100,569	99,949	99,951	99,304	96,991	92,522	(4,469)	(6,782)
6. 2007	XXX	XXX	XXX	XXX	99,867	96,922	96,898	96,923	95,080	91,504	(3,576)	(5,419)
7. 2008	XXX	XXX	XXX	XXX	XXX	95,899	95,707	96,020	96,028	92,278	(3,750)	(3,742)
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	90,165	89,279	89,219	85,178	(4,041)	(4,101)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	86,215	85,558	81,859	(3,699)	(4,356)
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	89,019	85,781	(3,238)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	90,715	XXX	XXX
										12. Totals	(21,042)	(22,833)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	33,896	58,393	72,123	82,658	88,893	95,791	99,588	102,646	104,449	XXX	XXX
2. 2003	18,533	37,433	49,847	59,763	66,844	71,170	75,882	78,949	81,457	82,070	XXX	XXX
3. 2004	XXX	19,068	38,209	51,260	59,576	65,632	69,014	71,705	74,982	77,598	XXX	XXX
4. 2005	XXX	XXX	19,266	40,822	52,857	62,024	70,967	76,319	79,662	82,593	XXX	XXX
5. 2006	XXX	XXX	XXX	20,290	37,181	49,086	57,966	64,843	69,334	73,179	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	17,515	35,482	45,653	56,479	64,055	67,609	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	19,380	38,019	50,319	60,024	67,384	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	19,091	36,645	48,417	56,463	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,703	36,957	46,460	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,430	33,514	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,697	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	52,760	43,153	44,001	37,596	36,754	24,598	22,997	13,882	13,679	13,618
2. 2003	46,301	22,989	15,140	11,446	7,351	3,379	2,357	6,057	5,234	8,044
3. 2004	XXX	57,575	37,764	28,525	24,117	21,518	20,480	8,790	7,467	6,713
4. 2005	XXX	XXX	56,289	32,827	21,723	17,082	15,334	11,797	9,852	6,736
5. 2006	XXX	XXX	XXX	61,684	37,543	26,816	25,581	23,766	19,682	13,468
6. 2007	XXX	XXX	XXX	XXX	59,411	36,736	24,697	23,681	18,592	14,467
7. 2008	XXX	XXX	XXX	XXX	XXX	56,646	36,686	30,488	25,825	17,668
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	55,732	38,474	28,429	19,780
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	50,325	38,646	27,262
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56,500	42,644
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55,432

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama AL	N								
2. Alaska AK	N								
3. Arizona AZ	N								
4. Arkansas AR	N								
5. California CA	N								
6. Colorado CO	N								
7. Connecticut CT	L	270,774	200,270	2,738	18,429	104,627	240,259	15	
8. Delaware DE	Q								
9. Dist. 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	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N								
19. Louisiana LA	N								
20. Maine ME	L	124,981,223	125,415,527	12,712,472	72,767,663	60,878,992	301,982,914	195,607	
21. Maryland MD	L								
22. Massachusetts MA	L	642,893	545,416	35,502	345,292	387,876	742,984	60	
23. Michigan MI	N								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	N								
28. Nebraska NE	N								
29. Nevada NV	N								
30. New Hampshire NH	L	2,951,282	2,723,606	209,641	961,468	1,506,164	3,022,659	1,040	
31. New Jersey NJ	L	19,442	5,021			3,264	3,264		
32. New Mexico NM	N								
33. New York NY	L	971,161	879,212		90,374	587,654	678,415	45	
34. North Carolina NC	N								
35. North Dakota ND	L								
36. Ohio OH	L								
37. Oklahoma OK	N								
38. Oregon OR	N								
39. Pennsylvania PA	L	58,175	34,211		4,861	22,245	17,383		
40. Rhode Island RI	L								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	N								
44. Texas TX	N								
45. Utah UT	N								
46. Vermont VT	L	456,644	378,318	39,647	122,292	217,047	572,719	10	
47. Virginia VA	L								
48. Washington WA	L								
49. West Virginia WV	N								
50. Wisconsin WI	N								
51. Wyoming WY	N								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate other alien OT	XXX								
59. Totals	(a) 14	130,351,594	130,181,581	13,000,000	74,310,379	63,707,869	307,260,597	196,777	
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)	XXX								

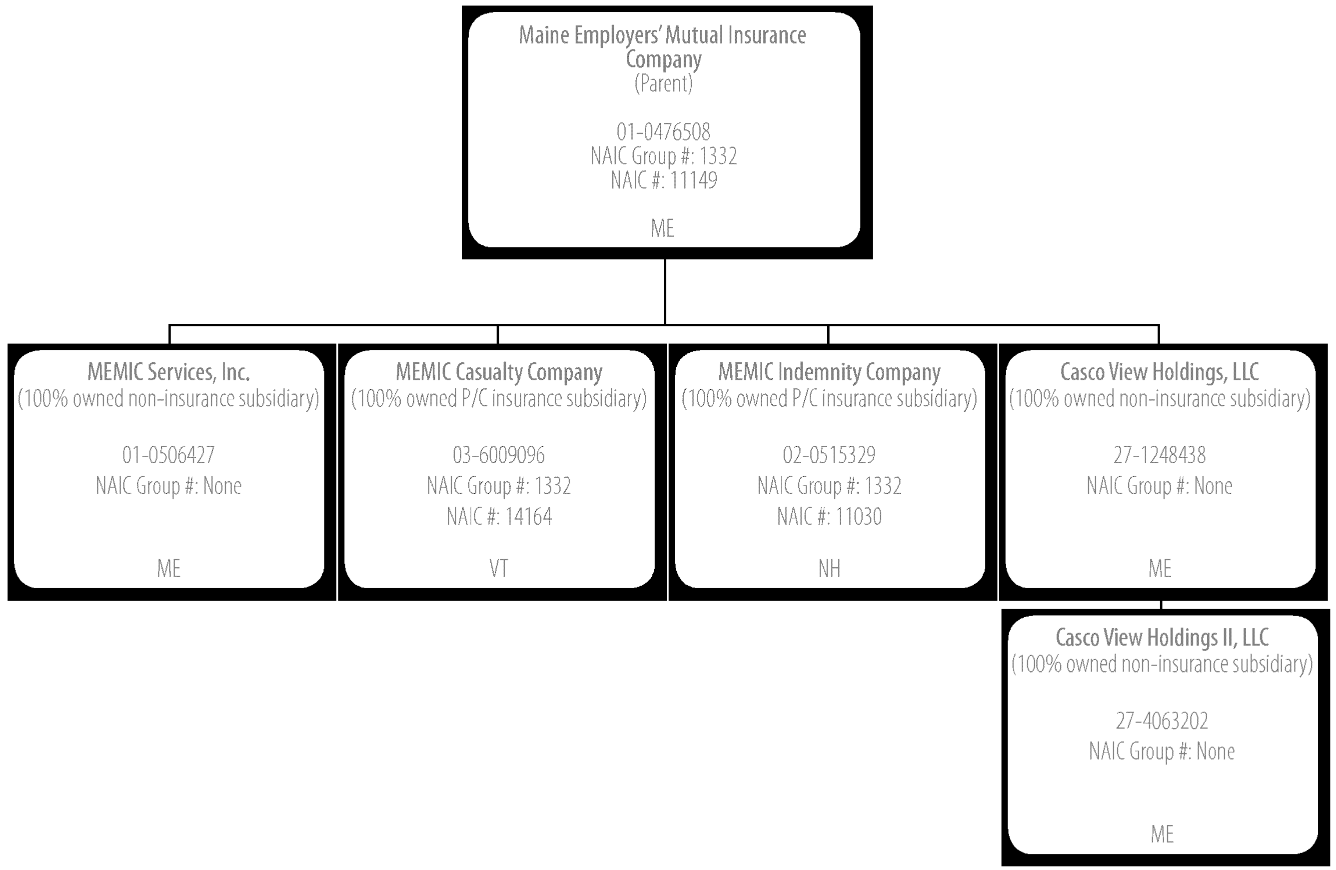
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;
(E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Corporate Structure



Property and Casualty
Annual Statement Blank Alphabetical Index

Property and Casualty
Annual Statement Blank Alphabetical Index (cont.)