



# ANNUAL STATEMENT

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

## ACE Insurance Company

NAIC Group Code.....626, 626 (Current Period) (Prior Period)	NAIC Company Code..... 30953	Employer's ID Number..... 66-0600740
Organized under the Laws of Puerto Rico	State of Domicile or Port of Entry Puerto Rico	Country of Domicile US
Incorporated/Organized..... January 16, 1987	Commenced Business..... January 1, 1988	
Statutory Home Office	1445 Roosevelt Ave. 5th Fl. Suite 5A..... San Juan ..... PR ..... 00920-2717 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	1445 Roosevelt Ave. 5th Fl. Suite 5A..... San Juan ..... PR ..... 00920-2717 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	787-274-4700 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 191249..... San Juan ..... PR ..... 00919-1249 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	1445 Roosevelt Ave. 5th Fl. Suite 5A..... San Juan ..... PR ..... 00920-2717 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	787-274-4770 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	N/A	
Statutory Statement Contact	Marilyn Campos <i>(Name)</i> marilyn.campos@acegroup.com <i>(E-Mail Address)</i>	787-274-4770 <i>(Area Code) (Telephone Number) (Extension)</i> 787-641-2592 <i>(Fax Number)</i>

### OFFICERS

Name	Title	Name	Title
1. Judith Hernandez	President	2. Janice Viera	Treasurer
3. Glorimar Rivero	Secretary	4.	

### OTHER

### DIRECTORS OR TRUSTEES

Judith Hernandez	Glorimar Rivero	Janice Viera	Roberto Salcedo
Fernando Jimenez	Javier Mendez	Maria Toledo	

State of ..... Puerto Rico  
County of ....San Juan

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

_____ (Signature) Judith Hernandez _____ 1. (Printed Name) President _____ (Title)	_____ (Signature) Janice Viera _____ 2. (Printed Name) Treasurer _____ (Title)	_____ (Signature) Glorimar Rivero _____ 3. (Printed Name) Secretary _____ (Title)
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Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2013

a. Is this an original filing? Yes [X] No [ ]  
b. If no  
1. State the amendment number \_\_\_\_\_  
2. Date filed 04/01/2013  
3. Number of pages attached \_\_\_\_\_

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	87,743,727		87,743,727	80,982,689
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	5,378,445		5,378,445	5,533,429
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....14,351,554, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	14,351,554		14,351,554	15,752,060
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	107,473,726	0	107,473,726	102,268,178
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	749,465		749,465	659,077
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	11,289,920	844,754	10,445,166	9,314,347
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	5,199,659		5,199,659	1,856,764
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	40,264		40,264	28,607
21. Furniture and equipment, including health care delivery assets (\$.....0).....	1,395,451	1,395,451	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	3,248,842	366,004	2,882,838	2,082,769
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	684,765	213,372	471,394	1,403,420
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	130,082,093	2,819,581	127,262,512	117,613,162
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	130,082,093	2,819,581	127,262,512	117,613,162

**DETAILS OF WRITE-INS**

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. OTHER ASSETS.....	684,765	213,372	471,394	358,357
2502. PREPAID TAXES.....			0	1,045,063
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	684,765	213,372	471,394	1,403,420

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	38,128,868	38,264,412
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	13,928,296	13,089,260
4. Commissions payable, contingent commissions and other similar charges.....	589,538	541,666
5. Other expenses (excluding taxes, licenses and fees).....	2,741,343	2,299,346
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....19,988,921 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	16,330,674	19,944,231
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	8,620,984	540,988
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.....	331,651	335,593
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	282,236	288,047
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	2,813,392	2,334,549
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	(56,917)	134,402
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	83,710,066	77,772,494
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	83,710,066	77,772,494
29. Aggregate write-ins for special surplus funds.....	13,488,130	12,767,118
30. Common capital stock.....	3,000,000	3,000,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	20,864,069	20,864,069
35. Unassigned funds (surplus).....	6,200,247	3,209,481
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	43,552,446	39,840,668
38. TOTALS (Page 2, Line 28, Col. 3).....	127,262,513	117,613,162

**DETAILS OF WRITE-INS**

2501. LOSSES IN PROCESS.....	(28,971)	10,924
2502. MISCELLANEOUS LIABILITIES.....	(27,628)	124,128
2503. PROVISION FOR UNEARNED PREMIUM ASSESSMENTS.....	(318)	(651)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	(56,917)	134,402
2901. CATASTROPHIC RESERVE.....	13,488,130	12,767,118
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	13,488,130	12,767,118
3201. PRIOR PERIOD ADJUSTMENT.....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	32,805,203	33,861,453
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	7,354,738	9,805,788
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	3,888,295	4,620,066
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	17,956,038	15,803,259
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	29,199,070	30,229,113
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	3,606,133	3,632,339
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	2,936,507	3,062,055
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	(246,529)	(200,365)
11. Net investment gain (loss) (Lines 9 + 10).....	2,689,978	2,861,690
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(13,480)	4,382
15. Total other income (Lines 12 through 14).....	(13,480)	4,382
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	6,282,631	6,498,411
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	6,282,631	6,498,411
19. Federal and foreign income taxes incurred.....	1,267,063	1,468,685
20. Net income (Line 18 minus Line 19) (to Line 22).....	5,015,568	5,029,726
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	39,840,668	35,237,382
22. Net income (from Line 20).....	5,015,568	5,029,726
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(991,691)	(254,649)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	5,810	(148,029)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(320,000)	
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	2,089	(23,762)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	3,711,777	4,603,286
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	43,552,445	39,840,668
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. OTHER INCOME.....	(10,087)	4,382
1402. PREPAID INCOME TAX.....		
1403. Foreign Exchange Transactions.....	(3,393)	
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(13,480)	4,382
3701. PRIOR PERIOD ADJUSTMENT.....		100
3702. CATASTROPHE LOSSES RESERVE.....		
3703. ADJUSTMENT PREMIUM BAD DEBT RESERVE.....	2,089	(23,862)
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	2,089	(23,762)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	35,571,156	32,358,375
2. Net investment income.....	3,413,473	3,404,436
3. Miscellaneous income.....	(13,480)	4,382
4. Total (Lines 1 through 3).....	38,971,149	35,767,193
5. Benefit and loss related payments.....	10,833,176	5,912,885
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	20,515,427	21,928,645
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	1,267,063	1,468,685
10. Total (Lines 5 through 9).....	32,615,666	29,310,215
11. Net cash from operations (Line 4 minus Line 10).....	6,355,483	6,456,978
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	13,022,122	9,532,950
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	13,022,122	9,532,950
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	20,442,054	15,584,339
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		1,100,000
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	20,442,054	16,684,339
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(7,419,932)	(7,151,389)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		(641,134)
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	320,000	
16.6 Other cash provided (applied).....	(16,057)	(4,576,897)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(336,057)	(5,218,030)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(1,400,506)	(5,912,441)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	15,752,060	21,664,501
19.2 End of year (Line 18 plus Line 19.1).....	14,351,554	15,752,060

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

20.0001 .....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	(1,378,736)	1,969,617	2,085,835	(1,494,955)
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....	9,069,031	4,228,801	4,521,208	8,776,623
6. Mortgage guaranty.....				.0
8. Ocean marine.....	1,241,379	276,884	297,627	1,220,635
9. Inland marine.....	402,548	202,353	194,468	410,434
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....	2,278,410	944,554	977,189	2,245,775
13. Group accident and health.....	6,260,484	140,784	167,701	6,233,567
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....	40,060	32,707	26,052	46,716
17.1 Other liability - occurrence.....	11,075,839	12,045,945	7,910,233	15,211,550
17.2 Other liability - claims-made.....				.0
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....	560	1,707	1,638	630
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....				.0
19.3, 19.4 Commercial auto liability.....	5,840	4,205	2,677	7,368
21. Auto physical damage.....		410		410
22. Aircraft (all perils).....				.0
23. Fidelity.....	3,572	1,448	1,736	3,284
24. Surety.....				.0
26. Burglary and theft.....	23,611	10,145	9,656	24,100
27. Boiler and machinery.....	169,048	84,672	134,654	119,066
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	29,191,646	19,944,231	16,330,674	32,805,203

#### DETAILS OF WRITE-INS

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	2,085,835				2,085,835
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....	4,521,208				4,521,208
6. Mortgage guaranty.....					0
8. Ocean marine.....	297,627				297,627
9. Inland marine.....	194,468				194,468
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....	977,189				977,189
13. Group accident and health.....	167,701				167,701
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....	26,052				26,052
17.1 Other liability - occurrence.....	7,910,233				7,910,233
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....	1,638				1,638
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....	2,677				2,677
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....	1,736				1,736
24. Surety.....					0
26. Burglary and theft.....	9,656				9,656
27. Boiler and machinery.....	134,654				134,654
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	16,330,674	0	0	0	16,330,674
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					16,330,674

#### DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case:

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	9,393,119		25,188	7,880,800	2,916,244	(1,378,736)
2. Allied lines.....	4,562,706			4,562,706		.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....	13,224,457	13,540	474,816	2,358,558	2,285,224	9,069,031
6. Mortgage guaranty.....						.0
8. Ocean marine.....	2,185,356			842,320	101,657	1,241,379
9. Inland marine.....	1,125,803			723,255		402,548
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....	2,031,381		2,317,276	1,165,612	904,635	2,278,410
13. Group accident and health.....	9,790,909		6,163,870	9,694,295		6,260,484
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....	110,313			70,253		40,060
17.1 Other liability - occurrence.....	33,421,785	(3,554)	731,350	19,856,158	3,217,585	11,075,839
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....	1,600			1,040		560
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....	482,203	232		476,595		5,840
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....	10,205			6,633		3,572
24. Surety.....						.0
26. Burglary and theft.....	38,974			15,363		23,611
27. Boiler and machinery.....	106,817			(62,231)		169,048
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX					.0
32. Reinsurance - nonproportional assumed liability.....	XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	.0
35. TOTALS.....	76,485,628	10,218	9,712,501	47,591,356	9,425,345	29,191,646

#### DETAILS OF WRITE-INS

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

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

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

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....	427,292	332	150,416	277,208	1,581,005	1,374,835	483,378	(32.3)
2.	Allied lines.....				.0			.0	
3.	Farmowners multiple peril.....				.0			.0	
4.	Homeowners multiple peril.....				.0			.0	
5.	Commercial multiple peril.....	1,973,079	11,993	1,313,583	671,489	761,678	1,108,089	325,078	3.7
6.	Mortgage guaranty.....				.0			.0	
8.	Ocean marine.....	248,414		172,447	75,967	188,434	76,068	188,333	15.4
9.	Inland marine.....	137,786		88,110	49,676	60,910	79,803	30,782	7.5
10.	Financial guaranty.....				.0			.0	
11.1	Medical professional liability - occurrence.....				.0			.0	
11.2	Medical professional liability - claims-made.....				.0			.0	
12.	Earthquake.....		64,000	22,400	41,600	281,548	332,833	(9,685)	(0.4)
13.	Group accident and health.....	1,554,486	323,097	976,464	901,120	1,080,427	1,062,953	918,594	14.7
14.	Credit accident and health (group and individual).....				.0			.0	
15.	Other accident and health.....				.0			.0	
16.	Workers' compensation.....	1,905		1,557	348	180,534	168,397	12,485	26.7
17.1	Other liability - occurrence.....	15,560,781	3,050,531	13,143,413	5,467,899	32,569,014	33,694,854	4,342,059	28.5
17.2	Other liability - claims-made.....				.0			.0	
17.3	Excess workers' compensation.....				.0			.0	
18.1	Products liability - occurrence.....				.0			.0	
18.2	Products liability - claims-made.....				.0			.0	
19.1, 19.2	Private passenger auto liability.....				.0			.0	
19.3, 19.4	Commercial auto liability.....	2,502		2,537	(35)	326,895	6,928	319,932	4,342.2
21.	Auto physical damage.....				.0			.0	
22.	Aircraft (all perils).....				.0			.0	
23.	Fidelity.....				.0			.0	
24.	Surety.....				.0			.0	
26.	Burglary and theft.....	5,196		1,819	3,378	455	520	3,313	13.7
27.	Boiler and machinery.....	2,290		658	1,632	1,097,969	359,133	740,469	621.9
28.	Credit.....				.0			.0	
29.	International.....				.0			.0	
30.	Warranty.....				.0			.0	
31.	Reinsurance - nonproportional assumed property.....	.XXX			.0			.0	
32.	Reinsurance - nonproportional assumed liability.....	.XXX			.0			.0	
33.	Reinsurance - nonproportional assumed financial lines.....	.XXX			.0			.0	
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	
35.	<b>TOTALS.....</b>	<b>19,913,732</b>	<b>3,449,953</b>	<b>15,873,404</b>	<b>7,490,282</b>	<b>38,128,868</b>	<b>38,264,412</b>	<b>7,354,738</b>	<b>22.4</b>
<b>DETAILS OF WRITE-INS</b>									
3401.	.....				.0			.0	
3402.	.....				.0			.0	
3403.	.....				.0			.0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0	.0	

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	178,085	5,768	69,594	114,259	4,603,878	3,137,132	1,581,005	459,366	
2. Allied lines.....				0			0		
3. Farmowners multiple peril.....				0			0		
4. Homeowners multiple peril.....				0			0		
5. Commercial multiple peril.....	2,407,439	120,000	1,765,761	761,678			761,678		
6. Mortgage guaranty.....				0			0		
8. Ocean marine.....	181,426		131,828	49,598	207,664	68,828	188,434	32,068	
9. Inland marine.....	157,510		96,600	60,910			60,910		
10. Financial guaranty.....				0			0		
11.1 Medical professional liability - occurrence.....				0			0		
11.2 Medical professional liability - claims-made.....				0			0		
12. Earthquake.....	5,000	428,151	151,603	281,548			281,548		
13. Group accident and health.....	99,371		59,104	40,267	3,962,741	2,922,582	(a) 1,080,427	329,348	
14. Credit accident and health (group and individual).....				0			0		
15. Other accident and health.....				0			(a) 0		
16. Workers' compensation.....	10,630		861	9,770	512,717	341,953	180,534	47,376	
17.1 Other liability - occurrence.....	18,655,536	135,914	11,384,755	7,406,695	59,459,463	34,297,144	32,569,014	12,587,644	
17.2 Other liability - claims-made.....				0			0		
17.3 Excess workers' compensation.....				0			0		
18.1 Products liability - occurrence.....				0			0		
18.2 Products liability - claims-made.....				0			0		
19.1, 19.2 Private passenger auto liability.....				0			0		
19.3, 19.4 Commercial auto liability.....	1,200		(30)	1,230	2,014,875	1,689,210	326,895	324,917	
21. Auto physical damage.....				0			0		
22. Aircraft (all perils).....				0			0		
23. Fidelity.....				0			0		
24. Surety.....				0			0		
26. Burglary and theft.....	700		245	455			455		
27. Boiler and machinery.....	2,512,000		1,758,400	753,600	511,051	166,682	1,097,969	147,577	
28. Credit.....				0			0		
29. International.....				0			0		
30. Warranty.....				0			0		
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX		0		
32. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX		0		
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX		0		
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	
35. TOTALS.....	24,208,897	689,833	15,418,721	9,480,009	71,272,388	42,623,529	38,128,868	13,928,296	

**DETAILS OF WRITE-INS**

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	2,890,317			2,890,317
1.2 Reinsurance assumed.....	45,889			45,889
1.3 Reinsurance ceded.....	1,786,335			1,786,335
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,149,871	0	0	1,149,871
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		12,513,904		12,513,904
2.2 Reinsurance assumed, excluding contingent.....		2,483,839		2,483,839
2.3 Reinsurance ceded, excluding contingent.....		9,949,604		9,949,604
2.4 Contingent - direct.....		464,556		464,556
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	5,512,694	0	5,512,694
3. Allowances to manager and agents.....				0
4. Advertising.....	6,058	4,895,967		4,902,025
5. Boards, bureaus and associations.....	18,167	38,720		56,886
6. Surveys and underwriting reports.....	2,061	272,569		274,630
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	1,483,371	3,229,588		4,712,959
8.2 Payroll taxes.....	132,169	269,094		401,263
9. Employee relations and welfare.....	546,135	1,019,710		1,565,846
10. Insurance.....	1,601	2,512		4,113
11. Directors' fees.....				0
12. Travel and travel items.....	65,853	284,142		349,995
13. Rent and rent items.....	68,357	114,761		183,119
14. Equipment.....	58,086	96,378		154,465
15. Cost or depreciation of EDP equipment and software.....	35,859	187,531		223,391
16. Printing and stationery.....	33,111	58,289		91,400
17. Postage, telephone and telegraph, exchange and express.....	99,694	280,591		380,285
18. Legal and auditing.....	40,765	207,598		248,363
19. Totals (Lines 3 to 18).....	2,591,288	10,957,451	0	13,548,740
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		83,737		83,737
20.2 Insurance department licenses and fees.....		94,785		94,785
20.3 Gross guaranty association assessments.....		1,058		1,058
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	179,579	0	179,579
21. Real estate expenses.....	89,329	126,979		216,308
22. Real estate taxes.....	30,472	94,673		125,145
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	27,333	1,084,662	114,600	1,226,596
25. Total expenses incurred.....	3,888,295	17,956,038	114,600	(a) 21,958,933
26. Less unpaid expenses - current year.....	13,928,296	3,330,882		17,259,178
27. Add unpaid expenses - prior year.....	13,089,260	2,841,012		15,930,272
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	3,049,259	17,466,168	114,600	20,630,027

**DETAILS OF WRITE-INS**

2401. Balance charge off/Other tech change Res.....		71,248		71,248
2402. Income and charges special service.....	797	964,712		965,510
2403. General Expenses.....	26,536	48,702	114,600	189,838
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	27,333	1,084,662	114,600	1,226,596

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....54,121	.....53,836
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....3,036,318	.....3,126,706
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....25,549	.....25,549
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....3,115,988	.....3,206,091
11. Investment expenses.....	.....	(g).....114,600
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).....154,984
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....269,584
17. Net investment income (Line 10 minus Line 16).....	.....	.....2,936,507

### DETAILS OF WRITE-INS

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

- (a) Includes \$.....23,294 accrual of discount less \$.....435,664 amortization of premium and less \$.....88,681 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....154,984 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....			.....0		
1.1 Bonds exempt from U.S. tax.....			.....0		
1.2 Other bonds (unaffiliated).....	(246,529)		(246,529)		
1.3 Bonds of affiliates.....			.....0		
2.1 Preferred stocks (unaffiliated).....			.....0		
2.11 Preferred stocks of affiliates.....			.....0		
2.2 Common stocks (unaffiliated).....			.....0		
2.21 Common stocks of affiliates.....			.....0		
3. Mortgage loans.....			.....0		
4. Real estate.....			.....0		
5. Contract loans.....			.....0		
6. Cash, cash equivalents and short-term investments.....			.....0		
7. Derivative instruments.....			.....0		
8. Other invested assets.....			.....0		
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	(246,529)	.....0	(246,529)	.....0	.....0

### DETAILS OF WRITE-INS

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

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	844,754	275,087	(569,667)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	1,395,451	992,600	(402,851)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....	366,004	389,840	23,836
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	213,372	170,363	(43,008)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	2,819,581	1,827,890	(991,691)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	2,819,581	1,827,890	(991,691)

**DETAILS OF WRITE-INS**

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. OTHER ASSETS.....	213,372	170,363	(43,008)
2502. PREPAID TAXES.....			.0
2503.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	213,372	170,363	(43,008)

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

The accompanying financial statements of ACE Insurance Company have been prepared on the basis of accounting practices prescribed by the Office of the Insurance Commissioner of Puerto Rico. The Office of the Insurance Commissioner of Puerto Rico requires insurance companies domiciled in Puerto Rico 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 Office of the Insurance Commissioner of Insurance of Puerto Rico.

The only identified difference between Puerto Rico prescribed practices and NAIC statutory accounting practices (NAIC SAP) was observed in the year 2009 with regards to the accounting of the Catastrophic Reserve. NAIC SAP allows the Catastrophic Reserve to be part of the "Restricted Surplus", but legislation in Puerto Rico up until 2009 required the Catastrophic Reserve to be considered part in the Liabilities section and part in the Surplus, as stipulated in Law #227 of 2006 which amended the sections of the Insurance Code which govern the Catastrophic Reserve. Beginning in 2010, the Office of the Insurance Commissioner of Puerto Rico requires the Catastrophic Reserve to be part of the "Restricted Surplus", thus, eliminating the requirement to separate a minimum amount in the Liability section of the Balance Sheet.

Insurers are required to contribute each year to the Catastrophic Reserve until such time as the Reserve exceeds 8% of the 100-year Probable Maximum Loss for hurricane. ACE Insurance Company calculates its PML exposure as \$174,574,000. The balance of the Reserve as of December 31, 2011 was \$12,767,118 and the fund earned \$476,567 in interest during the year. As of December 31, 2012, the Reserve balance was \$13,488,130 the 8% of our PML is \$13,965,920 we are making a contribution of 306,669 during 2013 to comply with the Insurance Commissioner of Puerto Rico.

The Commonwealth of Puerto Rico has adopted certain prescribed accounting practices which differ from those found in NAIC SAP. Specifically, the deferred income tax arising from the temporary difference resulting from additions to the Catastrophe Loss Reserve which are deductible for tax purposes. The Commissioner of Insurance permitted the no recognition of the deferred tax liability resulting from additions to the catastrophe loss reserve that would otherwise have resulted under NAIC SAP. Reconciliation of net income and policyholders' surplus between the amount presented in the accompanying financial statements (PR basis) and NAIC SAP follow:

<b>Description</b>	<b>2012</b>	<b>2011</b>
Net Income (Loss), PR basis	5,015,568	5,027,726
Effect of PR prescribed practice for Cat Reserve	0	0
Net income (Loss), NAIC SAP basis	5,015,568	5,027,726
Policyholders' surplus, PR basis	43,552,445	39,840,668
Deferred tax liability for catastrophic loss reserve (30% of Catastrophic reserve)	4,046,439	3,830,135
Policyholder's surplus, NAIC SAP basis	39,506,006	36,010,533

The company has not modified its capitalization policy from the prior period.

**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, except for accident and health premiums which, due to their short coverage period, are recognized as revenue when due. Reserves for assumed business are based on reports received from ceding companies.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions and direct marketing solicitation, are charged to operations as incurred. Additional contingent commissions due to agents are recorded over the period in which related income is recognized under the terms of contracts between the Company and its agents. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest earned. Interest is recognized on an accrual basis. Realized capital losses include writedowns for impairments considered to be other than temporary.

**NOTES TO FINANCIAL STATEMENTS**

During year 2007 the Company acquired a property for its office facilities in Puerto Rico for a cost of \$4,944,613 and during 2011 we bought additional space for \$1,100,000. Depreciation expense related to this asset for the year ended December 31, 2012 amounted to \$154,983 (2010- \$126,780). Real Estate investments are classified on the balance sheet as properties occupied by the Company. The Company does not hold properties for Income or for Sale. Properties occupied by the Company are carried at depreciated cost. There are no encumbrances against the properties.

In the normal course of business the Company seeks to reduce the loss that may arise from events that can cause unfavorable underwriting results by reinsuring certain levels of risks in various areas of exposure with other insurers and reinsurers. The Company's primary reinsurance activity involves assuming and ceding insurance risks through quota share and excess of loss agreements. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses, although ceded insurance does not relieve the originating insurer of its contingent liability. Risks ceded are treated as risks for which the Company is not liable. The Company would be liable only if a reinsurer fails to meet its obligations under reinsurance agreements. The Company also maintains certain excess loss and catastrophe insurance coverage.

Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commission costs, respectively. Reinsurance recoveries are recorded as a reduction of losses and loss adjustment expenses incurred. A reserve is provided for unearned premiums and reinsurance balance receivables with unauthorized reinsurers. Also a reserve is provided for overdue amounts receivable from authorized reinsurers, as defined. Changes in these reserves are charged or credited to unassigned surplus.

In addition, the Company uses the following accounting policies:

- 1) **Basis of Valuation of Short-term Investments:** Short-term investments are carried at cost and represent investments with remaining maturities (or repurchase dates under repurchase agreements) of one year or less at the date of acquisition. The Company does not hold short-term investments below investment grade.
- 2) **Basis of Valuation of Bonds:** The Company's investment portfolio is composed of NAIC Class 1 and 2 grade securities.

Investment in debt securities designated as highest and high quality (NAIC designation 1 and 2) are generally stated at amortized cost and any premium or discounts are amortized to income using the interest method. Investment transactions are recorded on the basis of trade date. Realized gains and losses on sales of investment are determined using the specific identification method.

The disclosures of estimated fair market values are based on NAIC Securities Valuation Office (SVO) published market prices when available. If quoted market prices are not available, management's best estimate of fair value shall be based on quoted market price of a financial instrument with similar characteristics, or on industry recognized valuation techniques.

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

At December 31, 2012 and 2011 investments with carrying value of \$1,620,313 and \$1,619,686 respectively (estimated market value of \$1,700,780 and \$1,736,393 respectively) are deposited with the Insurance Commissioner of the Commonwealth of Puerto Rico to meet a statutory deposit requirement. These securities are in trust for the protection of the Company's policyholders and creditors pursuant to requirements of the Puerto Rico Insurance Code.

At December 31, 2012 and 2011, investments with a carrying value of \$ 12,338,627 and \$12,400,852 (market value of \$ 13,062,391 and \$13,384,592 respectively) and short-term investments with a carrying value of \$ 842,833 and \$120,265 respectively, are deposited in a trust to meet the statutory standard of Act. 73 of August 12, 1994 and Chapter 25 of the Insurance Code of Puerto Rico ("Insurance Code") as described in Note 9. These securities continued to be owned by the Company, but their use is restricted by the provisions of the Insurance Code.

- 3) **Basis of Valuation of Common Stocks:** Not applicable
- 4) **Basis of Valuation of Preferred Stocks:** Not applicable
- 5) **Basis of Valuation of Mortgage Loans:** Not applicable
- 6) **Basis of Valuation of loan-backed Securities:** Investment grade loan-backed securities are stated at amortized

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**NOTES TO FINANCIAL STATEMENTS**


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value. The Company does not hold Loan-backed Securities valued below Investment Grade.

- 7) Basis of Valuation of subsidiary, controlled and affiliated companies:** The Company has an investment, valued at \$50,000 in ACE Insurance Agency. This entity is a wholly-owned subsidiary of ACE Insurance Company, and is currently inactive.
- 8) Basis of valuation of joint ventures, partnerships, LLCs:** Not applicable
- 9) Basis of valuation of derivatives:** Not applicable
- 10) Premium Deficiency Reserve:** The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
- 11) Method of establishing loss and LAE Reserves:** 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. Estimated amounts of salvage and subrogation on paid losses are not anticipated by the Company. 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.
- 12) Change in Capitalization Policy:** The Company has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.
- 13) Method of estimating pharmaceutical rebate receivables:** Not applicable

**1) Accounting Changes and Corrections of Errors**

Not Applicable

**2) Business Combinations and Goodwill**

Not Applicable

**3) Discontinued Operations**

Not Applicable

**4) Investments**

Not Applicable

**5) Joint Ventures, Partnerships and Limited Liability Companies**

Not Applicable

**6) Investment Income**

**A) Accrued Investment Income:** The Company does not admit investment income due and accrued if amounts are over 90 days past due. No accrued investment income was excluded during the years 2011 and 2010.

**B) Amounts Non-admitted:** None

**7) Derivative Instruments**

Not Applicable

**8) Income Taxes**

There are no Net Operating Loss Carry-forwards available; the Company had no pre-paid taxes as of December 31<sup>st</sup>, 2012

There is a Deferred Tax Asset as of December 31<sup>st</sup>, 2011 of \$437,596.. A valuation allowance was established for this same amount as there is a possibility that it may not be fully realizable.

**9) Information Concerning Parent, Subsidiaries and Affiliates**

**NOTES TO FINANCIAL STATEMENTS**

**A) Nature of Relationships:** The Company is directly owned by ACE INA International Holdings. The ultimate parent company is ACE Limited. See the organization list in Schedule Y for full particulars.

The Company purchases reinsurance from several affiliated companies, notable ACE Property & Casualty, ACE American Insurance Company, Insurance Company of North America, and ACE Tempest Re. Details of balances with affiliated reinsurers may be found in Schedule F.

**B) Detail of Transactions greater than 1/2% of Admitted Assets:**

- 1) The Company had Intercompany Transactions with Insurance Company of North America (INA). Balances outstanding as of December 2011 and 2012 may be found in Note 10-D below. Settlements were made with the entity for \$194,962 (due to INA).
- 2) Additionally, the Company had Intercompany Transactions with Indemnity Insurance Company of North America (IINA). Balances outstanding as of December 2011 and 2012 may be found in Note 10-D below. Settlements were made with the entity on December 2012 for \$273,582 (due from IINA).
- 3) Also, the Company had transactions associated with Payroll Servicing with ACE American. Balances outstanding as of December 2010 and 2011 may be found in Note 10-D below. During the year, ACE American billed the Company for payroll services in the amount of \$5,998,193 and the Company made payments to ACE American in the amount of \$5,718,012.

**C) Change in Terms of Intercompany Relationships:** As of January 1, 2008, the Company entered into a Service agreement with affiliated entities Insurance Company of North American and Indemnity Insurance Company of North America, related to those two entities' operations in Puerto Rico and the US Virgin Islands respectively. The terms of the agreement establish that the Company will provide management and administrative services for the affiliates' business in PR and USVI, in exchange for a management fee. This agreement was subsequently modified on October 9, 2009 clarifying that the services provided may include Cash Management services. In the course of fulfilling these functions, the Company may collect or disburse funds on behalf of the two affiliates. These transactions do not affect the Company's reported results. These balances are subsequently settled via Intercompany settlements. Intercompany balances outstanding as of year-end are detailed in Note 10-D below.

The Company has entered into a service contract with ACE American Insurance Company (ACE American) under which ACE American provides payroll support services and makes payroll payments on the Company's behalf. Balances due are reimbursed to ACE American by the Company within no later than 90 days. Total payments during 2012 were \$5,718,012 which corresponds to salaries of from November 2011 to November 2012. December 2012 was paid in 2013.

**D) Amounts due to or from related parties:** The Company reported gross Receivables/(Payables) from/to parent, subsidiaries and affiliates of \$69,446 and \$130,060 as of December 31, 2012 and December 31, 2011 respectively. The Company's policy is to settle affiliate balances no later than ninety days of statement date. The schedule below details the affiliated Company receivables/(payables). In 2012, the Company has classified \$366,004 of affiliate recoverable as non-Admitted which are not covered by service contracts and \$389,840 in 2011.

Affiliate	2012		2011	
	Receivable	Payable	Receivable	Payable
INA Indemnity - USVI	2,876,357		2,080,161	
INA Home Office	200,575	(802,155)	46,723	(521,975)
ACE-Argentina	71,951		71,951	
Seg. Generales/INA	40,739		40,739	
ACE Bermuda	23,672		203,087	
ACE Insurance Agency	15,679	(1,451)	15,679	(1,451)
AEG HO	9,793		9,793	
INA PR	6,481	(569,431)	2,608	(37,473)
INA USVI	3,595		1,563	
ACE AE UK	-		304	
ACE Indemnity		(1,435,787)		(1,643,622)
BERMUDA/AFIA-NOC		(4,569)		(130,029)
<b>Subtotal</b>	<b>3,248,842</b>	<b>(2,813,392)</b>	<b>2,472,609</b>	<b>(2,334,549)</b>
<b>Reclassified as Non-Admitted</b>	<b>(366,004)</b>		<b>(389,840)</b>	
<b>Total Admitted from parents, subsidiaries and affiliates</b>	<b>2,882,838</b>	<b>(2,813,392)</b>	<b>2,082,769</b>	<b>(2,334,549)</b>

**NOTES TO FINANCIAL STATEMENTS**

- E) Guarantees or contingencies for related parties:** There are no guarantees or undertakings for the benefit of an affiliate which result in a material contingent exposure of the Company or any affiliated insurer's assets or liabilities which are not disclosed in Note 14.
- F) Management, service contracts, and cost-sharing arrangements:** Below is a description of material management or service contracts and cost-sharing arrangements involving the group and any related party. This includes, but is not limited to sale lease-back arrangements, computer or fixed asset leasing arrangements and agency contracts, that remove assets that may otherwise be recorded (and potentially non-admitted) on the group's financial statements:
- 1) As mentioned in 10-C above, the Company has entered into a service contract with ACE American under which ACE American provides payroll support services and makes payroll payments on the Company's behalf. Balances due are reimbursed to ACE American by the Company within no later than 90 days.
  - 2) The Company has a service arrangement with Cover Direct, Inc. for "Cover Direct" service which include service related to reinsurance administration and related financial support. The total amount paid during 2012 was \$282,711
  - 3) The Company has a service agreement with ACE International Management Corporation under the Accounting Services Agreement. The total amount paid during 2012 was \$6,122.
  - 4) The Company has a service agreement with ACE Asset Management Corporation under the Accounting Services Agreement. The total amount paid during 2012 was \$38,415. (7,457 for 2011 and 30,958 for 2012)
- G) Nature of relationships that could affect operations.** See Schedule Y for a complete listing of affiliated companies.
- H) Amount deducted for investment in Upstream Company:** Not Applicable
- I) Detail of investments in affiliates greater than 10% of Admitted Assets:** The Company does not own stock in affiliates which exceed 10% of Admitted Assets.
- J) Writedowns for impairments 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

**10) Debt**

Not Applicable

**11) Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

Eligible Employees of ACE Limited and its subsidiaries in the United States are covered under a defined contribution plan which allows employee contributions. Under this plan, non-highly compensated employees may contribute up to 50%, and highly compensated employees up to 10% of their salary.

For employees hired subsequent to January 1, 2009, the Company matches 50% of the participants' contribution, up to 6% of the participants' eligible earnings. Bonuses are excluded for the purposes of determining eligible earnings.

For employees hired prior to that date, the Company matches 100% of the participants' contribution, up to 6% of the participants' eligible earnings.

Full vesting of benefits is reached after 2 years of service for employees hired after October 2004, and 1 year of service for employees hired prior to that date. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third party investment advisor.

The Company's matching contributions for the defined contribution plan amounted to approximately \$128,322 and \$128,540 in 2012 and 2011 respectively.

In addition, the Company sponsors a qualified, non-contributory defined contribution plan covering substantially all of its domestic employees. The Company contributes an amount equal to 6% of the participants' eligible earnings. Bonuses are excluded for the purposes of determining eligible salary for employees hired after January 1, 2009. Full vesting of benefits is also reached after 2 years of service for employees hired after October 2004, and 1 year of service for employees hired prior to that date, and these contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third party investment advisor.

The Company's annual core contribution amounted to approximately approximately \$239,075 and \$225,544 in 2012 and 2011 respectively.

**NOTES TO FINANCIAL STATEMENTS****12) Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

- A) Outstanding shares:** The Company has 5000 "Class A" Shares outstanding with a par value of \$100 each. Additionally, there are 5000 "Class B" Shares outstanding with a par value of \$500 each
- B) Dividend rate of preferred stock:** Not Applicable.
- C) Dividend restrictions:** Chapter 29 of the Puerto Rico Insurance Code establishes that cash dividends may only be paid from funds generated by Unassigned Funds (surplus).
- D) Dates and amounts of dividends paid:** The Company paid on December 20<sup>th</sup>, 2012 ordinary dividends of \$320,000.
- E) Amounts of ordinary dividends that may be paid:** At present, the Company has negative Unassigned Funds, and is ineligible to pay dividends until such time as it has a positive balance in this account.
- F) Restrictions on Unassigned Funds:** There are no restrictions on the Unassigned Funds of the Company, other than as noted in 13-C and 13-E above and these unassigned funds are held for the benefit of the shareholders and policyholders.
- G) Mutual Surplus Advances:** Not Applicable
- H) Company Stock Held for Special Purposes:** Not Applicable
- I) Changes in Special Surplus Funds**

As discussed in Note 1-A above, Chapter 25 of the Puerto Rico Insurance Code requires insurers to maintain a Catastrophic Reserve to protect against Catastrophic Losses. Insurers are required to contribute each year to the Catastrophic Reserve until such time as the Reserve exceeds 8% of the 100-year Probable Maximum Loss for hurricane.

The table below summarizes transactions affecting the Catastrophic Reserve in 2012 and 2011.

	2012	2011
Catastrophic Reserve - Beginning Balance	12,767,118	12,149,857
Investment Income	414,352	379,260
Contributions	306,669	246,001
Transfer from Unassigned Surplus	0	0
Withdrawals	-	-
<b>Catastrophic Reserve - Ending Balance</b>	<b>13,488,130.</b>	<b>12,767,118</b>
Classified as Liability	0	0
Classified as Equity	13,488,130	12,767,118

- J) Changes in Unassigned Funds.** Unassigned funds (surplus) has a cumulative value of \$6,200,647 compared with a balance of 3,209,668 in 2011. Changes in Unassigned Funds are due to Income generated during the year, and changes in non-Admitted Assets, Provision for Reinsurance, Catastrophic Reserve and other items as detailed on Page 4 of the Annual Statement.

**13) Contingencies**

In accordance with Chapter 41 and Rule No. 56 of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of "Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria" and "Sindicato de Aseguradores de Responsabilidad Profesional para Médicos." Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company share risk with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. During 2011 and 2010, no assessments or payments were received or made for these contingencies.

The Company is also a member of Puerto Rico Property and Casualty Insurance Guaranty Association and, as a member, is required to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies operating in Puerto Rico, to an annual maximum of 2% of premiums written. For the year ended December 31, 2011, the Company recovered \$0 (2011 - \$1,521).

**NOTES TO FINANCIAL STATEMENTS****14) Leases**

A) Lessee Leasing Arrangements

Not Applicable

B) Lessor Leasing Arrangements

Not Applicable

**15) Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

Not Applicable

**16) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not Applicable

**17) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not Applicable

**18) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

The Company uses Managing General Agents to write and administer various insurance products. The terms of the MGA Contract give the MGAs Authority for premium collection. The Company retains Underwriting Authority for all policies issued under these agreements. As reported in the chart below, several MGAs write direct premiums greater than 5% of Policyholders Surplus, below you will find only the top ten.

Agency	Address	Tax ID	Exclusive Contract	Type of Business Written	Type of Authority Granted	2012 Premium	2011 Premium
Eastern America Ins. Agency	PO Box 193900 San Juan, PR 00919-3900	660-38-8346	No	P&C / A&H	Premium collection	9,995,324	9,619,554
Corona Insurance	PO Box 16600 San Juan, PR 00908-6600	660-55-1184	No	P&C / A&H	Premium collection	5,464,860	6,165,023
Colonial Insurance Agency Inc.	PO Box 192511 San Juan, PR 00919-2511	660-38-1156	No	P&C / A&H	Premium collection	5,450,716	4,023,766
Global Insurance Agency Inc.	PO Box 9023918 San Juan, PR 00902-3918	660-35-6202	No	P&C / A&H	Premium collection	3,769,873	2,730,697
Triple-S (formerly Signature) Insurance Agency Inc.	PO Box 360838 San Juan, PR 00936-0838	660-28-6587	No	P&C / A&H	Premium collection	2,999,488	2,001,891
Seguros N. Colon	PO Box 1267 Aibonito, PR 00705		No	P&C / A&H	Premium collection	2,794,678	2,304,959
J. Jaramillo Insurance			No	P&C / A&H	Premium collection	2,114,480	522,033
Overseas Insurance Ins Agency	PO Box 71467 San Juan, PR 00936-8567	660-44-2203	No	P&C / A&H	Premium collection	1,871,618	2,196,334
Popular Insurance	PO BOX 70331 San Juan, PR 00936-8331	660-54-2973	No	P&C / A&H	Premium collection	1,759,685	3,558,285
Scotia Insurance de Puerto Rico			No	P&C / A&H	Premium collection	695,472	663,945

**19) Other Items**

Not Applicable

**20) Events Subsequent**

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

21) Reinsurance of the Property statement related to disclosure of the transfer of property and casualty run-off agreements.

Not Applicable

**22) Reinsurance**

**NOTES TO FINANCIAL STATEMENTS**

- A) Unsecured reinsurance Recoverables:** As of December 31, the Company has a significant recoverable amount from affiliated reinsurers for losses paid and unpaid, including incurred but not reported losses, loss adjustment expenses, and unearned premiums, exceeding 3% of Company's capital and surplus of approximately:

Company	Federal ID Number	NAIC Company Code	2012 Reinsurance Recoverable	2011 Reinsurance Recoverable
ACE Tempest	AA-3190770		77,695,048	66,169,412
ACE Property and Casualty	06-0237820	20699	11,558,849	14,421,063
Swiss Re. American Corp.	13-1675535	25364	875,971	774,853
Hannover Ruckversicherung Ag	AA-1340125		1,197,625	1,142,224
Munich Reinsurance Co.	AA-1120011		834,232	1,040,282

- 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's surplus in aggregate.

- C) Reinsurance Assumed and Ceded and Protected Cells.**

- 1) Maximum Return Commission Due Reinsurers:** The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2012 and 2011.

	2012					
	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	241	63	7,868	1,259	(7,627)	(1,196)
b. All other	1,526	397	12,122	1,940	(10,596)	(1,543)
c. Totals	1,767	460	19,991	3,199	(18,224)	(2,739)
d. Direct UPR	34,576				Net UPR	19,944

	2011					
	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	241	53	4,138	742	(3,897)	(689)
b. All other	1,226	270	10,294	1,750	(9,068)	(1,480)
c. Totals	1,467	323	14,432	2,492	(12,965)	(2,169)
d. Direct UPR	32,953				Net UPR	

- 2) Additional or Return Commission, or Profit Sharing:** Certain agency agreements provide for additional commissions based on the actual loss experience of the produced business. Amounts accrued at the end of the year for 2012 were \$589,538 compared with \$541,666 for 2011.

Ceded reinsurance on contracts do not provide for return commission based on actual experience of reinsurance business.

- 3) Protected Cells:** The Company does not use protected cells as an alternative to traditional reinsurance.

- D) Uncollectible Reinsurance:** N/A

- E) Commutation of ceded reinsurance:** There were no commutations of reinsurance during the reporting period.

- F) Retroactive Reinsurance:** Not Applicable

- G) Reinsurance accounted for as deposit:** Not Applicable.

**23) Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not Applicable

**NOTES TO FINANCIAL STATEMENTS****24) Changes in Incurred losses and Loss Adjustment Expenses**

Activity in the liability for unpaid claims (loss) and claims (loss) adjustment expenses follows:

<b>Line of Business</b>	<b>2012 Calendar Year Incurred Losses &amp; LAE</b>	<b>2012 Accident Year Incurred losses &amp; LAE</b>	<b>Shortage (Redundancy)</b>
Home / Farm			
Commercial Multiple Peril	860,235	483,000	377,235
Special Property	690,536	1,717,000	(1,026,464)
Group Accident & Health	1,138,224	1,802,000	(663,776)
Workers' Compensation	23,018	27,000	(3,982)
Other Liability – Occurrence	6,838,860	11,266,000	(4,427,140)
Commercial Auto Liability	628,306	14,000	614,306
Special Liability	1,063,852	689,000	374,852
Auto Physical Damage			
Fidelity/Surety			
<b>Totals</b>	<b>11,243,031</b>	<b>15,998,000</b>	<b>(4,759,969)</b>

<i><b>In thousands of dollars</b></i>	<b>2012</b>	<b>2011</b>
Reserve for Unpaid Losses and LAE, Beginning	119,608	112,010
Less Reinsurance Recoverable on Unpaid Losses	(68,255)	(64,815)
Net Reserve for Unpaid Losses and LAE, Beginning	51,354	47,195
Total Incurred, Current Year	15,143	17,525
Total Incurred, Prior Year	(3,900)	(3,099)
Total Incurred, Net of Recoveries	11,243	14,426
Less Loss and LAE Paid from		
Current Year	(1,509)	(2,653)
Prior Year	(9,031)	(7,614)
Total Paid	(10,540)	(10,267)
<b>Net Reserve for Unpaid Losses and LAE, End of Year</b>	<b>52,057</b>	<b>51,354</b>

As indicated in Note 1 to the financial statements changes in the ultimate liabilities for insured events may be required as information develops which varies from experience, provides additional data or, in some cases, augments data which previously were not considered sufficient for use in determining loss reserves.

**25) Intercompany Pooling Arrangements**

Not Applicable

**26) Structured Settlements**

Not Applicable

**27) Health Care Receivables**

Not Applicable

**28) Participating Policies**

Not Applicable

**29) Premium Deficiency Reserves**

The company does not anticipate that losses, loss adjustment expenses, and other expenses will exceed unearned premium reserves, and has therefore not created a Premium Deficiency Reserve.

**30) High Deductibles**

Not Applicable

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## NOTES TO FINANCIAL STATEMENTS

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**31) Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

Not Applicable

**32) Asbestos/Environmental Reserves**

Not Applicable

**33) Subscriber Savings Accounts**

Not Applicable

**34) Multiple Peril Crop Insurance**

Not Applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? \_\_\_\_\_
- 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. \_\_\_\_\_
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_
- 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). \_\_\_\_\_
- 3.4 By what department or departments? \_\_\_\_\_

Puerto Rico Insurance Commissioner Office

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

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

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

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

1 Nationality	2 Type of Entity

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PricewaterhouseCoopers, PO Box 71220, San Juan, PR 00936
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: \_\_\_\_\_

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Juan Carlos Rodriguez, Bosques de Alisos No. 47-A Piso 1, Col. Bosques de las Lomas, Mexico, DF 05120, VP Actuarial, ACE Seguros SA

## GENERAL INTERROGATORIES

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

12.11 Name of real estate holding company

---

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

---

12.2 If yes, provide explanation.

---

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

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

---

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

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

### PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

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

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

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

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

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

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

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

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

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....2,882,838

### 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 [ ]

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25.21 Subject to repurchase agreements \$.....0

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

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

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

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

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

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

25.28 On deposit with state or other regulatory body \$.....0

25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Citibank, N.A.	Hato Rey, P.R.
Banco Popular de Puerto Rico	Hato Rey, P.R.
Scotiabank	Hato Rey, P.R.

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Banco Popular de Puerto Rico	Scotiabank	11/20/2012	HO REQUIREMENTS - BANK RATING

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	BlackRock	Kansas City, MO

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
29.2999. TOTAL		0

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

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

**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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	87,743,727	93,027,415	5,283,688
30.2 Preferred stocks.....			0
30.3 Totals.....	87,743,727	93,027,415	5,283,688

30.4 Describe the sources or methods utilized in determining the fair values:  
SVO and Black Rock Bank Statement

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

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

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:

**PART 1 - COMMON INTERROGATORIES - OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....237,498

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	2
Name	Amount Paid
Insurance Service Office	219,974

34.1 Amount of payments for legal expenses, if any? \$.....102,694

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	2
Name	Amount Paid
Fiddler, Gozalez and Rodriguez	68,367
F.A. Arias & Muños	26,535

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1	2
Name	Amount Paid

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....  
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. ....  
 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned .....  
 1.62 Total incurred claims .....  
 1.63 Number of covered lives .....  
 All years prior to most current three years:  
 1.64 Total premium earned .....  
 1.65 Total incurred claims .....  
 1.66 Number of covered lives .....  
 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned .....  
 1.72 Total incurred claims .....  
 1.73 Number of covered lives .....  
 All years prior to most current three years:  
 1.74 Total premium earned .....  
 1.75 Total incurred claims .....  
 1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....32,805,203	\$.....33,861,453
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....1,577,476	\$.....1,489,948
2.5 Reserve Denominator.....	\$.....68,387,839	\$.....71,297,903
2.6 Reserve Ratio (2.4/2.5).....	.....2.3	.....2.1

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

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

5. FOR RECIPROCAL EXCHANGES ONLY:

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

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

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
The entity does not participate in worker's compensation

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
The entity utilizes the system Risk Link to provide calculations of PML. This program operates according to proprietary algorithms. Our results are reviewed and certified by a co

- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
The entity maintains a Catastrophic Reserve, as required by local regulation. As of December 31, 2012, this reserve was valued at \$13,181,460.54

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

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

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

- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....  
 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information:  
\_\_\_\_\_
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [X] No [ ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or Yes [ ] No [X]  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [X]
- 11.2 If yes, give full information:  
\_\_\_\_\_
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 12.11 Unpaid losses \$.....0  
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 12.41 From .....%  
 12.42 To .....%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:  
 12.61 Letters of credit .....  
 12.62 Collateral and other funds .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. .....0

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

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

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

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

15.2 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

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

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

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

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 account? 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
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	34,743,929	33,435,046	33,546,345	29,625,779	26,175,866
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	19,494,448	16,648,483	15,808,331	12,326,962	11,068,292
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	16,004,986	15,687,768	14,846,359	16,561,689	13,458,570
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	15,964,984	12,541,693	11,171,624	9,569,853	9,563,143
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	86,208,347	78,312,990	75,372,659	68,084,283	60,265,871
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	11,122,299	17,167,846	18,824,437	16,732,265	11,474,129
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,325,833	842,054	1,310,420	1,358,947	247,749
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	10,479,458	10,507,115	10,375,974	9,175,316	7,113,076
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	6,264,056	5,056,544	4,181,828	3,556,370	3,677,714
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	29,191,646	33,573,559	34,692,659	30,822,898	22,512,668
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	3,606,133	3,632,339	5,347,137	5,137,238	5,470,957
14. Net investment gain (loss) (Line 11).....	2,689,978	2,861,690	2,686,739	1,893,408	2,252,267
15. Total other income (Line 15).....	(13,480)	4,382	3,836	(56,370)	(6,683)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	1,267,063	1,468,685	3,772,201		13,724
18. Net income (Line 20).....	5,015,568	5,029,726	4,265,511	6,974,276	7,702,817
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	127,262,512	117,613,162	114,759,069	100,031,699	92,077,120
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	10,445,166	9,314,347	9,492,788	7,369,811	6,131,371
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	83,710,066	77,772,494	79,521,687	72,236,542	70,209,977
22. Losses (Page 3, Line 1).....	38,128,868	38,264,412	34,575,157	31,239,338	31,973,987
23. Loss adjustment expenses (Page 3, Line 3).....	13,928,296	13,089,260	12,619,815	12,274,086	11,616,371
24. Unearned premiums (Page 3, Line 9).....	16,330,674	19,944,231	20,232,126	17,677,406	13,517,383
25. Capital paid up (Page 3, Lines 30 & 31).....	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	43,552,446	39,840,668	35,237,382	27,795,157	21,867,144
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	6,355,483	6,456,978	11,159,414	8,736,462	6,615,996
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	43,552,446	39,840,668	35,237,382	27,795,157	21,867,144
29. Authorized control level risk-based capital.....	10,375,006	12,360,215	8,133,830	7,902,119	8,239,562
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	81.6	79.2	74.2	75.9	75.4
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	5.0	5.4	4.5	5.3	6.2
34. Cash, cash equivalents and short-term investments (Line 5).....	13.4	15.4	21.3	18.8	18.4
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....	(320,000)				
53. Change in surplus as regards policyholders for the year (Line 38).....	3,711,777	4,603,286	7,442,225	5,928,013	8,465,078
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)....	18,615,719	5,906,478	3,822,760	5,620,903	6,752,244
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	634,607	894,085	477,407	1,525,886	298,294
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,235,776	5,147,987	14,314,501	3,215,551	2,222,242
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,877,584	2,644,442	2,501,046	2,240,936	2,201,971
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	23,363,686	14,592,993	21,115,714	12,603,276	11,474,751
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)....	5,468,212	3,678,864	1,163,977	3,226,339	2,581,641
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	371,862	463,501	194,207	527,110	122,278
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	749,088	944,701	1,340,974	993,553	480,113
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	901,120	1,029,468	1,057,463	935,402	970,984
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	7,490,282	6,116,533	3,756,621	5,682,404	4,155,016
<b>Operating Percentages</b> (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).....	22.4	29.0	22.1	18.6	11.9
68. Loss expenses incurred (Line 3).....	11.9	13.6	13.9	15.8	13.1
69. Other underwriting expenses incurred (Line 4).....	54.7	46.7	47.4	46.4	51.0
70. Net underwriting gain (loss) (Line 8).....	11.0	10.7	16.6	19.3	24.0
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	61.6	47.1	43.9	40.3	51.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	34.3	42.6	35.9	34.4	25.0
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	67.0	84.3	98.5	110.9	103.0
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(4,483)	(2,579)	(4,972)	(6,190)	(7,949)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(11.3)	(7.3)	(17.9)	(28.3)	(59.3)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(4,717)	(1,455)	(10,075)	(13,559)	(10,954)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(13.4)	(5.2)	(46.1)	(101.2)	(72.8)

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						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	456.....	720.....	285.....	206.....	19.....		(166).....	XXX.....	
2. 2003.....	83,069.....	60,225.....	22,844.....	21,559.....	14,686.....	4,265.....	2,534.....	2,661.....	65.....	11,265.....	XXX.....	
3. 2004.....	80,958.....	63,007.....	17,951.....	25,133.....	17,268.....	3,804.....	2,675.....	2,799.....		11,793.....	XXX.....	
4. 2005.....	73,402.....	55,471.....	17,931.....	43,360.....	37,607.....	3,593.....	3,575.....	3,009.....		8,780.....	XXX.....	
5. 2006.....	69,508.....	50,380.....	19,128.....	8,540.....	5,119.....	1,844.....	1,194.....	1,656.....		5,726.....	XXX.....	
6. 2007.....	68,954.....	52,089.....	16,865.....	8,811.....	5,229.....	1,647.....	961.....	1,669.....	4.....	5,938.....	XXX.....	
7. 2008.....	66,655.....	43,871.....	22,784.....	10,759.....	7,280.....	2,263.....	1,133.....	1,806.....		6,415.....	XXX.....	
8. 2009.....	63,404.....	36,741.....	26,663.....	17,198.....	10,702.....	1,456.....	735.....	2,028.....	11.....	9,245.....	XXX.....	
9. 2010.....	70,769.....	38,631.....	32,138.....	17,731.....	14,650.....	824.....	429.....	2,129.....	16.....	5,605.....	XXX.....	
10. 2011.....	79,996.....	46,134.....	33,861.....	5,798.....	2,689.....	462.....	193.....	1,652.....	10.....	5,030.....	XXX.....	
11. 2012.....	84,265.....	51,460.....	32,805.....	2,329.....	1,122.....	165.....	71.....	1,063.....	11.....	2,363.....	XXX.....	
12. Totals.....	XXX.....	XXX.....	XXX.....	161,674.....	117,072.....	20,608.....	13,706.....	20,490.....	0.....	117.....	71,994.....	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	7,702.....	6,059.....	1,205.....	617.....			349.....	181.....	352.....		2,751.....	XXX.....	
2. 2003.....	363.....	202.....	1,013.....	928.....			294.....	270.....	99.....		370.....	XXX.....	
3. 2004.....	35.....	23.....	1,378.....	1,242.....			408.....	365.....	117.....		308.....	XXX.....	
4. 2005.....	442.....	290.....	1,943.....	1,564.....			520.....	421.....	173.....		802.....	XXX.....	
5. 2006.....	550.....	356.....	1,080.....	385.....			291.....	109.....	107.....		1,178.....	XXX.....	
6. 2007.....	336.....	198.....	1,917.....	1,138.....			519.....	312.....	169.....		1,292.....	XXX.....	
7. 2008.....	3,814.....	2,310.....	7,053.....	5,005.....			1,823.....	1,291.....	702.....		4,785.....	XXX.....	
8. 2009.....	3,687.....	2,721.....	9,604.....	5,964.....			2,753.....	1,772.....	924.....		6,511.....	XXX.....	
9. 2010.....	3,210.....	1,138.....	10,883.....	5,775.....			3,168.....	1,775.....	1,019.....		9,592.....	XXX.....	
10. 2011.....	2,719.....	1,191.....	14,420.....	8,052.....			3,823.....	2,167.....	1,281.....		10,834.....	XXX.....	
11. 2012.....	2,039.....	932.....	20,778.....	11,953.....			4,728.....	2,751.....	1,725.....		13,634.....	XXX.....	
12. Totals.....	24,899.....	15,419.....	71,272.....	42,624.....	0.....	0.....	18,675.....	11,415.....	6,668.....	0.....	52,057.....	XXX.....	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			XXX.....	2,231.....	520.....
2. 2003.	30,255.....	18,620.....	11,635.....	36.4.....	30.9.....	50.9.....				247.....	124.....
3. 2004.	33,674.....	21,573.....	12,101.....	41.6.....	34.2.....	67.4.....				148.....	160.....
4. 2005.	53,039.....	43,457.....	9,582.....	72.3.....	78.3.....	53.4.....				531.....	271.....
5. 2006.	14,067.....	7,164.....	6,904.....	20.2.....	14.2.....	36.1.....				889.....	289.....
6. 2007.	15,069.....	7,838.....	7,230.....	21.9.....	15.0.....	42.9.....				916.....	376.....
7. 2008.	28,220.....	17,020.....	11,200.....	42.3.....	38.8.....	49.2.....				3,552.....	1,233.....
8. 2009.	37,651.....	21,894.....	15,756.....	59.4.....	59.6.....	59.1.....				4,606.....	1,905.....
9. 2010.	38,963.....	23,766.....	15,197.....	55.1.....	61.5.....	47.3.....				7,181.....	2,411.....
10. 2011.	30,154.....	14,291.....	15,864.....	37.7.....	31.0.....	46.8.....				7,897.....	2,937.....
11. 2012.	32,827.....	16,830.....	15,998.....	39.0.....	32.7.....	48.8.....				9,932.....	3,703.....
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0.....	0.....	XXX.....	38,129.....	13,928.....

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year	
1. Prior.....	21,284	23,880	29,981	29,108	30,908	26,766	25,808	25,638	25,703	26,210	507	572	
2. 2003.....	13,073	11,994	11,890	11,477	9,832	9,346	9,061	8,964	8,826	8,875	49	(89)	
3. 2004.....	XXX	14,696	14,482	14,176	11,667	10,455	10,128	9,539	9,279	9,185	(95)	(354)	
4. 2005.....	XXX	XXX	8,518	7,899	8,022	6,420	6,183	6,315	5,801	6,400	599	85	
5. 2006.....	XXX	XXX	XXX	9,965	9,243	8,602	6,032	5,641	5,224	5,141	(83)	(500)	
6. 2007.....	XXX	XXX	XXX	XXX	9,684	9,803	8,568	6,604	5,522	5,392	(130)	(1,212)	
7. 2008.....	XXX	XXX	XXX	XXX	XXX	12,017	11,438	10,625	9,012	8,692	(319)	(1,932)	
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	12,898	11,813	20,028	12,804	(7,224)	991	
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,328	8,232	12,050	3,817	(2,278)	
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,536	12,931	(1,604)	XXX	
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,209	XXX	XXX	
											12. Totals.....	(4,483)	(4,717)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior.....	000	5,341	14,119	18,230	19,924	21,145	22,707	23,472	23,996	23,812	XXX	XXX
2. 2003.....	1,470	3,716	5,565	6,824	7,362	7,805	7,992	8,232	8,454	8,604	XXX	XXX
3. 2004.....	XXX	2,536	5,329	7,337	8,640	8,932	9,080	8,893	8,927	8,994	XXX	XXX
4. 2005.....	XXX	XXX	(3,579)	(2,199)	2,162	3,030	3,470	4,304	4,422	5,771	XXX	XXX
5. 2006.....	XXX	XXX	XXX	1,149	2,206	2,706	3,148	3,441	3,844	4,070	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	1,005	1,742	2,673	3,165	3,994	4,269	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	1,207	2,350	3,045	4,009	4,609	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	2,176	3,717	5,929	7,217	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,008	2,203	3,476	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,335	3,378	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,300	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	12,684	9,287	5,771	4,323	5,662	3,799	2,403	1,787	853	755
2. 2003.....	9,224	5,627	3,809	2,989	1,348	842	504	318	183	110
3. 2004.....	XXX	9,810	6,517	4,667	1,991	1,188	825	504	225	178
4. 2005.....	XXX	XXX	8,374	5,437	3,441	1,743	1,476	1,121	508	477
5. 2006.....	XXX	XXX	XXX	7,878	5,957	5,030	2,240	1,638	1,135	877
6. 2007.....	XXX	XXX	XXX	XXX	7,062	5,585	4,568	2,736	1,234	986
7. 2008.....	XXX	XXX	XXX	XXX	XXX	9,359	7,379	5,858	3,227	2,579
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	9,499	5,690	6,433	4,621
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,482	8,685	6,501
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,889	8,025
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,802

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	N								
2. Alaska.....AK	N								
3. Arizona.....AZ	N								
4. Arkansas.....AR	N								
5. California.....CA	N								
6. Colorado.....CO	N								
7. Connecticut.....CT	N								
8. Delaware.....DE	N								
9. District of Columbia.....DC	N								
10. Florida.....FL	N								
11. Georgia.....GA	N								
12. Hawaii.....HI	N								
13. Idaho.....ID	N								
14. Illinois.....IL	N								
15. Indiana.....IN	N								
16. Iowa.....IA	N								
17. Kansas.....KS	N								
18. Kentucky.....KY	N								
19. Louisiana.....LA	N								
20. Maine.....ME	N								
21. Maryland.....MD	N								
22. Massachusetts.....MA	N								
23. Michigan.....MI	N								
24. Minnesota.....MN	N								
25. Mississippi.....MS	N								
26. Missouri.....MO	N								
27. Montana.....MT	N								
28. Nebraska.....NE	N								
29. Nevada.....NV	N								
30. New Hampshire.....NH	N								
31. New Jersey.....NJ	N								
32. New Mexico.....NM	N								
33. New York.....NY	N								
34. North Carolina.....NC	N								
35. North Dakota.....ND	N								
36. Ohio.....OH	N								
37. Oklahoma.....OK	N								
38. Oregon.....OR	N								
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	N								
41. South Carolina.....SC	N								
42. South Dakota.....SD	N								
43. Tennessee.....TN	N								
44. Texas.....TX	N								
45. Utah.....UT	N								
46. Vermont.....VT	N								
47. Virginia.....VA	N								
48. Washington.....WA	N								
49. West Virginia.....WV	N								
50. Wisconsin.....WI	N								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	N	76,485,628	74,842,177		19,913,732	25,254,013	95,481,286		
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....(a)	0	76,485,628	74,842,177	0	19,913,732	25,254,013	95,481,286	0	0

**DETAILS OF WRITE-INS**

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

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

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

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

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

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

### PART 1 – ORGANIZATIONAL CHART

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- On October 3, 2012 ACE INA Holdings Inc. sold all of its shares of Asset Archives, Inc. back to Asset Archives. We no longer hold shares of Asset Archives.
- Effective October 16, 2012, ACE Life Assurance Co. Ltd. converted from a private to public company and changed its name to ACE Life Assurance Public Company Limited.
- Effective October 24, 2012 the name of ESIS Asia Pacific Academy PTE. Ltd was changed to ESIS Asia Pacific PTE. Ltd.
- Effective 12/14/2012 Inviva, Inc. was dissolved through liquidation.
- Effective 12/31/2012 American Millers Insurance Company merged with and into Penn Millers Insurance Company.
- On December 17, 2012, one additional share in ACE Insurance SA-NV was issued to ACE European Holdings No.2 Limited.
- Siam Marketing & Analytics Company Limited was formed on June 28, 2012
- Two subsidiaries of PT Asuransi Jaya Proteksi were added to the chart.
- Effective December 31, 2012 the ownership of ESIS Canada Inc. was transferred from ACE INA International Holdings, Ltd. to ESIS, Inc.
- Effective December 18, 2012 ACE Servicios, S.A. was formed as a 100% subsidiary of ACE INA International Holdings, Ltd.
- Effective December 31, 2012 AGRI General Insurance Service, Inc. transferred its 1% ownership interest in Rain and Hail, L.L.C. to AGRI General Insurance Company. AGRI General Insurance Company now owns 100% of Rain and Hail L.L.C.

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

## PART 1 – ORGANIZATIONAL CHART

<b>ACE Limited</b>	Switzerland	Publicly held	Switzerland, holding company
<b>ACE Insurance (Switzerland) Limited</b>	Switzerland	100%	Switzerland, insurance
ACE Reinsurance (Switzerland) Limited	Switzerland	100%	Switzerland, reinsurance
<b>ACE Group Management and Holdings Ltd.</b>	Bermuda	100%	Bermuda, holding company
ACE Bermuda Insurance Ltd.	Bermuda	100%	Bermuda, insurance, reinsurance, general and long term; Mexico, reinsurance
Paget Reinsurance International Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
Paget Reinsurance Ltd.	Bermuda	100%	Bermuda, Class 3, long term insurer, segregated accounts company
ACE Capital Title Reinsurance Company (EI# 06-1434264, NAIC# 50028, NY)	USA (New York)	100%	CA, MI, NY, TX, title insurance/reinsurance
Oasis Investments Limited	Bermuda	33% 67% (ACE Tempest Reinsurance Ltd.)	Bermuda, Investment Holding
Oasis D1 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis D2 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis Investments 2 Ltd.	Bermuda	33% 67% (ACE Tempest Reinsurance Ltd.)	Bermuda, holding company
ACE Financial Solutions International, Ltd.	Bermuda	100%	Bermuda, insurance management
ACE Bermuda International Insurance (Ireland) Limited (formerly ACE European Markets Insurance Limited)	Ireland	100%	EEA/Europe, direct non-life insurance, non-life insurance UK branch
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Oasis Real Estate Company Ltd.	Bermuda	100%	Bermuda, investment holding
Scarborough Property Holdings Ltd.	Bermuda	40%	Bermuda, investment holding
Sovereign Risk Insurance Limited	Bermuda	100%	Bermuda, insurance agent
Sovereign Risk Insurance (Dubai) Limited	UAE (Dubai)	100%	Dubai, insurance intermediary
ACE Realty Holdings Limited	Bermuda	100%	Bermuda, investment holding
Oasis Personnel Limited	Cayman Islands	100%	Cayman Islands, general services
Freisenbruch-Meyer Insurance Ltd.	Bermuda	40%	Bermuda, local and commercial insurance
Freisenbruch-Meyer Insurance Services Ltd.	Bermuda	40%	Bermuda, local and commercial insurance
<b>ACE Global Markets Limited</b>	England & Wales	100%	UK, investment holding
ACE Group Holdings Limited	England & Wales	100%	UK, investment holding
ACE Tarquin	England &	100%	UK, investment holding

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

## PART 1 – ORGANIZATIONAL CHART

	Wales		
ACE Capital V Limited	England & Wales	100%	UK, Lloyd's corporate member; capital provider
ACE Leadenhall Limited	England & Wales	100%	UK, investment holding
ACE Underwriting Agencies Limited	England & Wales	100%	UK, Lloyd's managing agency
ACE London Group Limited	England & Wales	100%	UK, investment holding
ACE Capital Limited	England & Wales	100%	UK, Lloyd's corporate member; capital providers
ACE Capital III Limited	England & Wales	100%	UK, Lloyd's corporate member
ACE Capital IV Limited	England & Wales	100%	UK, Lloyd's corporate member; capital providers
ACE London Holdings Limited	England & Wales	100%	UK, investment holding
ACE Capital II Limited	England & Wales	100%	UK, Lloyd's corporate member
ACE London Investments Limited	England & Wales	100%	UK, investment holding
ACE London Aviation Limited	England & Wales	100%	UK, Lloyd's managing agent
ACE London Underwriting Limited	England & Wales	100%	UK, Lloyd's managing agent
ACE Underwriting Services Limited	England & Wales	100%	UK, Lloyd's service company
ACE London Services Limited	England & Wales	100%	UK, service company
ACE Capital VI Limited	England & Wales	100%	UK, Lloyd's corporate member
<b>ACE Services Limited</b>	Cayman Islands	100%	Cayman Islands, general services
ACE Holdings (Gibraltar) Limited	Gibraltar	100%	Gibraltar, investment holding
ACE Gibraltar Limited	Gibraltar	100%	Gibraltar, insurance intermediary
<b>CGA Group Limited</b>	Bermuda	18.20%	Bermuda investment holding
Commercial Guaranty Assurance Ltd.	Bermuda	100%	Bermuda, insurance
<b>Oasis Insurance Services Ltd.</b>	Bermuda	100%	Bermuda, general services
<b>ACE Tempest Life Reinsurance Ltd.</b>	Bermuda	100%	Bermuda, insurance, reinsurance, general and long term (life,

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

## PART 1 – ORGANIZATIONAL CHART

			health, annuities)
ACE Europe Life Limited	England & Wales	100%	UK, life insurance and reinsurance
ACE Tempest Reinsurance Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance, long term; Puerto Rico, reinsurance
ACE Tempest Re Escritório de Representação no Brasil Ltda.	Brazil	99.999999% 0.000001% (ACE Tempest Life Reinsurance Ltd.)	Brazil, representative services for ACE Tempest Reinsurance Ltd. in Brazil
Oasis Investments Limited	Bermuda	67% 33% (ACE Bermuda Insurance Ltd.)	Bermuda, investment holding
Oasis D1 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis D2 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis Investments 2 Ltd.	Bermuda	67% 33% (ACE Bermuda Insurance Ltd.)	Bermuda, holding company
<b>ACE INA Holdings Inc.</b>	USA (Delaware)	20% 80% (ACE Group Holdings, Inc.)	USA, investment holding
<b>ACE Group Holdings, Inc.</b>	USA (Delaware)	100%	USA, CT, NY, PA, investment holding
ACE (CR) Holdings	England & Wales	100%	UK, holding company
ACE Capital VII Limited	England & Wales	100%	UK, Lloyd's capital vehicle
ACE (RGB) Holdings Limited	England & Wales	100%	UK, holding company
ACE (CIDR) Limited	England & Wales	100%	UK, Lloyd's agency
Ridge Underwriting Agencies Limited	England & Wales	100%	UK, Lloyd's agency
ACE Asset Management Inc.	USA (Delaware)	100%	DE, Bermuda permit corporation
ACE Life Insurance Company	USA (Connecticut)	100%	USA, life insurance company
ACE INA Holdings Inc.	USA (Delaware)	80%	USA, investment holding

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

## PART 1 – ORGANIZATIONAL CHART

		20% (ACE Limited)	
ACE Life Insurance Company Ltd.	Korea	100%	Korea, Life
Combined Insurance Company of America	USA (Illinois)	100%	USA, Life, Health & Accident insurance company; also operates in Puerto Rico and the Virgin Islands and as a branch office in Canada, Australia, (General Insurance only), UK and Germany.
C.I.C.A. Superannuation Nominees Pty. Ltd.	Australia	100%	Australia, non-operating company formerly used to administer mandated benefits for employees
Chiewchanwit Company Limited	Thailand	49% (51% held by seven individual shareholders)	Thailand, holding company
S.E.O.S. Limited	Thailand	51% 49% (Combined Insurance Company of America)	Thailand, holding company
Combined Insurance Company of Europe Limited	Ireland	100%	Ireland, Accident & health insurance company; also operates branch operations in Austria, Germany, Portugal & Spain.
Combined Insurance Company of New Zealand Limited	New Zealand	100%	New Zealand, not active
Combined International Services, Ltd.	United Kingdom	100%	United Kingdom, service company providing personnel and administrative services to CICA's UK operations.
Combined Life Insurance Company of Australia	Australia	100%	Australia, Life insurance company (in run-off).
Combined Life Insurance Company of New York	USA (New York)	100%	Insurance company (life, accident & health). Licensed in NY, FL, IL (only writes in NY).
Employee Benefit Communications, Inc.	USA (Florida)	100%	USA, service company providing enrollment services to CICA's Worksite division.
S.E.O.S. Limited	Thailand	49% 51% (Chiewchanwit Company Limited)	Thailand, holding company
Superannuation Fund (CICNZ) Limited	New Zealand	100%	New Zealand, non-operating company formerly used to administer mandated benefits for employees
VOL Properties Corporation	USA (Delaware)	100%	USA, legacy entity holds nominal real property interests
Huatai Insurance Group Company, Limited	China	5.91% 9.64% (ACE Tempest Reinsurance Ltd.) 4.45% (ACE US Holdings, Inc.)	China, property and casualty insurer
Huatai Life Insurance Company, Limited	China	79.4221% 20% (ACE INA Holdings)	China, life insurance

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

## PART 1 – ORGANIZATIONAL CHART

		Inc.)	
INA Corporation	USA (Pennsylvania)	100%	USA, investment holding company
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%	USA, tax info & 3 <sup>rd</sup> party reporting
INA Financial Corporation	USA (Delaware)	100%	USA, investment holding
Brandywine Holdings Corporation	USA (Delaware)	100%	USA, holding company
Cravens, Dargan & Company, Pacific Coast	USA (Delaware)	100%	USA, managing general agency
Century Indemnity Company (EI# 06-6105395, NAIC #20710, PA)	USA (Pennsylvania)	100%	USA, insurance
Century International Reinsurance Company Ltd.	Bermuda	100%	Bermuda, insurance & reinsurance
INA Holdings Corporation	USA (Delaware)	100%	USA, holding company
INA International Holdings, LLC	USA (Delaware)	100%	USA, holding company
ACE INA Properties, Inc.	USA (Delaware)	100%	USA, holding company
Conference Facilities, Inc.	USA (Pennsylvania)	100%	USA, owns & operates corporate facilities
INA Reinsurance Company, Ltd.	Bermuda	100%	Bermuda, reinsurance
ACE INA Financial Institution Solutions, Inc.	USA (Delaware)	100%	USA, floodplain determination & other services to financial institutions
American Lenders Facilities, Inc.	USA (California)	100%	USA, collection & loan servicing for third parties
ESIS, Inc.	USA (Pennsylvania)	100%	USA, markets risk management Programs
ESIS Canada Inc.	Canada	100%	Ontario, claims adjustment company
ACE Environmental Health and Safety Consulting (Shanghai) Company Limited	China	100%	China, provides environmental engineering, health and safety consulting
ESIS Asia Pacific Pte. Ltd.	Singapore	100%	Singapore, provides risk control services
ESIS Academy Pte. Ltd.	Singapore	100%	Singapore, provides risk control services
Proclaim America, Inc.	USA (Texas)	51%	USA, provides healthcare professional liability claims management
NewMarkets Insurance Agency, Inc.	USA (Delaware)	100%	USA, managing general agency
ACE INA Excess and Surplus Insurance Services, Inc.	USA (Pennsylvania)	100%	USA, excess & surplus lines broker
ACE INA Excess and Surplus Insurance Services, Inc.	USA (California)	100%	USA, excess & surplus lines broker
ACE Financial Solutions, Inc.	USA (Delaware)	100%	USA, premium finance company
ACE Risk Solutions, Inc.	USA	100%	USA, reinsurance intermediary

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

## PART 1 – ORGANIZATIONAL CHART

	(New York)		
Indemnity Insurance Company of North America (EI# 06-1016108, NAIC #43575, PA)	USA (Pennsylvania)	100%	USA, Puerto Rico, USVI, insurance
ACE American Insurance Company (EI# 95-2371728, NAIC# 22667, PA)	USA (Pennsylvania)	100%	USA, Bermuda Permit, Puerto Rico USVI, Branches in Bahrain, Korea, Taiwan, The Bahamas, insurance
Penn Millers Holding Corporation	USA (Pennsylvania)	100%	USA, holding company
PMMHC Corp.	USA (Pennsylvania)	100%	USA, holding company
Penn Millers Insurance Company (EI# 24-0686200, NAIC 14982, PA)	USA (Pennsylvania)	100%	USA, insurance company
Penn Millers Agency, Inc.	USA (Pennsylvania)	100%	USA, insurance agency
Pacific Employers Insurance Company (EI# 95-1077060, NAIC# 22748, PA)	USA (Pennsylvania)	100%	USA, USVI, insurance
Illinois Union Insurance Company (EI# 36-2759195, NAIC #27960, IL)	USA (Illinois)	100%	USA, surplus lines insurer
Rain and Hail Insurance Service Incorporated	USA (Iowa)	100%	USA, insurance holding company
Agri General Insurance Company (EI# 42-1204578, NAIC #42757, IA)	USA (Iowa)	100%	USA, insurance
Rain and Hail L.L.C.	USA (Iowa)	100%	USA, managing general agency
Agri General Insurance Service, Inc.	USA (Iowa)	100%	USA, services company
Rain and Hail L.L.C.	USA (Iowa)	100%	USA, managing general agency
Rain and Hail Insurance Service International, Inc.	USA (Iowa)	100%	USA, insurance holding company
Rain and Hail Insurance Corporation	(Canada)	100%	Canada, insurance
Rain and Hail Insurance Service, Ltd.	(Canada)	100%	Canada, managing general agency
Rain and Hail do Brasil, Ltda.	(Brazil)	100%	Brazil, general agency
Rain and Hail Insurance Service de Mexico, S.A. de C.V.	(Mexico)	100%	Mexico, general agency
Rain and Hail Financial, Inc.	USA (Iowa)	100%	USA, services company
INAMAR Insurance Underwriting Agency, Inc.	USA (New Jersey)	100%	USA, insurance agency
INAMAR Insurance Underwriting Agency, Inc. of Texas	USA (Texas)	100%	USA, general agency
Insurance Company of North America	USA	100%	USA, Guam, Northern Mariana

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

## PART 1 – ORGANIZATIONAL CHART

(EI# 23-0723970, NAIC #22713, PA)	(Pennsylvania)		Islands, Puerto Rico, Branches in Philippines, Taiwan, insurance
Bankers Standard Insurance Company (EI# 59-1320184, NAIC #18279, PA)	USA (Pennsylvania)	100%	USA, insurance
Bankers Standard Fire and Marine Company (EI# 75-6014863, NAIC #20591, PA)	USA (Pennsylvania)	100%	USA, insurance
ACE Property and Casualty Insurance Company (EI# 06-0237820, NAIC, #20699, PA)	USA (Pennsylvania)	100%	USA, Puerto Rico, insurance
ACE Fire Underwriters Insurance Company (EI# 06-6032187, NAIC #20702, PA)	USA (Pennsylvania)	100%	USA, insurance
Atlantic Employers Insurance Company (EI# 23-2173820, NAIC #38938, NJ)	USA (New Jersey)	100%	USA, insurance
Cover All Technologies, Inc.	USA (Delaware)	8.1%	USA, develop software products for insurance industry
ACE Insurance Company of the Midwest (EI# 06-0884361, NAIC #26417, IN)	USA (Indiana)	100%	USA, insurance
ACE Tempest Re USA, LLC	USA (Connecticut)	100%	USA, reinsurance intermediary manager
ACE Structured Products, Inc.	USA (Delaware)	100%	USA, insurance management services & underwriting
Recovery Services International, Inc.	USA (Delaware)	100%	USA, subrogation, collection & recovery services
ACE INA International Holdings, Ltd.	USA (Delaware)	100%	USA, international insurance & financial holding company
ACE Resseguradora S.A.	Brazil	.0092	Brazil, reinsurance company
ACE Life Insurance Company Ltd.	Bermuda	100%	Hong Kong, Life Insurance
ACE Arabia Cooperative Insurance Company	Saudi Arabia	30%	Saudi Arabia, Insurance
ACE Jerneh Insurance Berhad	Malaysia	100%	Malaysia, Insurance
INACOMB S.A. de C.V.	Mexico	99.998% 0.002% (AFIA Finance Corporation)	Mexico, service company
ACE Australia Holdings Pty Limited	Australia	100%	Australia, holding company
ACE Insurance Limited	Australia	100%	Australia, general insurance & reinsurance
PT. ACE Life Assurance	Indonesia	97.80%	Indonesia, life insurance
ACE Life Insurance Company Limited	Vietnam	100%	Vietnam, life insurance
ACE Insurance Company Limited	Vietnam	100%	Vietnam, property casualty
PT Assuransi Jaya Proteski	Indonesia	80%	Indonesia, life insurance
PT Jaya Proteksi Takaful	Indonesia	51%	Insurance
PT Jaya Prima Auto Center	Indonesia	75%	Auto Center

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

## PART 1 – ORGANIZATIONAL CHART

ACE Seguradora S.A.	Brazil	99.9897% .0100% (AFIA Finance Corporation)	Brazil, insurance
ACE Participações Ltda.	Brazil	99% 1% (AFIA Finance Corporation)	Brazil, holding company
ACE Resseguradora S.A.	Brazil	99.9908% .0092% (ACE INA International Holdings, Ltd.)	Brazil, reinsurance company
Servicios ACEINA, S.A. de C.V.	Mexico	99.998% one share (AFIA Finance Corporation)	Mexico, service company
ACE Seguros S.A.	Argentina	96.063% 3.915% (AFIA Finance Corporation)	Argentina, Insurance
ACE INA International Holdings Ltd. Agencia Chile	Chile	100%	Chile, agent for ACE INA International Holdings, Ltd.
ACE Seguros de Vida S.A.	Chile	95% 5% (AFIA Finance Corporation Agencia en Chile)	Chile, life insurance
Ventas Personales Limitada	Chile	99% 1% (AFIA Finance Corporation Agencia en Chile)	Chile, insurance agency
ACE Seguros S.A.	Chile	85.83% (AIIH) 8.00% (AFIA Finance Corporation, Agencia en Chile) 5.95% - (AFIA Finance Corp. Chile Limitada) 0.22 (Non-ACE shareholders)	Chile, insurance
ACE INA Overseas Holdings, Inc.	USA (Delaware)	100%	Delaware, holding company
ACE European Holdings Limited	England & Wales	100%	United Kingdom, holding company
ACE Pension Trustee Limited	England & Wales	100%	United Kingdom, Trustee for UK Pension Programs
ACE Insurance Management (DIFC) Limited	Dubai	100%	Dubai International Financial Centre

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

## PART 1 – ORGANIZATIONAL CHART

	International Financial Centre		
ACE European Holdings No 2 Limited	England & Wales	100%	United Kingdom, Holding Company
ACE Insurance S.A.-N.V.	Belgium	99.9492% 0.0507% (ACE INA International Holdings Ltd.)	Belgium, holding company
ACE European Group Limited	England & Wales	69.1277% 30.8723% (ACE European Holdings Limited)	Insurance and reinsurance, all EEA and Switzerland
ACE Russia Investments Limited	Russia	100%	Russian holding company
CJSC ACE Insurance Company	Russia	100%	Russia, insurance and reinsurance
L.L.C. ACE Life Insurance	Russia	100%	Russia, life insurance
Russian Reinsurance Company	Russia	100%	Russia, insurance and reinsurance
ACE Seguradora S.A.	Macau	99.94%	Macau, insurance
ACE Holdings Limited	Cayman Islands	100%	Cayman Islands, holding company
ACE Insurance Company Egypt S.A.E.	Egypt	98.014% 0.551% (ACE INA Services UK Ltd.) 0.551% (ACE European Holdings Limited)	Egypt, insurance
ACE Life Insurance Company S.A.E.	Egypt	98.34% 0.98% (ACE Holdings Limited) 0.68% (AFIA Finance Corporation)	Egypt, life insurance
ACE INA Berhad	Malaysia	100%	Malaysia, insurance
ACE Seguros S.A.	Colombia	99.958%	Colombia, insurance
ACE Seguros S.A.	Ecuador	100%	Ecuador, insurance
ACE Seguros S.A.	Mexico	99.9%	Mexico, insurance/assumed reinsurance
ACE Seguros S.A.	Panama	100%	Panama, insurance
ACE Seguros S.A.	Peru	99.99%	Peru, life, accident and health

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

## PART 1 – ORGANIZATIONAL CHART

(formerly Altas Cumbres Compañía de Seguros de Vida )		0.01% (AFIA Finance Corporation)	insurance
Eksupsiri Company Limited	Thailand	49% 50.99% (Nam Ek)	Thailand, holding company
ACE Life Assurance Public Co. Ltd.	Thailand	75% 25% (Oriental Equity Holdings)	Thailand, life insurance
Nam Ek Company Limited	Thailand	49%	Thailand, holding company
Eksupsiri Company Limited	Thailand	50.99% 49% (AIIH)	Thailand, holding company
Siam Liberty Insurance Broker Co., Ltd.	Thailand	75.01% (Nam Ek) 49% (AFC)	Thailand, broker, surveyor & claims settling agency
Siam Marketing & Analytics Company	Thailand	51%	Marketing
Chilena Consolidata Seguros Generales, S.A.	Chile	.65%	Chile, insurance
ACE Insurance Limited	South Africa	100%	South Africa, insurance
ACE Insurance Limited	New Zealand	100%	New Zealand, general insurance/reinsurance, life
ACE International Management Corporation	Pennsylvania	100%	Management Services
Cover Direct, Inc.	USA (Delaware)	100%	Delaware service company
ACE INA G.B. Holdings, Ltd	USA (Delaware)	100%	Delaware, UK, insurance holding
ACE INA Services U.K. Limited	England & Wales	100%	UK, services company
Century Inversiones, S.A.	Panama	100%	Panama, reinsurance administrator
ACE Arabia Insurance Company Limited B.S.C. (C)	Bahrain	50%	Saudi Arabia, insurance & reinsurance
ACE Insurance Limited	Pakistan	100%	Pakistan, insurance
ACE Servicios, S.A.	Panama	100	Service Company
ACE INA Overseas Insurance Company Ltd.	Bermuda	100%	Bermuda, Thailand, insurance/reinsurance, general and long term
ACE Canada Holdings, Inc.	USA (Delaware)	100%	Delaware, holding company
INACAN Holdings Ltd.	Canada (Ontario)	100%	Ontario, holding company
ACE INA Insurance	Canada	100%	Canada, insurance & reinsurance
ACE INA Life Insurance	Canada	100%	Canada, life insurance
ACE Tempest Re Canada Inc.	Canada (Quebec)	100%	Quebec, reinsurance intermediary manager
ACE Insurance Limited	Singapore	100%	Singapore, insurance
ACE Insurance	Japan	100%	Japan, insurance/reinsurance
ACE Chintai SSI	Japan	100%	Japan, insurance agency
H.S. Life Small Amount & Short Term Insurance Co.Ltd	Japan	14%	Japan Life Insurance

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

## PART 1 – ORGANIZATIONAL CHART

ACE Songai Service Kabushikigaisha	Japan	100%	Japanese service company
ACE Marketing Group C.A.	Venezuela	100%	Venezuela, services & direct marketing
ACE Insurance Company (EI# 66-0437305, NAIC #30953, PR)	Puerto Rico	100%	Puerto Rico, insurance
ACE Insurance Agency, Inc.	Puerto Rico	100%	Puerto Rico, general agent for ACE American Insurance Company
ACE Insurance Limited	Hong Kong	100%	Hong Kong, insurance
ACE Alternative Risk Ltd. (formerly ACE Risk Management International Ltd.)	Bermuda	100%	Bermuda, management services for non-affiliates
DELPANAMA S.A.	Panama	100%	Panama, holding company
INAMEX S.A.	Mexico	100%	Mexico, reinsurance broker
Oriental Equity Holdings Limited	British Virgin Islands	100%	BVI, holding company
ACE Life Assurance Public Co. Ltd.	Thailand	25% 75% (Eksupsiri)	Thailand, life insurance
AFIA Finance Corporation	USA (Delaware)	100%	Delaware, insurance holding
ACE Participacoes Ltda.	Brazil	1%	Brazil, Holding Company
AFIA Finance Corporation Agencia en Chile	Chile	100%	Chile, agent for AFIA Finance Corporation in Chile
ACE Seguradora, S.A.	Brazil	.0100%	Brazil, Insurance
AFIA Venezolana C.A.	Venezuela	100%	Venezuela, inactive claims & settling agent
ACE ICNA Italy Societa a Responsabilita Limitata	Italy	99.7% 0.3% (AIIH)	Italy, legal representative for ACE European Group Limited
Siam Liberty Insurance Broker Co., Ltd.	Thailand	49% (AFC) 50.93% (Nam Ek)	Thailand, broker, surveyor & claims settling agency
ACE Servicios S.A.	Argentina	100%	Argentina, service company
AFIA Finance Corp. Chile Limitada	Chile	98% 2% (AIIH)	Chile, claims & settling agent, Chilean partnership
Fire, Equity and General Insurance Company Limited	Nigeria	6.25%	Nigeria, insurance
Inversiones Continental S.A. de C.V.	Honduras	1.29%	Honduras, insurance holding
Pembroke Reinsurance, Inc.	USA (Delaware)	100%	Delaware, protected cell company
PT. ACE INA Insurance	Indonesia	98% 2.00% (PT. Adi Citra Mandiri)	Indonesia, general insurance
PT. Adi Citra Mandiri	Indonesia	45%	Indonesia, service company

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

## PART 1 – ORGANIZATIONAL CHART

PT Asuransi Jaya Proteksi	Indonesia	20%	Indonesia, service company
RIYAD Insurance Co. Ltd.	Bermuda	80%	Bermuda, insurance
ACE Asia Pacific Services Pte. Ltd. (formerly Safire Private Limited)	Singapore	100%	Singapore, management & computer service bureau
ACE Asia Pacific Services Sdn Bhd	Malaysia	100%	Malaysia, service company
Siam Marketing & Analytics Company	Thailand	49%	Marketing
AFIA (INA) Corporation, Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated Association	60%	Association for international insurance
AFIA (ACE) Corporation, Limited	USA (Delaware)	100%	Delaware, holding company
AFIA	Unincorporated Association	40%	Association for international insurance
INAVEN, C.A. "Venezuela"	Venezuela	100%	Venezuela, corporation
ACE US Holdings, Inc.	USA (Delaware)	100%	USA, investment holding
ASI Administrative Services Inc.	Canada (Yukon)	100%	Canada, warranties business
Rhea International Marketing (L), Inc.	Malaysia	60%	Malaysia, general services
Westchester Fire Insurance Company (EI# 92-0040526, NAIC# 10030, PA)	USA (Pennsylvania)	100%	USA, Bermuda permit, Guam, Northern Mariana Islands, Puerto Rico, USVI, insurance
Westchester Surplus Lines Insurance Company (EI# 58-2139927, NAIC #10172, GA)	USA (Georgia)	100%	USA, insurance
Westchester Specialty Services, Inc.	USA (Florida)	100%	USA, warranties
Westchester Specialty Insurance Services, Inc.	USA (Nevada)	100%	USA, insurance services, brokering, warranties

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

PART 1 – ORGANIZATIONAL CHART

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