



## 018540 - American International Group

Rating and Commentary <sup>1</sup>	Financial <sup>2</sup>	General Information <sup>3</sup>
<b>Best's Credit Rating:</b> N/A <b>Rating Rationale:</b> N/A <b>Report Commentary:</b> N/A	<b>Time Period:</b> 1st Quarter - 2013 <b>Last Updated:</b> 08/21/2013 <b>Status:</b> Quality Cross Checked	<b>Corporate Structure:</b> N/A <b>States Licensed:</b> N/A <b>Officers and Directors:</b> N/A
 <a href="#">Best's Credit Rating Methodology</a>	<a href="#">Disclaimer</a>	 <a href="#">Best's Rating Guide</a>

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<sup>1</sup>The Rating and Commentary date outlines the most recent updates to the Company's Rating, Rationale, and Report Commentary for key rating and business changes. Report commentary may include significant changes to Business Review, Financial Performance/Earnings, Capitalization, Investment/Liquidity, or Reinsurance sections of the report.

<sup>2</sup>The Financial date reflects the current status of the financial tables found within the body of the Report, including whether the data was loaded as received or had been run through our quality control cross-check process.

<sup>3</sup>The General Information date covers key areas that may have changed such as corporate structure, states licensed or officers and directors.

Associated Parent: [American International Group, Inc.](#)

# American International Group

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Tel.: 212-770-7000

Web: [www.chartisinsurance.com](http://www.chartisinsurance.com)

Fax: N/A

AMB #: 018540

Associated Parent: [058702](#)

NAIC #: N/A

FEIN #: N/A

## Key Financial Indicators

Period Ending	Statutory Data (\$000)					
	Premiums Written		Pre-tax Operating Income	Net Income	Total Admitted Assets	Policyholder's Surplus
	Direct	Net				
2012	23,596,418	19,142,191	501,543	2,877,562	105,653,864	29,187,787
2011	25,324,189	19,771,319	1,444,043	2,112,022	103,700,252	28,183,613
2010	25,536,466	19,715,497	-2,226,281	-1,851,742	106,251,593	28,832,986
2009	26,076,146	21,082,786	1,564,632	1,983,369	100,103,964	27,588,920
2008	28,800,543	25,457,769	1,634,523	210,092	104,527,280	26,354,072
03/2013	5,937,200	4,226,524	1,724,809	8,364,691	104,129,537	29,905,027
03/2012	6,369,806	4,312,772	409,871	2,323,295	103,055,910	28,186,412

Period Ending	Profitability			Leverage			Liquidity	
	Combined Ratio	Investment Yield (%)	Pre-Tax ROR (%)	Non-Affiliated Investment Leverage	NPW to PHS	Net Leverage	Overall Liquidity (%)	Operating Cash-flow (%)
2012	117.4	4.4	2.5	44.2	0.7	3.1	138.6	102.4
2011	112.3	4.3	7.0	38.7	0.7	3.2	138.7	91.0
2010	128.7	4.1	-10.8	36.8	0.7	3.3	138.1	113.8
2009	110.2	4.5	6.9	36.5	0.8	3.3	139.0	101.5
2008	109.2	4.3	6.0	38.1	1.0	3.8	134.5	106.5
5-Yr Avg	115.1	4.3	2.6	...	...	...	...	...
03/2013	97.8	4.2	36.0	47.0	0.6	3.1	140.9	111.3
03/2012	110.8	4.4	8.4	41.0	0.7	3.3	138.7	86.2

(\*) Within several financial tables of this report, this company is compared against the Commercial Casualty Composite.

(\*) Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings.

## Scope of Operations

### Total Premium Composition & Growth Analysis

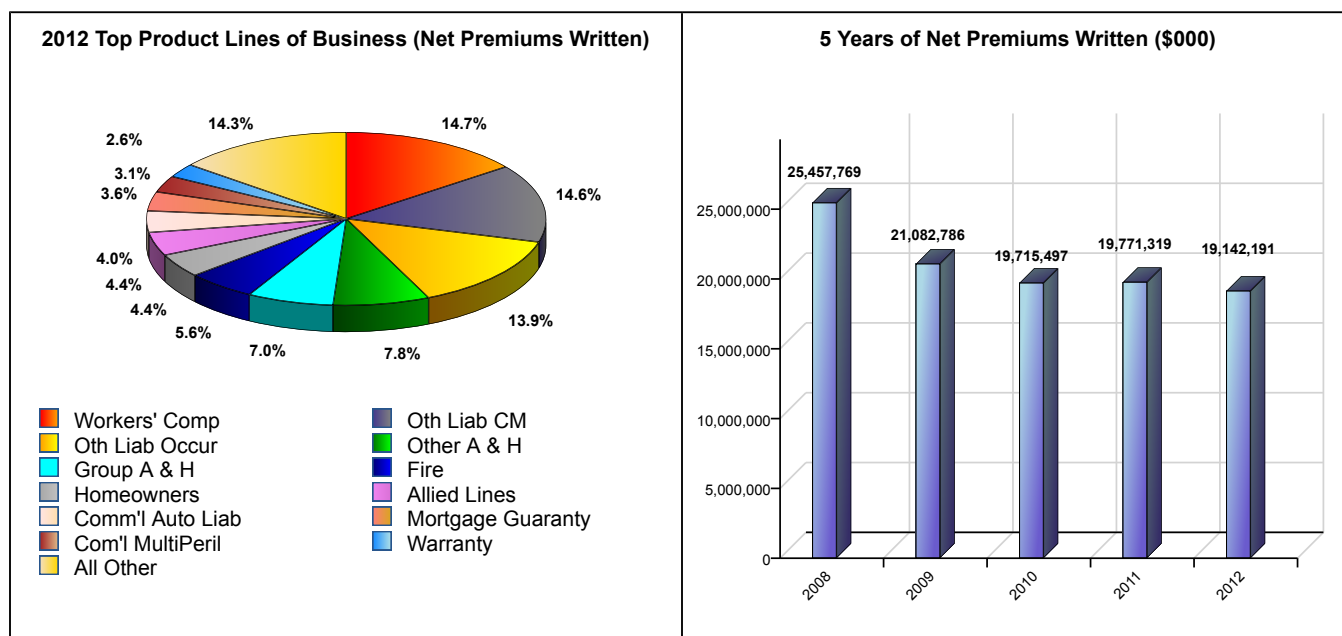
Period Ending	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written	
	(\$000)	(%Chg)	(\$000)	(%Chg)	(\$000)	(%Chg)	(\$000)	(%Chg)
2012	23,596,418	-6.8	1,203,699	9.2	5,657,927	-15.0	19,142,191	-3.2
2011	25,324,189	-0.8	1,101,967	19.6	6,654,837	-1.3	19,771,319	0.3
2010	25,536,466	-2.1	921,069	-45.1	6,742,038	1.0	19,715,497	-6.5
2009	26,076,146	-9.5	1,678,952	23.5	6,672,312	41.9	21,082,786	-17.2
2008	28,800,543	-16.1	1,359,818	11.4	4,702,593	-39.3	25,457,769	-8.5
5-Yr CAGR	...	-7.2	...	-0.3	...	-6.1	...	-7.2
03/2013	5,937,200	-6.8	6,809,015	4.5	8,519,692	-0.7	4,226,524	-2.0
03/2012	6,369,806	-10.7	6,518,426	-10.2	8,575,460	-10.7	4,312,772	-9.9

## Business Trends

### 2012 By-Line Business (\$000)

Product Line	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention %
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	
Workers' Comp	2,952,157	12.5	41,479	3.4	170,681	3.0	2,822,954	14.7	94.3
Oth Liab CM	3,037,943	12.9	131,010	10.9	375,540	6.6	2,793,413	14.6	88.1
Oth Liab Occur	2,971,684	12.6	60,087	5.0	369,801	6.5	2,661,970	13.9	87.8
Other A & H	2,011,561	8.5	34,900	2.9	550,631	9.7	1,495,829	7.8	73.1
Group A & H	1,365,833	5.8	17,712	1.5	44,377	0.8	1,339,169	7.0	96.8
Fire	1,779,140	7.5	293,118	24.4	997,925	17.6	1,074,333	5.6	51.8
Homeowners	1,101,242	4.7	33,468	2.8	286,433	5.1	848,276	4.4	74.8
Allied Lines	982,839	4.2	138,269	11.5	285,589	5.0	835,519	4.4	74.5
Comm'l Auto Liab	941,710	4.0	41,359	3.4	219,568	3.9	763,502	4.0	77.7
Mortgage Guaranty	824,763	3.5	509	0.0	140,834	2.5	684,438	3.6	82.9
Com'l MultiPeril	626,116	2.7	70,543	5.9	104,816	1.9	591,844	3.1	85.0
Warranty	498,431	2.1	16	0.0	3,240	0.1	495,208	2.6	99.3
All Other	4,502,999	19.1	341,228	28.3	2,108,491	37.3	2,735,736	14.3	56.5
Total	23,596,418	100.0	1,203,699	100.0	5,657,927	100.0	19,142,191	100.0	77.2

## Business Trends (Continued ...)



## By-Line Reserve (\$000)

Product Line	2012	2011	2010	2009	2008
Workers' Comp	14,659,004	15,046,608	14,531,124	13,701,684	12,989,793
Oth Liab CM	9,503,308	9,785,224	9,342,099	10,055,155	10,685,524
Oth Liab Occur	17,410,234	17,657,104	18,903,267	14,150,941	12,830,452
Other A & H	316,901	324,929	321,919	355,573	350,456
Group A & H	432,539	532,654	384,989	371,676	287,191
Fire	640,744	664,010	733,823	729,157	922,716
Homeowners	475,349	296,121	262,158	295,932	230,680
Allied Lines	2,402,737	1,639,299	1,043,183	1,007,392	1,410,708
Comm'l Auto Liab	1,488,555	1,404,260	1,387,618	1,389,612	1,348,956
Mortgage Guaranty	1,543,779	833,207	1,462,390	2,084,484	2,029,106
Com'l MultiPeril	733,048	707,447	625,297	585,716	522,535
Warranty	121,282	117,460	98,610	71,895	18,247
All Other	4,847,941	5,086,494	5,588,667	5,701,279	6,650,622
<b>Total</b>	<b>54,575,422</b>	<b>54,094,814</b>	<b>54,685,144</b>	<b>50,500,496</b>	<b>50,276,986</b>

## Market Share / Market Presence

## Market Share / Market Presence (Continued ...)

### Geographical Breakdown By Direct Premium Writings (\$000)

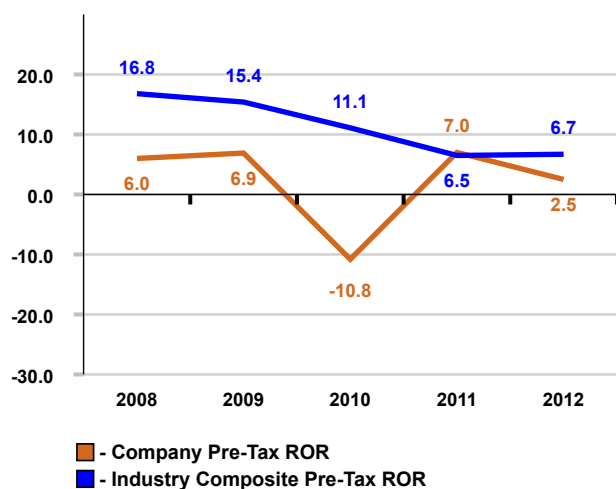
	2012	2011	2010	2009	2008
Aggregate Alien	4,935,210	5,489,656	5,370,145	4,595,256	3,671,637
California	2,265,295	2,453,447	2,453,586	2,654,238	3,123,127
New York	2,129,762	2,135,424	2,060,269	2,084,459	2,450,399
Texas	1,753,043	1,778,284	1,833,054	1,875,893	2,292,422
Illinois	1,270,607	1,560,195	1,719,937	1,885,745	1,811,461
Florida	1,203,997	1,249,549	1,351,540	1,590,423	1,812,104
New Jersey	643,713	657,670	646,776	737,948	839,187
Pennsylvania	606,822	714,279	701,699	748,925	949,165
Massachusetts	600,516	534,263	533,637	536,983	592,391
North Carolina	436,231	455,328	395,811	423,295	556,705
All Other	7,751,222	8,296,093	8,470,012	8,942,983	10,701,943
Total	23,596,418	25,324,189	25,536,466	26,076,146	28,800,541

## Operating Performance

### Profitability Analysis

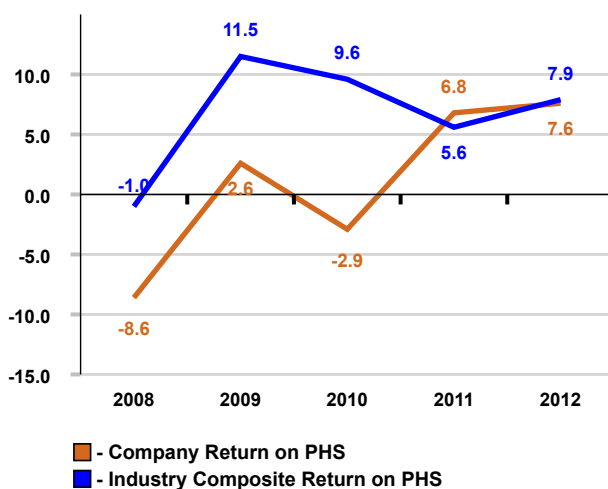
Period Ending	Company							Industry Composite		
	Pre-tax Operating Income	After-tax Operating Income	Net Income	Total Return	Pre-Tax ROR	Return on PHS	Operating Ratio	Pre-Tax ROR	Return on PHS	Operating Ratio
2012	501,543	597,918	2,877,562	2,192,371	2.5	7.6	98.5	6.7	7.9	92.4
2011	1,444,043	1,481,634	2,112,022	1,936,175	7.0	6.8	95.0	6.5	5.6	93.1
2010	-2,226,281	-2,177,410	-1,851,742	-815,238	-10.8	-2.9	112.9	11.1	9.6	88.2
2009	1,564,632	2,255,047	1,983,369	702,170	6.9	2.6	94.3	15.4	11.5	84.6
2008	1,634,523	1,709,645	210,092	-2,382,992	6.0	-8.6	96.1	16.8	-1.0	83.6
5-Yr Avg/Tot	2,918,459	3,866,835	5,331,304	1,632,486	2.6	1.2	99.1	11.3	6.8	88.4
03/2013	1,724,809	1,713,677	8,364,691	9,186,225	36.0	29.1	68.1	XX	XX	XX
03/2012	409,871	395,076	2,323,295	2,915,214	8.4	16.3	92.9	XX	XX	XX

Pre-Tax ROR Comparison with Industry Composite



\* Industry Composite - Commercial Casualty Composite

Return on PHS Comparison with Industry Composite



\* Industry Composite - Commercial Casualty Composite

## Underwriting Results

## Underwriting Results (Continued ...)

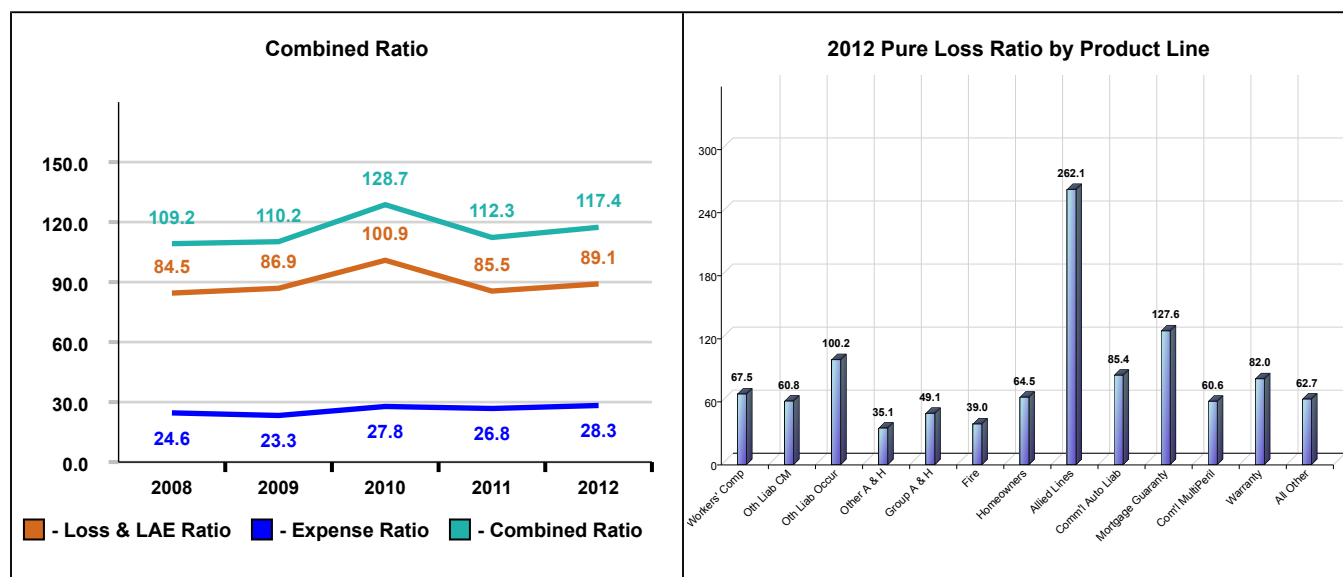
### Underwriting Experience

Year	Net Undrw Income (\$000)	Loss Ratios			Expense Ratios			Div. Pol.	Comb. Ratio
		Pure Loss	LAE	Loss & LAE	Net Comm	Other Exp.	Total Exp.		
2012	-3,262,614	76.2	12.9	89.1	8.5	19.8	28.3	...	117.4
2011	-2,278,874	72.7	12.8	85.5	7.2	19.6	26.8	...	112.3
2010	-5,667,860	84.9	16.0	100.9	7.3	20.5	27.8	...	128.7
2009	-1,937,684	74.0	12.9	86.9	7.5	15.9	23.3	...	110.2
2008	-2,075,840	73.5	11.0	84.5	8.9	15.7	24.6	...	109.2
5-Yr Avg	-15,222,873	76.1	13.0	89.0	7.9	18.1	26.0	...	115.1
03/2013	283,929	58.6	7.7	66.4	XX	XX	31.4	...	97.8
03/2012	-340,153	71.1	6.8	77.9	XX	XX	32.9	...	110.8

### Loss Ratio By Line

Product Line	2012	2011	2010	2009	2008	5-Yr. Avg.
Workers' Comp	67.5	90.3	103.3	88.9	64.4	81.9
Oth Liab CM	60.8	72.1	64.1	58.7	59.4	62.9
Oth Liab Occur	100.2	73.4	136.6	94.3	74.2	94.6
Other A & H	35.1	46.9	37.7	39.6	34.8	38.9
Group A & H	49.1	56.5	46.6	52.4	41.3	49.2
Fire	39.0	34.5	44.5	33.6	64.7	44.0
Homeowners	64.5	50.1	44.5	62.0	89.9	58.9
Allied Lines	262.1	195.9	117.4	106.2	221.6	180.0
Comm'l Auto Liab	85.4	66.0	75.7	76.3	53.1	70.1
Mortgage Guaranty	127.6	66.3	78.7	100.0	250.3	130.3
Com'l MultiPeril	60.6	79.4	57.4	55.7	10.8	51.5
Warranty	82.0	86.8	76.8	73.4	81.7	80.8
All Other	62.7	50.9	75.3	67.3	75.6	68.2
Total	76.2	72.7	84.9	74.0	73.5	76.1

## Underwriting Results (Continued ...)



## Direct Loss Ratios By State

	2012	2011	2010	2009	2008	5-Yr. Avg.
Aggregate Alien	25.7	104.0	45.7	47.3	86.2	61.1
California	75.9	49.1	77.8	76.1	85.4	73.7
New York	121.7	53.1	104.3	88.6	79.3	88.4
Texas	67.0	40.2	77.2	64.3	88.9	68.3
Illinois	59.4	61.5	103.9	86.9	74.0	75.9
Florida	47.6	40.0	54.7	56.1	68.8	54.9
New Jersey	139.6	72.4	70.4	82.0	84.1	89.0
Pennsylvania	86.0	39.1	85.4	52.5	73.1	66.5
Massachusetts	19.6	37.5	82.0	69.0	85.3	58.8
North Carolina	47.8	69.7	88.4	95.6	66.9	73.4
All Other	67.7	58.6	85.1	71.6	77.7	72.6
Total	63.5	63.8	76.9	69.4	79.8	71.0

## Investment Results

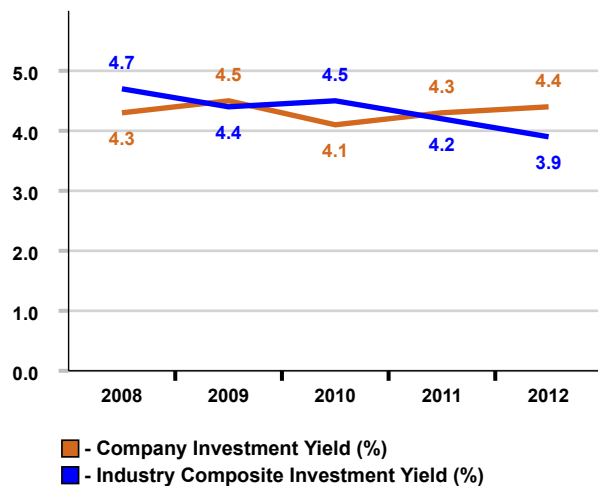


## Investment Results (Continued ...)

### Investment Gains (\$000)

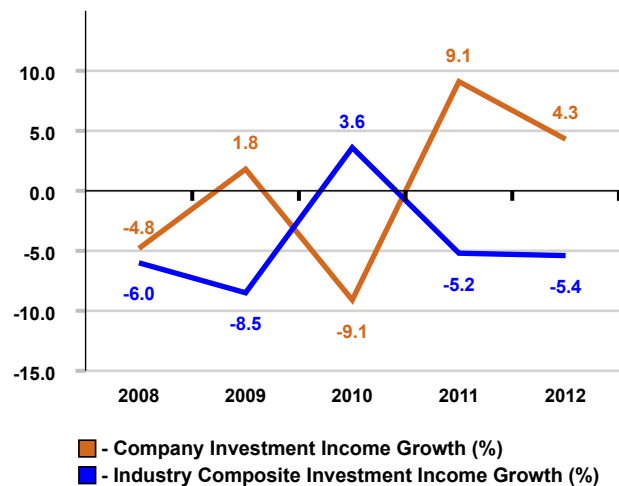
Year	Company							Industry Composite	
	Net Investment Income (\$000)	Realized Capital Gains (\$000)	Unrealized Capital Gains (\$000)	Investment Income Growth (%)	Investment Yield (%)	Return on Invested Assets (%)	Total Return (%)	Investment Income Growth (%)	Investment Yield (%)
2012	3,733,370	2,279,644	-685,191	4.3	4.4	7.2	6.4	-5.4	3.9
2011	3,578,144	630,388	-175,847	9.1	4.3	5.1	4.8	-5.2	4.2
2010	3,278,519	325,667	1,036,505	-9.1	4.1	4.5	5.8	3.6	4.5
2009	3,606,577	-271,677	-1,281,200	1.8	4.5	4.2	2.5	-8.5	4.4
2008	3,543,942	-1,499,553	-2,593,085	-4.8	4.3	2.4	-0.6	-6.0	4.7
5-Yr Avg/Tot	17,740,551	1,464,469	-3,698,817	0.1	4.3	4.7	3.8	-4.4	4.4
03/2013	1,424,654	6,651,014	821,534	63.4	4.2	13.1	13.6	XX	XX
03/2012	871,654	1,928,220	591,919	21.6	4.4	7.4	7.6	XX	XX

Investment Yield vs Industry



\* Industry Composite - Commercial Casualty Composite

Investment Income Growth vs Industry



\* Industry Composite - Commercial Casualty Composite

## Balance Sheet Strength

### Capitalization

#### Capital Generation Analysis (\$000)

Year	Source of Surplus Growth							
	Pre-tax Operating Income	Realized Capital Gains	Income Taxes	Unrealized Capital Gains	Net Contributed Capital	Other Changes	Change in PHS	% Change in PHS
2012	501,543	2,279,644	-96,376	-685,191	-3,261,110	2,072,913	1,004,174	3.6
2011	1,444,043	630,388	-37,592	-175,847	-1,625,956	-959,593	-649,373	-2.3
2010	-2,226,281	325,667	-48,871	1,036,505	1,035,220	1,024,084	1,244,066	4.5
2009	1,564,632	-271,677	-690,415	-1,281,200	958,965	-426,286	1,234,849	4.7
2008	1,634,523	-1,499,553	-75,122	-2,593,085	-467,388	383,583	-2,466,798	-8.6
5-Yr Total	2,918,459	1,464,469	-948,376	-3,698,817	-3,360,270	2,094,701	366,917	0.3
03/2013	1,724,809	6,651,014	11,132	821,534	-10,788,569	2,394,024	791,679	2.7
03/2012	409,871	1,928,220	14,795	591,919	-3,345,186	-1,990,207	77,823	0.3

#### Quality of Surplus (\$000)

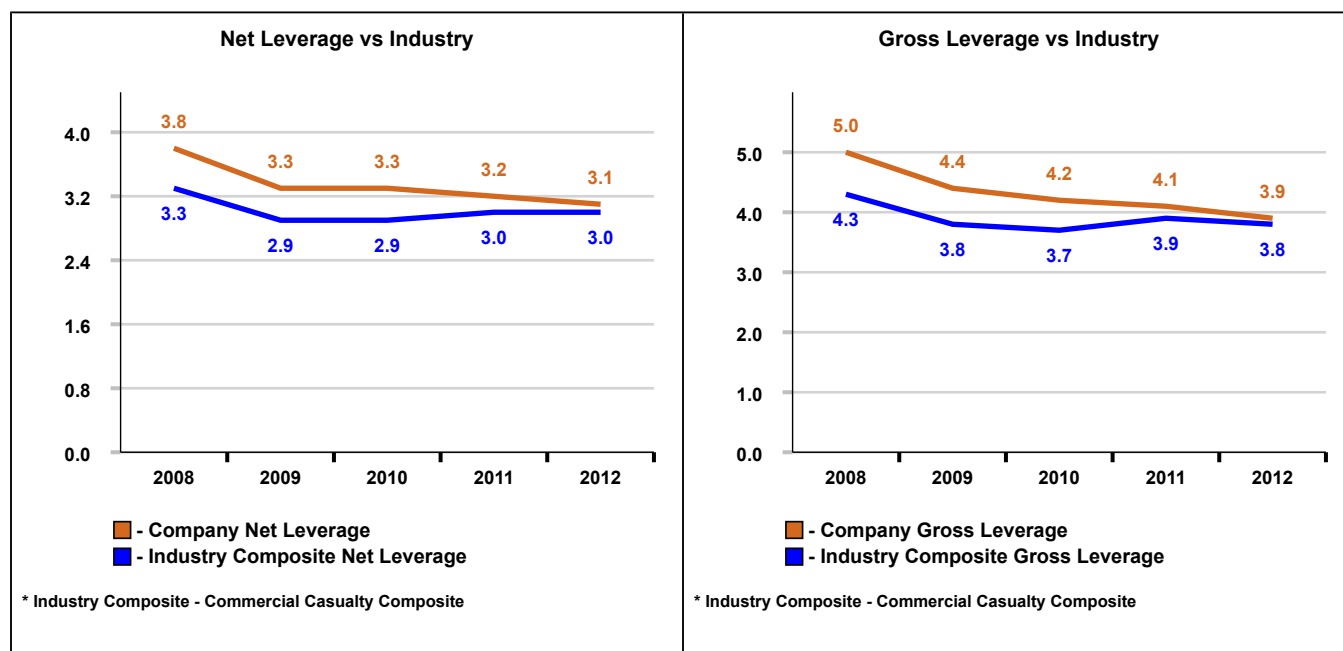
Year	Surplus Notes	Other Debt	Contributed Capital	Unassigned Surplus	Year End Policyholders Surplus	Conditional Reserves	Adjusted Policyholders Surplus
2012	738,650	...	18,248,923	10,200,214	29,187,787	223,989	29,411,776
2011	738,650	...	18,660,980	8,783,983	28,183,613	739,761	28,923,374
2010	738,650	...	18,599,634	9,494,703	28,832,986	499,620	29,332,606
2009	738,650	...	15,389,003	11,461,268	27,588,920	493,492	28,082,413
2008	738,650	...	12,086,374	13,529,048	26,354,072	451,124	26,805,196
03/2013	738,650	...	14,468,775	14,697,602	29,905,027	177,765	30,082,792
03/2012	738,650	...	18,379,163	9,068,600	28,186,412	295,209	28,481,621

### Underwriting Leverage

## Underwriting Leverage (Continued ...)

### Leverage Analysis

Year	Company				Industry Composite			
	NPW to PHS	Reserves to PHS	Net Leverage	Gross Leverage	NPW to PHS	Reserves to PHS	Net Leverage	Gross Leverage
2012	0.7	1.9	3.1	3.9	0.8	1.5	3.0	3.8
2011	0.7	1.9	3.2	4.1	0.8	1.5	3.0	3.9
2010	0.7	1.9	3.3	4.2	0.7	1.5	2.9	3.7
2009	0.8	1.8	3.3	4.4	0.7	1.5	2.9	3.8
2008	1.0	1.9	3.8	5.0	0.9	1.6	3.3	4.3
03/2013	0.6	1.8	3.1	XX	XX	XX	XX	XX
03/2012	0.7	1.9	3.3	XX	XX	XX	XX	XX



### Ceded Reinsurance Analysis (\$000)

Year	Company				Industry Composite		
	Ceded Reinsurance Total	Business Retention (%)	Reinsurance Recoverables to PHS (%)	Ceded Reinsurance to PHS (%)	Business Retention (%)	Reinsurance Recoverables to PHS (%)	Ceded Reinsurance to PHS (%)
2012	23,298,548	77.2	53.4	79.8	82.6	59.1	84.5
2011	25,311,408	74.8	60.9	89.8	81.6	59.4	84.5
2010	26,557,561	74.5	63.6	92.1	81.2	57.6	80.4
2009	28,911,851	76.0	75.5	104.8	82.6	61.2	84.8
2008	29,299,201	84.4	78.4	111.2	84.6	70.6	97.6

## Underwriting Leverage (Continued ...)

### 2012 Reinsurance Recoverables (\$000)

	Paid & Unpaid Losses	Incurred But Not Reported (IBNR) Losses	Unearned Premiums	Other Recoverables *	Total Reinsurance Recoverables
US Affiliates	27,598,556	45,432,937	13,107,192	-4,078,097	82,060,588
Foreign Affiliates	1,148,249	319,570	1,827,005	-17,668	3,277,156
US Insurers	2,768,778	3,170,697	457,394	-121,643	6,275,226
Pools/Associations	79,265	7,331	82	-3,378	83,300
Other Non-Us	2,403,395	2,604,706	1,131,764	-196,841	5,943,024
Total(ex Us Affils)	6,399,687	6,102,304	3,416,245	-339,530	15,578,706
Grand Total	33,998,243	51,535,241	16,523,437	-4,417,627	97,639,294

\* Includes Commissions less Funds Withheld

## Loss Reserves

### Loss and ALAE Reserve Development: Calendar Year (\$000)

Calendar Year	Original Loss Reserves	Developed Reserves Thru 2012	Development to Original (%)	Development to PHS (%)	Development to NPE (%)	Unpaid Reserves @ 12/2012	Unpaid Reserves to Development (%)
2012	56,012,170	56,012,170	...	...	283.8	56,012,170	100.0
2011	55,492,756	56,618,617	2.0	4.0	272.7	43,857,868	77.5
2010	56,050,819	57,383,647	2.4	4.6	277.3	35,283,110	61.5
2009	51,522,819	57,609,414	11.8	22.1	253.7	28,838,670	50.1
2008	51,255,000	58,797,729	14.7	28.6	216.7	23,645,149	40.2
2007	49,054,891	56,101,943	14.4	24.5	204.9	19,109,343	34.1

### Loss and ALAE Reserve Development: Accident Year (\$000)

Accident Year	Original Loss Reserves	Developed Reserves Thru 2012	Development to Original (%)	Unpaid Reserves @ 12/2012	Accident Year Loss Ratio	Accident Year Comb. Ratio
2012	12,154,302	12,154,302	...	12,154,302	82.0	110.3
2011	12,325,198	12,344,838	0.2	8,574,758	82.5	109.3
2010	11,577,744	11,961,659	3.3	6,444,440	78.2	106.0
2009	12,356,586	12,945,596	4.8	5,193,521	79.3	102.7
2008	17,235,067	17,241,304	0.0	4,535,806	86.8	111.4
2007	14,866,180	15,065,282	1.3	3,370,386	72.8	93.9

## Loss Reserves (Continued ...)

### Asbestos And Environmental Reserves Analysis

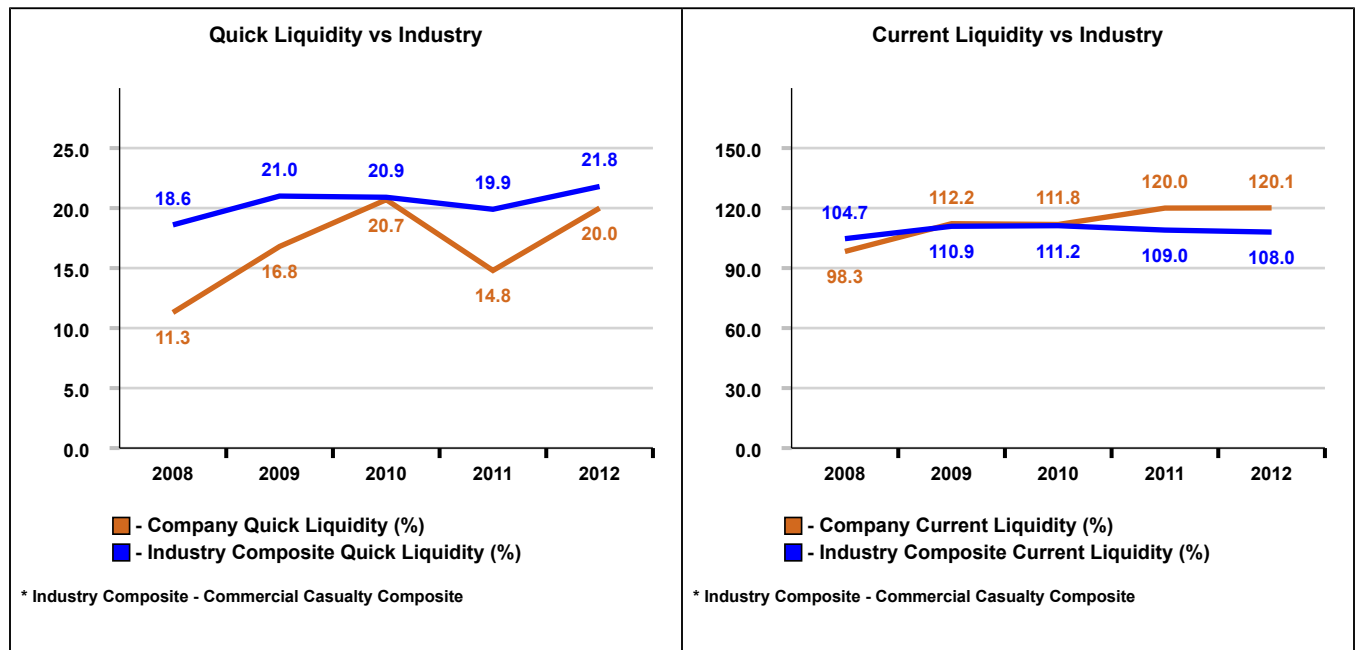
Year	Company						Industry Composite		
	Net A&E Reserves (\$000)	Reserve Retention (%)	Net Incurred But Not Reported (IBNR) Mix (%)	Survival Ratio (3 Yr)	Comb. Ratio Impact (1 Yr)	Comb. Ratio Impact (3 Yr)	Survival Ratio (3 Yr)	Comb. Ratio Impact (1 Yr)	Comb. Ratio Impact (3 Yr)
2012	2,362,266	33.0	53.4	9.7	0.4	2.7	9.1	0.6	0.6
2011	2,566,941	33.2	59.9	11.1	0.8	2.7	9.1	0.5	0.6
2010	2,513,037	42.5	72.8	8.8	6.8	2.3	7.2	0.7	0.5
2009	1,429,077	40.0	53.6	...	0.7	...	...	0.6	...
2008	1,530,025	41.2	55.1	...	0.3	...	...	0.3	...

## Liquidity

### Liquidity Analysis

Year	Company				Industry Composite			
	Quick Liquidity (%)	Current Liquidity (%)	Overall Liquidity (%)	Gross Agents Balances to PHS(%)	Quick Liquidity (%)	Current Liquidity (%)	Overall Liquidity (%)	Gross Agents Balances to PHS (%)
2012	20.0	120.1	138.6	9.4	21.8	108.0	144.9	10.9
2011	14.8	120.0	138.7	7.0	19.9	109.0	144.5	10.3
2010	20.7	111.8	138.1	6.0	20.9	111.2	146.2	9.0
2009	16.8	112.2	139.0	6.7	21.0	110.9	146.0	9.1
2008	11.3	98.3	134.5	12.4	18.6	104.7	140.8	11.9
03/2013	XX	113.9	140.9	8.7	XX	XX	XX	XX
03/2012	XX	112.2	138.7	7.1	XX	XX	XX	XX

## Liquidity (Continued ...)



## Cash Flow Analysis (\$000)

Year	Company					Industry Composite	
	Underwriting Cash Flow	Operating Cash Flow	Net Cash Flow	Underwriting Cash Flow (%)	Operating Cash Flow (%)	Underwriting Cash Flow (%)	Operating Cash Flow (%)
2012	-2,772,208	529,122	1,916,698	87.5	102.4	98.2	110.7
2011	-3,752,519	-2,379,280	-5,118,102	84.2	91.0	96.5	107.6
2010	-1,193,961	2,967,542	305,885	94.5	113.8	96.6	108.6
2009	-2,976,406	384,832	2,031,508	88.2	101.5	98.4	109.5
2008	-898,751	1,814,850	3,521,415	96.6	106.5	101.2	112.6
5-Yr Total	-11,593,845	3,317,067	2,657,405	...	...	...	...
03/2013	-859,901	606,517	-1,699,839	84.0	111.3	XX	XX
03/2012	-1,522,411	-848,439	85,287	75.2	86.2	XX	XX

## Investments

## Investments (Continued ...)

### Investment Leverage Analysis (% of PHS)

Year	Company						Industry Composite	
	Class 3-6 Bonds	Real Estate / Mortgages	Other Invested Assets	Common Stock	Non - Affiliated Investment Leverage	Affiliated Investments	Class 3-6 Bonds	Common Stock
2012	6.1	0.4	29.8	7.8	44.2	4.7	7.1	10.3
2011	3.0	...	28.8	7.0	38.7	4.7	7.4	9.5
2010	1.0	...	28.7	7.1	36.8	4.8	7.2	9.0
2009	1.2	...	26.7	8.6	36.5	6.3	6.0	8.2
2008	1.5	0.1	27.7	8.9	38.1	33.9	5.4	9.1

## Investments - Bond Portfolio

### 2012 Distribution By Maturity

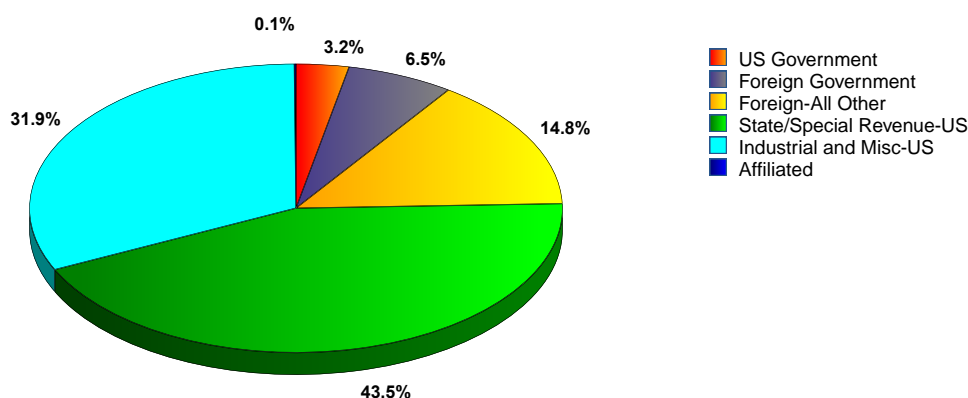
	Years					Years Average Maturity
	0-1	1-5	5-10	10-20	20+	
Government	1.7	5.9	1.8	0.2	0.1	4.0
Government Agencies & Muni.	6.0	19.9	7.9	6.5	1.1	6.0
Industrial & Misc.	6.9	14.9	13.4	1.7	11.6	10.0
Hybrid Securities	...	0.1	...	...	0.1	15.0
Affiliated	...	0.1	...	...	...	2.8
Total	14.6	40.7	23.2	8.5	13.0	7.5

## Investments - Bond Portfolio (Continued ...)

### Bond Distribution By Issuer Type

	2012	2011	2010	2009	2008
Bonds (000)	69,293,859	72,119,023	64,699,695	61,325,782	58,025,679
US Government	3.2	5.7	8.1	3.2	2.4
Foreign Government	6.5	7.0	5.3	3.6	2.3
Foreign-All Other	14.8	13.0	5.4	3.9	2.7
State/Special Revenue-US	43.5	48.1	67.2	79.1	86.6
Industrial and Misc-US	31.9	26.2	14.0	10.1	6.0
Affiliated	0.1	0.1	0.1	0.1	...

2012 Bond Distribution By Issuer Type



### Bond Percent Private vs Public

	2012	2011	2010	2009	2008
Private Issues	17.9	15.8	9.3	5.5	3.1
Public Issues	82.1	84.2	90.7	94.5	96.9

### Bond Quality Percent

	2012	2011	2010	2009	2008
Class 1	88.1	92.6	97.9	96.6	98.2
Class 2	9.4	6.2	1.6	2.9	1.2
Class 3	1.0	0.7	...	0.1	0.2
Class 4	0.7	...	...	...	0.1
Class 5	0.5	0.4	0.4	0.3	0.4
Class 6	0.3	...	...	0.1	...



## Investments - Equity Portfolio

	2012	2011	2010	2009	2008
Total Stocks(000)	3,176,895	2,815,643	3,640,352	4,434,314	12,029,415
Unaffiliated Common	71.9	70.1	56.1	53.5	19.4
Affiliated Common	27.9	29.6	36.9	38.5	57.4
Unaffiliated Preferred	0.2	0.3	6.9	8.0	6.6
Affiliated Preferred	...	...	...	...	16.6

## Investments - Mortgage Loans And Real Estate

	2012	2011	2010	2009	2008
Mortgage Loans and Real Estate (000)	121,154	845	772	2,758	14,268
Mortgage Loans	99.3	...	...	...	...
Property Held for Income	0.7	100.0	100.0	100.0	100.0

## Investments - Other Invested Assets

	2012	2011	2010	2009	2008
Other Invested Assets(000)	12,933,415	10,511,701	15,263,679	14,094,187	11,992,135
Cash	5.4	4.6	6.1	0.4	10.2
Short-Term	23.9	13.3	39.7	47.3	28.9
Schedule BA Assets	69.3	79.1	53.4	51.7	59.4
All Other	1.4	3.0	0.8	0.7	1.6

## Consolidated Balance Sheet (\$000)

Admitted Assets	12/31/2012	12/31/2011	2012 %	2011 %
Bonds	69,250,836	72,072,481	65.5	69.5
Preferred Stock	5,636	7,155	...	...
Common Stock	2,283,352	1,974,779	2.2	1.9
Cash & Short-Term Invest	3,793,274	1,876,575	3.6	1.8
Real estate, investment	821	845	...	...
Derivatives	165,865	171,114	...	...
Other Non-Affil Inv Asset	8,661,035	8,030,438	8.2	7.7
Investments in Affiliates	1,364,505	1,313,826	1.3	1.3
Real Estate, Offices	...	...	...	...
<b>Total Invested Assets</b>	<b>85,525,324</b>	<b>85,447,212</b>	<b>80.9</b>	<b>82.4</b>
Premium Balances	7,060,347	7,190,471	6.7	6.9
Accrued Interest	764,110	736,271	0.7	0.7
Life department	...	...	...	...
All Other Assets	12,304,083	10,326,298	11.6	10.0
<b>Total Assets</b>	<b>105,653,864</b>	<b>103,700,252</b>	<b>100.0</b>	<b>100.0</b>
<b>Liabilities &amp; Surplus</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>2012 %</b>	<b>2011 %</b>
Loss & LAE Reserves	54,575,424	54,094,822	51.7	52.2
Unearned Premiums	10,629,934	11,371,336	10.1	11.0
Conditional Reserve Funds	223,989	739,761	0.2	0.7
Derivatives	...	...	...	...
Life department	...	...	...	...
All Other Liabilities	11,036,730	9,310,720	10.4	9.0
<b>Total Liabilities</b>	<b>76,466,077</b>	<b>75,516,639</b>	<b>72.4</b>	<b>72.8</b>
Surplus notes	738,650	738,650	0.7	0.7
Capital & Assigned Surplus	18,248,923	18,660,980	17.3	18.0
Unassigned Surplus	10,200,214	8,783,983	9.7	8.5
<b>Total Policyholders' Surplus</b>	<b>29,187,787</b>	<b>28,183,613</b>	<b>27.6</b>	<b>27.2</b>
<b>Total Liabilities &amp; Surplus</b>	<b>105,653,864</b>	<b>103,700,252</b>	<b>100.0</b>	<b>100.0</b>

## Interim Balance Sheet (\$000)

Admitted Assets	03/31/2013
Bonds	70,496,349
Preferred Stock	5,636
Common Stock	3,012,575
Cash & Short-Term Invest	2,034,296
Derivatives	154,710
Other Investments	9,331,202
Total Invested Assets	85,034,767
Premium Balances	7,130,119
Accrued Interest	738,197
Reinsurance Funds	5,607,255
All Other Assets	5,619,198
Total Assets	104,129,537

Liabilities & Surplus	03/31/2013
Loss & LAE Reserves	53,002,750
Unearned Premiums	10,028,273
Conditional Reserve Funds	308,496
Derivatives	...
All Other Liabilities	10,884,992
Total Liabilities	74,224,511
Capital & Assigned Surp	15,207,425
Unassigned Surplus	14,697,602
Total Policyholders' Surplus	29,905,027
Total Liabilities & Surplus	104,129,537

## Consolidated Summary Of 2012 Operations (\$000)

Statement of Income	12/31/2012	Funds Provided from Operations	12/31/2012
Premiums earned	19,738,003	Premiums collected	19,336,805
Losses incurred	15,036,525	Benefit & loss-related pmts	13,762,053
LAE incurred	2,540,485		
Undwr expenses incurred	5,423,607	LAE & undwr expenses paid	8,346,960
Other expenses incurred	...	Other income / expense	...
Dividends to policyholders	...	Dividends to policyholders	...
Net underwriting income	-3,262,614	Underwriting cash flow	-2,772,208
		Net transfer	...
Net investment income	3,733,370	Investment income	3,453,690
Other income/expense	30,787	Other income/expense	-19,640
Pre-tax operating income	501,543	Pre-tax cash operations	661,842
Realized capital gains	2,279,644		
Income taxes incurred	-96,376	Income taxes pd (recov)	132,720
Net income	2,877,562	Net oper cash flow	529,122

### Interim Income Statement (\$000)

	Period Ended 03/31/2013	Period Ended 03/31/2012	Increase / Decrease
Premiums earned	4,793,259	4,876,139	-82,880
Losses incurred	2,810,329	3,465,577	-655,247
LAE incurred	371,132	331,569	39,564
Undwr expenses incurred	1,327,868	1,419,146	-91,278
Other expenses incurred	...	...	...
Dividends to policyholders	...	...	...
Net underwriting income	283,929	-340,153	624,082
Net investment income	1,424,654	871,654	553,000
Other income/expense	16,226	-121,631	137,857
Pre-tax operating income	1,724,809	409,871	1,314,939
Realized capital gains	6,651,014	1,928,220	4,722,794
Income taxes incurred	11,132	14,795	-3,663
Net income	8,364,691	2,323,295	6,041,396

### Interim Cash Flow (\$000)

	Period Ended 03/31/2013	Period Ended 03/31/2012	Increase / Decrease
Premiums collected	4,505,693	4,619,124	-113,431
Benefit & loss-related pmts	3,373,388	4,015,977	-642,589
LAE & undwr expenses paid	1,992,206	2,125,558	-133,352
Dividends to policyholders	...	...	...
Underwriting cash flow	-859,901	-1,522,411	662,510
Net transfer	...	...	...
Investment income	1,356,580	812,806	543,775
Other income/expense	130,674	-131,036	261,710
Pre-tax cash operations	627,353	-840,642	1,467,995
Income taxes pd (recov)	20,836	7,797	13,039
Net oper cash flow	606,517	-848,439	1,454,955

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