



QUARTERLY STATEMENT

AS OF MARCH 31, 2013

OF THE CONDITION AND AFFAIRS OF THE

MAJESTIC INSURANCE CO.- IN CONSERVATION

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 42269 Employer's ID Number 95-3653107

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

Country of Domicile US

Incorporated/Organized March 17, 1980 Commenced Business March 22, 1980

Statutory Home Office 100 Pine Street Ste 2600, San Francisco, California 94111 (Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 100 Pine Street Ste 2600, San Francisco, California 94111 (415) 676-5000 (Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 100 Pine Street Ste 2600, San Francisco, California 94111 (Street and Number or P.O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 100 Pine Street Ste 2600, San Francisco, California, US 94111 (415) 676-5000 (Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.caclo.org

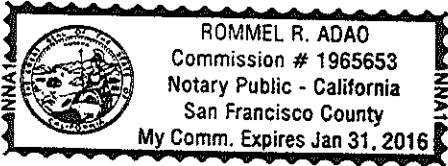
Statutory Statement Contact Joseph B. Holloway, Jr. (415) 676-2126 (Name) (Area Code) (Telephone Number) (Extension) hollowayj@caclo.org (415) 676-5002 (E-Mail Address) (Fax Number)

OFFICERS (Not Applicable)

OTHER OFFICERS (Not Applicable)

State of California County of SAN FRANCISCO Subscribed and sworn to (or affirmed) before me on this 6th day of MAY, 2013, by DAVID E. WILSON proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me. Signature Rommel R. Adao (Seal)

DIRECTORS OR TRUSTEES Not Applicable



State of County of } SS

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

David E. Wilson Special Deputy Insurance Commissioner

Subscribed and sworn to before me this day of 2013 a. Is this an original filing? Yes (X) No ( ) b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4
	1	2	3	December 31 Prior Year Net Admitted Assets
	Assets	Nonadmitted Assets	Net Admitted Assets (Col. 1 minus Col. 2)	
1. Bonds .....	9,737,108		9,737,108	9,786,164
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 1,523,682 ), cash equivalents (\$ ..... ) and short-term investments (\$ ..... 418,225 ) .....	1,941,907		1,941,907	1,855,080
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....				505,703
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....	1,013,947		1,013,947	750,278
12. Subtotals, cash and invested assets (Line 1 to Line 11) .....	12,692,962		12,692,962	12,897,225
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	35,251		35,251	39,594
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....				
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	36,422,424	36,422,424		
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	4,565,737	2,688,050	1,877,687	1,877,687
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	53,716,374	39,110,474	14,605,900	14,814,506
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Totals (Line 26 and Line 27) .....	53,716,374	39,110,474	14,605,900	14,814,506
DETAILS OF WRITE-INS				
1101. Deposits with California Conservation and Liquidation Office .....	1,013,947		1,013,947	750,278
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Line 1001 through Line 1103 plus Line 1198) (Line 11 above) .....	1,013,947		1,013,947	750,278
2501. Miscellaneous Receivable .....	210,576	210,576		
2502. Advance Policy Surcharges Paid .....	4,355,161	2,477,474	1,877,687	1,877,687
2503. Assessment Receivable .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	4,565,737	2,688,050	1,877,687	1,877,687

STATEMENT AS OF MARCH 31, 2013 OF THE MAJESTIC INSURANCE CO. - IN CONSERVATION

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....)		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	1,643,696	1,021,977
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		131,326
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	50,000	50,000
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ ..... certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	79,805	79,805
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities	504,160	511,031
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	2,277,661	1,794,139
27. Protected cell liabilities		
28. Total liabilities (Line 26 and Line 27)	2,277,661	1,794,139
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	3,000,000	3,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	46,950,000	46,950,000
35. Unassigned funds (surplus)	(37,621,760)	(36,929,635)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)		
36.2 ..... shares preferred (value included in Line 31 \$ .....)		
37. Surplus as regards policyholders (Line 29 through Line 35, less Line 36)	12,328,240	13,020,365
38. Totals (Page 2, Line 28, Column 3)	14,605,901	14,814,504
<b>DETAILS OF WRITE-INS</b>		
2501. Accrued Retro Premium Payable		
2502. Excess of Statutory Reserves over Statement reserves		
2503. Escheatable Funds	504,160	511,031
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	504,160	511,031
2901. Excess of statutory reserves (Schedule P)		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ .....			
1.2 Assumed (written \$ .....			
1.3 Ceded (written \$ .....			
1.4 Net (written \$ .....			
DEDUCTIONS:			
2. Losses incurred (current accident year \$ .....			
2.1 Direct .....			
2.2 Assumed .....			
2.3 Ceded .....			
2.4 Net .....			
3. Loss adjustment expenses incurred .....			
4. Other underwriting expenses incurred .....	3,861,430	444,792	1,940,200
5. Aggregate write-ins for underwriting deductions .....			
6. Total underwriting deductions (Line 2 through Line 5) .....	3,861,430	444,792	1,940,200
7. Net income of protected cells .....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(3,861,430)	(444,792)	(1,940,200)
INVESTMENT INCOME			
9. Net investment income earned .....	30,926	55,719	174,657
10. Net realized capital gains (losses) less capital gains tax of \$ .....		(834)	309,074
11. Net investment gain (loss) (Line 9 plus Line 10) .....	30,926	54,885	483,731
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ .....			
amount charged off \$ .....		234,814	533,972
13. Finance and service charges not included in premiums .....			
14. Aggregate write-ins for miscellaneous income .....			4,929
15. Total other income (Line 12 through Line 14) .....		234,814	538,901
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	(3,830,504)	(155,093)	(917,568)
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) .....	(3,830,504)	(155,093)	(917,568)
19. Federal and foreign income taxes incurred .....		449	(166,424)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	(3,830,504)	(155,542)	(751,144)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year .....	13,020,363	13,771,507	13,771,507
22. Net income (from Line 20) .....	(3,830,504)	(155,542)	(751,144)
23. Net transfers (to) from Protected Cell accounts .....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....			
25. Change in net unrealized foreign exchange capital gain (loss) .....			
26. Change in net deferred income tax .....	241,779	30,102	514,068
27. Change in nonadmitted assets .....	2,896,602	(30,102)	(514,068)
28. Change in provision for reinsurance .....			
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 .....			
36. Change in treasury stock .....			
37. Aggregate write-ins for gains and losses in surplus .....			
38. Change in surplus as regards policyholders (Line 22 through Line 37) .....	(682,123)	(155,542)	(751,144)
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38) .....	12,328,240	13,615,965	13,020,363
DETAILS OF WRITE-INS			
0501. Additional Charge for Novation of Loss Reserves .....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. TOTALS (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....			
1401. Miscellaneous Income .....			4,929
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....			4,929
3701. Aggregate Write-ins for Gains and Losses in Surplus (gross of tax) .....			
3702. Excess Reserve over Statutory Reserve .....			
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....			
3799. TOTALS (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....			

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance .....		94,520	
2. Net investment income .....	43,479	234,914	298,827
3. Miscellaneous income .....			538,902
4. Total (Line 1 through Line 3) .....	43,479	329,434	838,729
5. Benefit and loss related payments .....			
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	3,377,908	1,959,884	3,222,274
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....			
10. Total (Line 5 through Line9) .....	3,377,908	1,959,884	3,222,274
11. Net cash from operations (Line 4 minus Line 10) .....	(3,334,429)	(1,630,450)	(2,383,545)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	547,548	293,826	6,292,582
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 (Line 12.1 through Line 12.7) .....	547,548	293,826	6,292,582
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....		125,020	5,340,820
13.2 Stocks .....			
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....		1,282	
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....		126,302	5,340,820
14. Net increase or (decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	547,548	167,524	951,762
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			
16.2 Capital and paid in surplus, less treasury stock .....			
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied) .....	2,873,708	171,801	(313,981)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	2,873,708	171,801	(313,981)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) .....	86,827	(1,291,125)	(1,745,764)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	1,855,080	3,600,844	3,600,844
19.2 End of period (Line 18 plus Line 19.1) .....	1,941,907	2,309,719	1,855,080

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

20.0001 Aggregate write-in for other invested assets .....	3,138,697		
20.0002 Change Other invested assets .....	(263,669)		
20.0003 Miscellaneous .....	(1,320)		
20.0004 .....			
20.0005 .....			
20.0006 .....			
20.0007 .....			
20.0008 .....			
20.0009 .....			
20.0010 .....			

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies**

On April 21, 2011, an Order appointing Conservator and Restraining Orders (“Conservation Order”) was entered by the Superior Court of the State of California with respect to Majestic Insurance Company, a California Corporation. The California Department of Insurance (CDI) conducted an examination of Majestic for the period January 1, 2005 through December 31, 2010. CDI found Majestic’s recorded loss and loss adjustment expense reserves to be deficient by approximately \$40.9 million. Also, due to the increase in reserves, a premium deficiency reserve was required in the amount of \$5.5 million. After these examination adjustments, Majestic’s Risk-Based Capital (RBC) fell within the Mandatory Control Level RBC. The CDI Examination determined that Majestic was operating in a hazardous financial condition in accordance with California Insurance Code Section (CICS) 1011(d). These findings were incorporated into the Commissioner’s application for the Conservation Order.

The Commissioner of Insurance was appointed as Conservator of Majestic and directed to conduct the business of Majestic. The Conservator is authorized, in his discretion, to operate the business of Majestic, or so much of the business as he deems appropriate, and to pay or defer payment of some or all proper claims, expenses, liabilities and obligations of Majestic, in whole or in part, accruing prior or subsequent to his appointment. The Conservator continued to operate Majestic’s business in substantially the manner the company was operating prior to conservation, solely for the purpose of preserving Majestic’s business assets and going-concern value in order to facilitate a Plan of Rehabilitation for Majestic (the “Plan”).

Immediately after the entry of the Conservation Order, the Conservator filed a motion seeking court approval of the Plan. Court approval of the Plan was granted on June 2, 2011 and the transactions contemplated by the Plan closed on July 1, 2011. The Plan provided for the assumption of 100% of Majestic’s workers’ compensation claim liabilities by an A-rated insurance company affiliate of AmTrust North America, Inc. (“AmTrust”) via a Loss Portfolio Transfer and Quota Share Reinsurance Agreement (the “Reinsurance Agreement”). Under the Reinsurance Agreement, AmTrust (through an insurance company affiliate, Technology Insurance Company) has assumed the majority of Majestic’s assets and liabilities relating to its workers’ compensation business. Majestic’s in-force policies and expired policies with reported claims have been novated to Technology Insurance Company. The Reinsurance Agreement also provides that all reinsurance contracts providing coverage for the business written by Majestic shall inure to the benefit of AmTrust.

The accompanying financial statements reflect the financial effect of the Reinsurance Agreement, resulting with Majestic having no insurance related

## NOTES TO FINANCIAL STATEMENTS

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liabilities subsequent to May 31, 2011 during for the years ended December 31, 2012 and 2011. The Conservator continues to investigate and seek supporting documentation for remaining general ledger balances. Such investigations may lead to material changes to the balance sheet as presented in this filing. The Conservator will disclose the results of his investigation in subsequent quarterly filings as this information becomes available and can be substantiated.

### A. Accounting Practices

The accompanying financial statements of Majestic Insurance Company (Company) have been prepared on the basis of accounting practices prescribed or permitted by the California Insurance Department ("the California DOI").

The California DOI recognizes only statutory accounting practices prescribed or permitted by the State of California for determining and reporting the financial condition and results of operations of an insurance company and for purposes of determining its solvency under the California Insurance Code (CIC). The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* (NAIC SAP version effective January 1, 2001) and any subsequent amendments has been adopted as a component of prescribed or permitted practices by the State of California. However, the State of California did not repeal all the sections of the Insurance Code that were in conflict or that did not conform to the NAIC Accounting Practices and Procedures Manual.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

### C. Accounting Policies

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

Net investment income earned consists primarily of interest earned on fixed income securities less investment related expenses.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.
2. Investment grade bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.

## NOTES TO FINANCIAL STATEMENTS

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3. The Company does not own any common stock.
4. The Company does not own any preferred stocks.
5. The Company does not own any first lien mortgage loans on real estate.
6. Investment grade loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. The Company does not own any investments in joint ventures and partnerships.
8. The Company does not use any derivative, written or purchased options.
9. As the Company has no outstanding policy liabilities, a calculation of a deficiency reserve is not applicable.
10. The Company had no unpaid losses and loss adjustment expenses.
11. The Company has no outstanding loss reserves.
12. The Company made no change to its capitalization policy and predefined thresholds from the prior period.

### **Note 2 – Accounting Changes and Correction of Errors**

#### **A. Accounting Changes Other than Codification and Correction of Errors**

Not applicable

#### **B. Accounting Changes as a Result of the Initial Implementation of Codification January 1, 2001.**

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by California Insurance Department. The State of California requires insurance companies domiciled in the State of California to prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual*, subject to any deviation prescribed or permitted by the California Insurance Department. Many changes were made to this manual effective January 1, 2001 as a result of the NAIC “Codification Project”.

During the current period, no additional adjustments due to codification implementation were made.

### **Note 3 – Business Combinations and Goodwill**

#### **A. Statutory Purchase Method**

Not Applicable

#### **B. Statutory Mergers**

Not Applicable

#### **C. Impairment Loss**



## NOTES TO FINANCIAL STATEMENTS

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Not Applicable

### **Note 4 – Discontinued Operations**

Not Applicable

### **Note 5 – Investments**

A. Mortgage Loans

Not Applicable

B. Troubled Debt Restructuring for Creditors

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

Not Applicable

E. Repurchase Agreements

Not Applicable

### **Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

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

Not Applicable

B. Write-downs for Impairments

Not Applicable

### **Note 7 – Investment Income**

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Non-admitted

Not Applicable

### **Note 8 – Derivative Instruments**

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

### Note 9 – Income Taxes

#### A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs):

The Company recognizes deferred tax assets ((DTA's") and liabilities ("DTL's") for the future tax consequences related to differences between the financial statement carrying amounts of existing assets and liabilities and permitted tax basis amounts. The Amount of net DTA's that may be reported in the financial statements is subject to admissibility tests established by Statutory Accounting Principles (SAP) and relates to the Company's ability to realize the future benefit resulting from the net DTA. Amounts in excess of the statutory limitations are treated as non-admitted assets and charged directly to Policyholders' Surplus. Based upon the guidance provided by SAP, limitations on business strategy assumptions that may be realized in the future as stand alone tax payer and as a member of a consolidated group filing Federal Income Taxes under a Tax Sharing Agreement, the Company could not satisfactorily conclude that any amount of the DTA could be recovered in the time frames established by SAP and has therefore recognized the entire net DTA of \$36,422,424 as a Statutory Valuation Allowance and no admitted DTA was recognized as of March 31, 2013.

	As of Mar. 31 2013			As of Dec. 31, 2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred tax assets:						
Discounting of unpaid losses and LAE	\$ -		\$ -	\$ -	\$ -	\$ -
Change in unearned premium reserve	-		-	-		-
Nonadmitted assets	1,101		1,101	2,039		2,039
Compensation, benefit and other accruals	220		220	220		220
Net operating loss ("NOL") carry-forward	35,102		35,102	33,761		33,761
Others	-		-	-		-
Investments	-	-	-	-	-	-
Gross deferred tax assets	36,423	-	36,423	36,020	-	36,020
Statutory valuation allowance ("VA")	36,423	-	36,423	36,020	-	36,020
Adjusted gross deferred tax assets	-	-	-	-	-	-
Nonadmitted	-		-	-		-
Admitted deferred tax assets	-	-	-	-	-	-
Deferred tax liabilities:			-			-
Investments		-	-		-	-
IRC 481 adjustment	-		-	-		-
Accrued premium acquisition expense	-		-	-		-
Bond market discount	-		-	-		-
Fixed assets	-		-	-		-
Deferred tax liabilities:	-	-	-	-	-	-
Net deferred tax asset admitted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

#### B. Unrecognized DTLs

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

### C. Current Tax and Change in Deferred Tax

The Company realized net taxable loss from underwriting operations and net investment income during the during the Three month Period ended March 31, 2013 of \$3,830,505. Current income taxes incurred consist of the following major components:

	As of Mar. 31 2013	As of Dec. 31 2012
Federal income tax expense (benefit) on ordinary income	(1,340,677)	\$ (268,391)
Federal income taxes (benefit) on net capital gains	-	
Federal income taxes (benefit) on Extraordinary Item	-	
Prior year under (over) accrual		-
Current income tax incurred prior to NOL adjustment	(1,340,677)	(268,391)
Change to NOL tax carry forward benefit	1,340,677	268,391
Federal Income tax (benefit) expense (allowed by tax carryback)	\$ -	\$ -
<hr/>		
Curent year income tax (benefit) expense before NOL	(1,340,677)	(268,391)
Prior year return over/under accrual	-	-
Change to NOL tax carry forward benefit	1,340,677	268,391
Federal Income tax (benefit) expense (allowed by tax carryback)	\$ -	\$ -

-

The change in net deferred income taxes is comprised of the following: (this analysis is exclusive of non-admitted assets as the Change in Non-admitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement).

	As of Mar. 31 2013			As of Dec. 31, 2012			
	Ordinary	Capital	Total	Ordinary	Capital	Total	Change
Gross deferred tax assets before NOL & VA	\$ 1,321	\$ -	\$ 1,321	\$ 2,259	\$ -	\$ 2,259	\$ (938)
NOL carry forward	35,102		35,102	33,761		33,761	1,341
Adjusted gross deferred tax assets before VA	36,423	-	36,423	36,020	-	36,020	403
Gross deferred tax liabilities	-	-	-	-	-	-	-
Net deferred tax assets (liabilities) before VA	\$ 36,423	\$ -	\$ 36,423	\$ 36,020	\$ -	\$ 36,020	\$ 403
<hr/>							
Tax on change in unrealized gains							\$ -
Tax on change on deferred tax on operations							(938)
Tax on change on NOL carryforward on operations							1,340,677
Tax on change on NOL carryforward limited by tax sharing agreement							
Gross deferred tax change on operations							\$ 1,339,739

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

## NOTES TO FINANCIAL STATEMENTS

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	2013	2012	Effective Tax Rate
Provision computed at statutory rate	\$ (1,341)	\$ (263)	35.0%
Tax exempt income deduction	-	(2)	0.0%
Dividend deduction			
Non-deductible expenses	-		0.0%
Book over tax reserve	-		0.0%
Unearned premium (net of Sec 481 PAC adjustment)	-		0.0%
Cumulative effect of change in accounting method	-		0.0%
Impairment write down on certain assets	-		0.0%
Other	-	(3)	0.0%
Total statutory income tax expense on operations before NOL	(1,341)	(268)	35.0%
Losses utilized by consolidated affiliates - indirect & rate difference			
NOL carryforward	1,341	268	-35.0%
Total statutory income tax expense on operations	-	-	0.0%

## E. Operating Loss and Tax Credit Carryforwards

The Company incurred a tax basis net tax operating loss ("NOL") of \$3,830,505 for the Three Month Period ended March 31, 2013. The Company also has available NOL carryforwards from prior years of \$95,636,065.

Following is a summary of the NOL carryforward benefits recorded as of March 31, 2013.

	Net Operating Loss	Tax Benefit
NOL Carryforwards expiring on or before 12/31/2029	\$ (4,604,244)	1,611,486
NOL Carryforwards expiring on or before 12/31/2030	(24,575,866)	8,601,553
NOL Carryforwards expiring on or before 12/31/2030	(66,513,197)	23,279,622
NOL Carryforwards expiring on or before 12/31/2031	(766,230)	268,181
NOL Carryforwards expiring on or before 12/31/2032	(3,830,505)	1,340,677
	\$ (100,290,042)	\$ 33,760,841

## F. Consolidated Federal Income Tax Return

(1) The Company's federal income tax return is consolidated with the following entity:

Embarcadero Insurance Holdings, Inc and MUSAC.

(2) The Company participates in a Tax Allocation Agreement with Majestic USA Capital Inc and its subsidiaries. (Collectively "MUSAC"), which set forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation.

## NOTES TO FINANCIAL STATEMENTS

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future net losses which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes. The amount of carryback or carryforward benefit any member of the group may receive is limited by the amount of the consolidated federal taxes paid or to be paid and no member may receive an NOL tax benefit greater than the stand alone tax provision.

### **Note 10 – Information Concerning Parent, Subsidiaries and Affiliates**

#### **A. Nature of Relationships**

The Company is a wholly owned subsidiary of Embarcadero Insurance Holdings, Inc. (EIH); a California domiciled insurance company. On November 13, 2006, EIH was 100% purchased through a Stock Purchase Agreement by CRM Holdings, Ltd. (“CRMH”) and its wholly owned subsidiary, CRM USA Holdings, Inc. The transaction was approved by the California Department of Insurance on November 3, 2006 and completed on November 14, 2006. Subsequent to the consummation of the acquisition, EIH became a wholly-owned subsidiary of CRM USA Holding, Inc. On May 6, 2010, CRM Holdings, Ltd. changed its name to Majestic Capital Ltd. (“Capital”). At the same time CRM USA Holdings, Inc. a wholly owned subsidiary, changed its name to Majestic USA Capital, Inc (“MUSAC”).

As described in Note 1, the Company is under the control of and its business is being conducted by the California Insurance Commissioner, acting in his capacity as statutory conservator under the Conservation Order.

On April 29, 2011, Capital and its subsidiaries exclusive of Majestic, filed petitions for relief (collectively, the “Filing”) under Chapter 11 of the United States Bankruptcy Code. This Filing had no effect on the Plan or the agreement between Majestic and AmTrust.

#### **B. Detail of Transactions Greater than ½% of Admitted Assets**

All assets, liabilities and future benefits relating to reinsurance contracts with affiliates have been transferred to Amtrust/ Technology Insurance Company as of June 1, 2011. See Note 1.

#### **C. Change in Terms of Inter-company Arrangements**

See Note 1, above.

#### **D. Amounts Due to or From Related Parties**

A liability of \$79,804 for interest earned on funds held was due to Twin Bridges as of March 31, 2013 and 2011, respectively.

As discussed above, all inter-company agreements have been cancelled.

## NOTES TO FINANCIAL STATEMENTS

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## E. Guarantees or Contingencies for Related Parties

Not Applicable

## F. Management, Service Contracts, Cost Sharing Agreements

There were no Management, Service Contracts or Cost Sharing Agreements in force during the Three Month Period ended March 31, 2013 or during the year ended December 31, 2012 and it is the Company's opinion there are no outstanding liabilities relating to such contracts.

## G. Nature of Relationships that Could Affect Operations

Not applicable

## H. Amount Deducted for Investment in Upstream Company

Not Applicable

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

Not Applicable

## J. Write down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not Applicable

**Note 11 – Debt**

## A. Capital Notes

Not applicable

## B. All Other Debt

Not applicable

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

## A. Defined Benefit Plans

Not applicable

## B. Defined Contribution Plans

Not applicable.

## C. Multi-employer Plans

Not applicable

## D. Consolidated/Holding Company Plans

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

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### E. Post-employment Benefits and Compensated Absences

The Company paid \$638,803 as severance to terminated employees which represented one-half of the amount due to them under the Company's severance policy. The Conservator has approved claims by the employees for the remaining severance due of \$628,903. There are no other obligations to current or former employees for benefits after their employment but before their retirement.

### **Note 13 – Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

#### A. Outstanding Shares

The Company has 50,000 shares of \$75 par value common stock authorized and 40,000 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

Total Policyholders' Surplus as of March 31, 2013 was \$12,196,893 compared to beginning surplus as of December 31, 2012 of \$13,020,365.

#### B. Dividend Rate of Preferred Stock

Not applicable

#### C. D. and E. Dividend Restrictions

Dividends on common stock are paid as declared by the Board of Directors of the Company. Under the California Insurance Code, in a given year the Company may pay ordinary dividends without the prior approval of the Insurance Commissioner up to an amount which is the greater of its statutory net income for the preceding year or 10% of its policyholders' surplus at the end of the preceding year, less dividends made within the preceding twelve months.

As the Company is in conservation, there will be no dividends paid until such time as deemed appropriate by the California DOI.

Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders

#### F. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

#### G. Mutual Surplus Advances

Not applicable

#### H. Company Stock Held for Special Purposes

Not applicable

#### I. Changes in Special Surplus Funds

## NOTES TO FINANCIAL STATEMENTS

Not applicable

### J. Changes in Unassigned Funds

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

Description	Cumulative Incr./ (Decr.)	Current Year
Aggregate write-ins for gain or loss	(5,289,315)	-
Change in deferred taxes	34,117,696	242,243
Statutory valuation reserve	(34,117,696)	(242,243)
Nonadmitted assets	(7,207,658)	-
Dividend to stockholder	(7,175,000)	-
Provision for reinsurance	-	-

The cumulative change displayed above excludes any cumulative effect of changes in accounting principles due to the adoption of Codification effective January 1, 2001. See Note 2B.

### K. Surplus Notes

Not applicable

### L and M. Quasi Reorganizations

Not applicable

## **Note 14 – Contingencies**

### A. Contingent Commitments

Not applicable.

### B. Guaranty Fund and Other Assessments

The Company is subject to various assessments by the states and/or federal agencies (funds) in which it writes business. These assessments are for the general welfare and protection of workers compensation policyholders. The assessments may be based on the workers compensation premiums written by the Company in a calendar year or the outstanding loss reserves as of a year end date and assessment rates established by the various state or federal agencies. The Company is permitted by the insurance departments to pass certain assessments through to the policyholders. These assessments are billed to the policyholder with premiums as they become due. The accrual for all assessments occurs at the time the premiums are written or losses incurred. Because assessments are generally paid before the policy surcharges are collected, the payment of the assessment may result in a receivable from policyholders that will be taken on future policy surcharges to be collected. As of March 31, 2013, the Company had recorded assessments paid to insurance departments in excess of billed policyholder surcharges of \$4,355,161. This excess assessment amount is presented as a write in asset with the caption



**NOTES TO FINANCIAL STATEMENTS**

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“Advance Policy Surcharges” and \$2,477,473 was treated as a non-admitted asset.

The following amounts assessed against Majestic by governmental authorities were unpaid as of March 31, 2013 due to the conservation of Majestic.

Second Installment Payment of California DIR Assessments for 2011. By letter to the California Department of Industrial Relations dated April 6, 2011, Majestic requested relief from payment of the second installment of the DIR assessments for 2011 due April 1, 2011 in the amount of \$1,772,965. This request was made on the ground that Majestic would cease writing business due to the impending conservation proceeding involving Majestic and that its liability for 2011 would be offset by an overpayments for 2010 and 2011. The DIR advised Majestic that this request was granted.

First Installment Payment of California DIR Assessments for 2012. By letter to the California Department of Industrial Relations dated December 9, 2011, Majestic requested relief from payment of the first installment of the DIR assessments for 2012 due by January 1, 2012 in the amount of \$730,822.10.

Prepayment of California Gross Premiums Tax for 2011. By letter to the California Department of Insurance dated May 16, 2011, Majestic requested relief from a quarterly prepayment of gross premiums tax which was due June 1, 2011 in the amount of \$405,728. The request was made under Revenue & Taxation code Section 12260, which allows such relief where the insurer establishes that it has ceased to transact insurance in this state. By letter dated May 19, 2011, the Department granted this request. By letter dated August 25, 2011 Majestic made a similar request for relief from the quarterly prepayment of gross premium tax due September 1, 2011 in the amount of \$405,728. The Department granted this request by letter dated September 2, 2011.

Prepayment of New Jersey Premium Tax for 2011. By letter to the New Jersey Department of Treasury, Division of Taxation dated May 17, 2011, Majestic requested relief from a prepayment of premium tax due June 1, 2011 in the amount of \$41,207.89. On May 26, 2011, the Division of Taxation issued a Revised Billing Notice stating that no amount was due on June 1, 2011.

New York State Workers' Compensation Board Assessment for 2010 under WCL Section 15.8. Majestic received a notice of assessment from the New York State Workers' Compensation Board (NY WCB) due April 11, 2011 in the amount of \$2,579,374. This amount was assessed for the calendar year 2010 under New York Workers' Compensation Law (WCL) Section 15.8, Special Disability Fund.

**NOTES TO FINANCIAL STATEMENTS**

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New York State Workers' Compensation Board Assessment for 2011 under WCL Section 15.8. Majestic received a notice of assessment from the NY WCB due April 12, 2012 in the amount of \$1,290,056. This amount was assessed for the calendar year 2011 under WCL 15.8, Special Disability Fund. By letter to the NY WCB dated March 29, 2012, Majestic requested relief from this assessment in light of its conservation.

New York State Workers' Compensation Board Assessment for 2010 under WCL Section 25A. Majestic received a notice of assessment from the NY WCB due August 11, 2011 in the amount of \$1,441,496. This amount was assessed for calendar year 2010 under WCL Section 25A, Fund for Reopened Cases.

New York State Workers' Compensation Board Assessment for 2011 under WCL Section 25A. Majestic received a notice of assessment from the NY WCB due June 7, 2012 in the amount of \$515,693. This amount was assessed for calendar year 2011 under WCL Section 25A, Fund for Reopened Cases.

New York State Workers' Compensation Board Request for Excess Funds. In February 2010, Majestic received a written request from the WCB for payment of \$704,037 representing the amount of policyholder surcharges collected by Majestic Insurance to offset the WCB's assessments for 2007, which amount may increase significantly depending on the effect of payment guidelines recently issued by the WCB. This request was based upon the WCB's interpretation of Chapter 56-B, New York Laws of 2009, which provides that an insurance carrier which paid an amount assessed by the WCB for any year that was less than the surcharges collected from policyholders in that year must pay the excess funds held as of January 1, 2009 to the WCB. Majestic has requested reconsideration of the additional payment amount sought by the WCB.

New York Special Funds Conservation Committee Assessment. By letter from the New York Compensation Insurance Rating Board dated June 22, 2011, Majestic was notified that its share of the assessment covering expenses of the Special Fund Conservation Committee for 2011 was \$67,562.10, of which an installment of \$33,781.05 was due for the second six months of 2011. By letter to the SFCC dated July 11, 2011, Majestic requested relief from payment of that installment. The matter is pending.

Workers' Compensation Insurance Rating Bureau of California Assessment. On April 1, 2011, the Workers' Compensation Insurance Rating Bureau of California issued an invoice to Majestic for its 2<sup>nd</sup> Quarter, 2011 Assessment in the amount of \$96,445. By letter dated to the WCIRB April 29, 2011, Majestic requested relief from payment of that assessment in light of the conservation proceeding involving Majestic. The matter is pending.

## NOTES TO FINANCIAL STATEMENTS

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New Jersey Workers' Compensation Security Fund Assessment. On July 1, 2011, the New Jersey Property-Liability Insurance Guaranty Association ("NJ IGA") sent notice to Majestic of an assessment of \$95,728.86 for the Workers' Compensation Security Fund. By letter to the NJ IGA dated August 11, 2011, staff counsel for the Conservator of Majestic requested relief from payment this assessment.

Other Assessments. By letter to the Arizona Department of Insurance dated August 12, 2011, Majestic requested relief from assessments for the Department's fraud unit and administration of voluntary residual market plans in the total amount of \$900. By letter to their Illinois Department of Insurance dated August 12, 2011, Majestic requested relief from the Department's financial regulation fee billing in the amount of \$750. By letter to the New Jersey Department of Banking and Insurance dated December 9, 2011, Majestic requested relief from the 2011 insurance fraud assessment for 2011 in the amount of \$7,372.73. By letter to the New York Compensation Insurance Rating Board dated December 14, 2011, Majestic requested relief from an assessment for expenses of the Board for the fourth quarter of 2011. By letter to the New Jersey Department of Banking and Insurance dated January 31, 2012, Majestic requested relief from a special purpose assessment notice for FY 2011 in the amount of \$7,826.30. By letter to the California Department of Industrial Relations, Division of Occupational Safety and Health dated April 24, 2012, Majestic requested relief from a 2012 Cal/OSHA assessment of \$2,000. . By letter to the New Jersey Property-Liability Insurance Guaranty Association dated July 9, 2012, Majestic requested relief from the New Jersey Workers' Compensation Security Fund Assessment for 2012 in the amount of \$29,237.99. By letter to the California Department of Insurance dated on or about August 8, 2012, Majestic requested relief from its 2012 Fraud Assessment in the amount of \$4,200. By letter to the Nevada Department of Business and Industry dated on or about October 15, 2012, Majestic requested relief from its FY 2013 Estimated Assessment by the Nevada Division of Industrial Relations in the amount of \$30,163.04.

The Company does not believe it has any assessments which have not been properly accounted for and recorded.

C. Gain Contingencies

Not applicable

D. All Other Contingencies

Pursuant to the Conservation Order, continued prosecution of the lawsuits described below in this Note 14, and the filing of any other claims, lawsuits or actions against the Company outside of the conservation proceedings pending in

## NOTES TO FINANCIAL STATEMENTS

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the Superior Court of the State of California, County of San Francisco (the "Conservation Court"), is enjoined. Alternative remedies for the assertion of any and all such claims are provided for under the Conservator's Rehabilitation Plan. The Rehabilitation Plan provides that the Conservator may request the Conservation Court to establish a claims bar date for filing proofs of claim against Majestic by non-policyholder creditors. The Rehabilitation Plan further provides that the Conservator shall administer, investigate, adjust and determine all such proofs of claim in a manner consistent with California Insurance Code Sections 1010 through 1062. In accordance with these provisions of the Rehabilitation Plan, the Conservation Court has established a claims bar date of January 31, 2012 for filing non-policyholder proofs of claim with the Conservator. Prior to the claims bar date, the Conservator received a total of 86 proofs of claim which set forth claims of non-policyholder creditors in the aggregate amount of \$205 million. The Conservator is reviewing all such proofs of claim for the purpose of determining such claims as provided in the Rehabilitation Plan.

The following claims and lawsuits were brought against Majestic prior or subsequent to entry of the Conservation Order. Prosecution of these matters has been enjoined by the Conservation Order as stated above.

On November 2, 2009, an action entitled Healthcare Industry Trust of New York, et al. v. Compensation Risk Managers, LLC, et al., was filed in the New York Supreme Court, Albany County. The complaint names 40 or more defendants, including Majestic Insurance Company, and seeks damages in excess of \$220 million resulting from the closure of the Healthcare Industry Trust of New York, a group self-insurer formerly managed by Majestic's affiliate, Compensation Risk Managers, LLC ("CRM"). The only allegation of misconduct by Majestic is that it charged excessive premiums for excess worker's compensation insurance, causing unjust enrichment of Majestic in an unknown amount. The complaint also alleges that Majestic is the alter ego of CRM and related defendants, so that Majestic should be held liable for their obligations. Majestic denies all liability in connection with this matter.

On or about December 9, 2009, an action entitled The New York State Workers' Compensation Board, etc. v. Compensation Risk Managers, LLC, et al., was filed in the New York Supreme Court, Albany County. The complaint names fifteen defendants, including Majestic Insurance Company, and seeks damages of \$472 million plus interest, attorney's fees and punitive damages resulting from the closure of several group self-insurance trusts formerly managed by CRM. This is supported by unspecific allegations that Majestic and other defendants made misrepresentations, committed deceptive business practices in violation of Section 349 of the New York General Business law, and engaged in false advertising in violation of Section 350 of the General Business Law.

## NOTES TO FINANCIAL STATEMENTS

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There are no specific allegations of misconduct on the part of Majestic. Majestic denies all liability in connection with this matter.

On October 28, 2010, an action entitled California Plastering, Inc., et al. v. Pridemark-Everest Insurance Services, Inc. was filed in the Orange County, California Superior Court. The plaintiffs are eleven former member employers of the Contractors Access Program of California ("CAP"), a workers' compensation group self-insurer formerly administered by Compensation Risk Managers of California, LLC ("CRM CA"). The complaint names nine defendants, including Majestic Insurance Company, and seeks damages in excess of \$30 million, restitution and other relief as the result of the defendants' alleged mismanagement and wrongful conduct with respect to CAP. Majestic is alleged to have aided and abetted the misconduct of the other defendants and committed unfair business practices. Majestic denies all liability in connection with this matter. ON March 24, 2011, after the court sustained Majestic's demurrer to the complaint with leave to amend, the plaintiffs dismissed the action against Majestic without prejudice to re-filing the action.

On December 20, 2010, Bickmore Risk Services, as the conservator of CAP, filed an action entitled Contractors Access Program of California v. Majestic Capital, Ltd., et al. alleging mismanagement of CAP by CRM and related entities. The complaint named several defendants including various CRM entities and Majestic Insurance Company. The allegations involving Majestic included a contention that the excess insurance policies written by Majestic for CAP were not priced at competitive rates and an alter ego and/or agency theory of liability. The complaint sought damages of not less than \$38 million. Majestic denies all liability in connection with this matter.

On January 27, 2011, four employer members of CAP filed an action entitled Mark Tanner Construction, Inc., et al. v. Majestic Capital, Ltd., et al. seeking recovery of damages in excess of \$25 million allegedly caused by misconduct of the defendants in the management of CAP. The defendants include Majestic Insurance Company. Majestic denies all liability in connection with this matter.

Majestic filed an action entitled Majestic Insurance Company v. J.R. Pierce Plumbing seeking recovery of unpaid premiums of approximately \$63,000 from Pierce, a former policyholder. On March 4, 2011, Pierce filed a cross-complaint against Majestic for breach of contract, breach of the covenant of good faith and fair dealing and unfair or deceptive business practices. The cross-complaint alleges that Majestic set unnecessarily high reserves for claims under the insurance policies issued to Pierce and other policyholders, improperly delayed acting on claims and engaged in other practices which increased the cost of the insurance. Pierce seeks damages according to proof, punitive damages, attorneys' fees, injunctive relief and restitution or disgorgement on behalf of all persons injured by Majestic's allegedly unlawful practices. Majestic denies all

## NOTES TO FINANCIAL STATEMENTS

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liability in connection with this matter. The parties have agreed to settle this action in exchange for mutual dismissals of their respective claims against the other party. Pursuant to the settlement agreement, the complaint and the cross-complaint have been dismissed with prejudice.

By letter dated June 6, 2011, an attorney representing SMC Holdings, Inc. (SMC), a former policyholder of Majestic, advised that SMC disputed Majestic's billing for retrospective premium due under its 2004-2005 policy covering SMC and demanded a refund of approximately \$1.4 million in prior retrospective premiums as the result of Majestic's alleged mishandling of a single workers' compensation claim. Majestic disputes the allegations made by SMC's attorney and denies all liability in connection with this matter.

On or about April 17, 2012, West-Fair Electric Contractors, Inc., a former member of the Elite Contractors, Trust of New York filed an adversary proceeding in the Chapter 11 bankruptcy of Majestic Capital, Ltd. and its subsidiaries. The named defendants include CRM and various affiliated persons and entities, including Majestic Insurance Company. The suit seeks declaratory and injunctive relief and damages in an amount to be determined based on West-Fair's joint and several liability for assessments made against the Elite Contractors Trust by the New York State Workers' Compensation Board in excess of \$82 million. The complaint alleges misconduct by the defendants in the management of the Elite Contractors Trust and alter ego claims. Majestic denies all liability in connection with this matter.

On April 27, 2011, a former employee of Majestic filed an action entitled Bunton v. Majestic Capitol Insurance, et al. seeking recovery of damages in unspecified amounts resulting from alleged gender and disability discrimination, harassment and retaliation. Majestic Insurance Company, sued erroneously as "Majestic Capitol Insurance Company", denies all liability in connection with this matter. By letter to the plaintiff dated May 2, 2012, legal counsel for Majestic's Conservator demanded that this action be dismissed in light of the injunction restraining prosecution of actions against Majestic.

Lawsuits arise against the Company in the normal course of business and are commented upon in this report if considered material or may be detrimental to the policyholders. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company

### Note 15 – Leases

#### A. Lessee Leasing Arrangements

Not applicable

#### B. Lessor Leasing Arrangements

## NOTES TO FINANCIAL STATEMENTS

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Not applicable

### **Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk**

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable

B. Financial Instruments with Concentrations of Credit Risk

Not applicable

### **Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

### **Note 18 – Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare of Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

### **Note 19 – Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators**

The Company writes no business through managing general agents. TPA's are used for claims handling in some jurisdictions but produce no premium. No general agent has premium equal or greater than 5% of surplus.

### **Note 20 – Other Items**

A. Extraordinary Items

Relative to the imminent bankruptcy filing of Majestic Capital, LTD and Majestic USA Capital, Inc. as set forth in a press release dated March 21, 2011,

## NOTES TO FINANCIAL STATEMENTS

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the lessor on various operating leases engaged in by the Company determined that the lease agreements were in material uncured default. The lessor subsequently declared the subject leases in default and the entire indebtedness under all lease schedules became immediately due and payable and sought to recover the Casualty Loss Value of the property.

On April 1, 2011, the lessor drew down the letters of credits that were issued as collateral under the lease terms on the event of default. The aggregate value of the letters of credit was \$8,000,000 and allegedly represented the Casualty Loss Value of the property as determined by addendum to the lease. The Company at that time considered the draw as termination of the lease and recognized the \$8 million as impaired assets as of June 30, 2011 and recorded an extraordinary charge to net income as of that date. However, the Conservator is investigating the legality of the actions of the lessor, and the recognition of impairment and the recording of an extraordinary charge is without prejudice to the Conservator's available remedies against the lessor.

### **Note 21 – Other Items**

#### **B. Extraordinary Items**

Not applicable

#### **C. Troubled Debt Restructuring for Debtors**

Not applicable

#### **D. Other Disclosures**

On January 22, 2013, the Conservator entered into an agreement to sell the Majestic corporate entity, with its existing state insurance licenses and certain statutory deposits, to California General Insurance Services ("CGIS"). The sale was approved by the Superior Court of the State of California, County of San Francisco (the "Conservation Court"), following a hearing which was held on February, 25 2013. Closing of the transaction is pending.

On February 25, 2013, the Conservation Court also approved a Conservation Trust Agreement providing for the creation of a Conservation Trust for Majestic with the Conservator acting as Trustee. The purpose of the Conservation Trust shall be (i) to receive and hold in trust any and all assets and liabilities of Majestic, with the exception of the corporate assets to be transferred to CGIS; (ii) to manage the Trust Assets for the benefit of the conservation estate; and (iii) to distribute, from time to time, in such manner as the Trustee may see fit and that complies with the Rehabilitation Agreement, the Conservation Trust Agreement and the provisions of Insurance Code Section 1033(a), any funds, dividends or other distributions received from Majestic or the Conservator on account of any of the Trust Assets.

#### **E. Uncollectible Premiums Receivable**

Not Applicable

#### **F. Business Interruption Insurance Recoveries**



## NOTES TO FINANCIAL STATEMENTS

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Not applicable.

G. Sub-primary Exposure

Not applicable.

**Note 22 – Events Subsequent**

None to report, except as stated in Note 14B and D.

**Note 23 – Reinsurance**

A. Unsecured Reinsurance Recoverables

Not Applicable

B. Reinsurance Recoverables in Dispute

Not Applicable

C. Reinsurance Assumed and Ceded

Not Applicable

1. Commission on Unearned Premiums

Not Applicable

2. Additional or Return Commission Accruals

Not Applicable

3. Risks Attributed To Protected Cells.

Not applicable.

D. Uncollectible Reinsurance

None.

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Re-determination**

A. Method Used to Estimate

## NOTES TO FINANCIAL STATEMENTS

---

Not Applicable.

B. Method Used to Record

Not Applicable

C. Amount and Percent of Net Retrospective Premiums

Not material

D. Calculation of Nonadmitted Accrued Retrospective Premiums

Not Applicable

### **Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses**

Not applicable

### **Note 26 – Intercompany Pooling Arrangements**

Not applicable

### **Note 27 – Structural Settlements**

A. Reserves Released Due to Purchase of Annuities

Not Applicable

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

Not Applicable

### **Note 28 – Health Care Receivables**

Not applicable

### **Note 29 – Participating Accident and Health Policies**

Not Applicable

### **Note 30 – Premium Deficiency Reserves**

Not Applicable

### **Note 31 – High Deductibles**

Not Applicable

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

A. Tabular Discounts

## NOTES TO FINANCIAL STATEMENTS

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The Company does not discount unpaid losses or loss adjustment expenses.

B. Non-Tabular Discounts

Not applicable

C. Changes in Discount Assumptions

Not applicable

**Note 33 – Asbestos and Environmental Reserves**

A. Asbestos Reserves

Not Applicable.

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE:

Not applicable

C. Ending Reserves for Asbestos Claims for Loss Adjustment Expenses:

Not applicable

D. Environmental

Not Applicable

E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE ;

Not applicable

F. Ending Reserves for Environmental Claims for Loss Adjustment Expenses :

Not applicable

**Note 34 – Subscriber Savings Accounts**

Not applicable

**Note 35– Multiple Peril Crop**

Not Applicable

**Note 36– Financial Guaranty Insurance**

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 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

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- 3.2

If the response to 3.1 is yes, provide a brief description of those changes.  
.....
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 4.2

If the response to 4.1 is yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No ( ) N/A ( )
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....
- 6.2

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.

.....
- 6.3

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).

.....
- 6.4

By what department or departments?

.....
- 6.5

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 ( )
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ( ) No ( ) N/A ( )
- 7.1

Has this 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 ( )
- 7.2

If yes, give full information

.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No ( )
- 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 ( )
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

GENERAL INTERROGATORIES (continued)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes (X) No ( )
- 9.11

If the response to 9.1 is No, please explain:  
  
.....  
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ( ) No (X)
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).  
  
.....  
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ( ) No (X)
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).  
  
.....  
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ( ) No (X)
- 10.2

If yes, indicate the amounts receivable from parent included in the Page 2 amount:

\$ .....

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ( ) No (X)
- 11.2

If yes, give full and complete information relating thereto:  
  
.....  
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
13.

Amount of real estate and mortgages held in short-term investments:

\$ .....
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ( ) No (X)
- 14.2

If yes, please complete the following:
- |   | 1<br>Prior Year-End Book/<br>Adjusted Carrying Value | 2<br>Current Quarter Book/<br>Adjusted Carrying Value |
|---|--|---|
| 14.21 Bonds .....   | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....   | \$ .....   | \$ .....  |
| 14.23 Common Stock .....  | \$ .....   | \$ .....  |
| 14.24 Short-Term Investments .....  | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....   | \$ .....  |
| 14.26 All Other .....   | \$ .....   | \$ .....  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) ..... | \$ .....   | \$ .....  |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....                       | \$ .....   | \$ .....  |
- 15.1

Has the reporting entity entered into any hedging transactions reported on schedule DB?

Yes ( ) No (X)
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
  
If no, attach a description with this statement.

Yes ( ) No ( )

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$ .....
- 16.2 Total book adusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$ .....
- 16.3 Total payable for securities lending reported on the liability page

\$ .....
17. 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 Consideration, F - Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes (X) No ( )

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

1 Name of Custodian(s)	2 Custodian Address
---------------------------	------------------------

17.2 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)
--------------	------------------	------------------------------

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes ( ) No ( )

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
--------------------	--------------------	---------------------	-------------

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

1 Central Registration Depository	2 Name(s)	3 Address
---	--------------	--------------

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ( ) No ( )

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.

If the reporting entity is a member of a pooling arrangement, did the agreement of the reporting entity's participation change?  
if yes, attach an explanation.

Yes ( ) No ( ) N/A (X)
2.

Has the reporting entity reinsured any risk with any other reporting entity and agreed to relaease such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?

Yes ( ) No (X)
- 3.1

Have any of the reporting entity's primary reinsurance contracts been canceled?

Yes ( ) No (X)
- 3.2

If yes, give full and complete information thereto  
.....
- 4.1

Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero?

Yes ( ) No (X)
- 4.2

If yes, complete the following schedule:

1  Line of Business	2  Maximum Interest	3  Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL

5.

Operating Percentages:
- 5.1

A&H loss percent

.....%
- 5.2

A&H cost containment percent

.....%
- 5.3

A&H expense percent excluding cost containment expenses

.....%
- 6.1

Do you act as a custodian for health savings accounts?

Yes ( ) No ( )
- 6.2

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

\$ .....
- 6.3

Do you act as an administrator for health savings accounts?

Yes ( ) No ( )
- 6.4

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

\$ .....

SCHEDULE F - CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1	2	3	4	5
NAIC Company Code	Federal ID Number	Name of Reinsurer	Domiciliary Jurisdiction	Is Insurer Authorized? (Yes or No)

NONE



SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

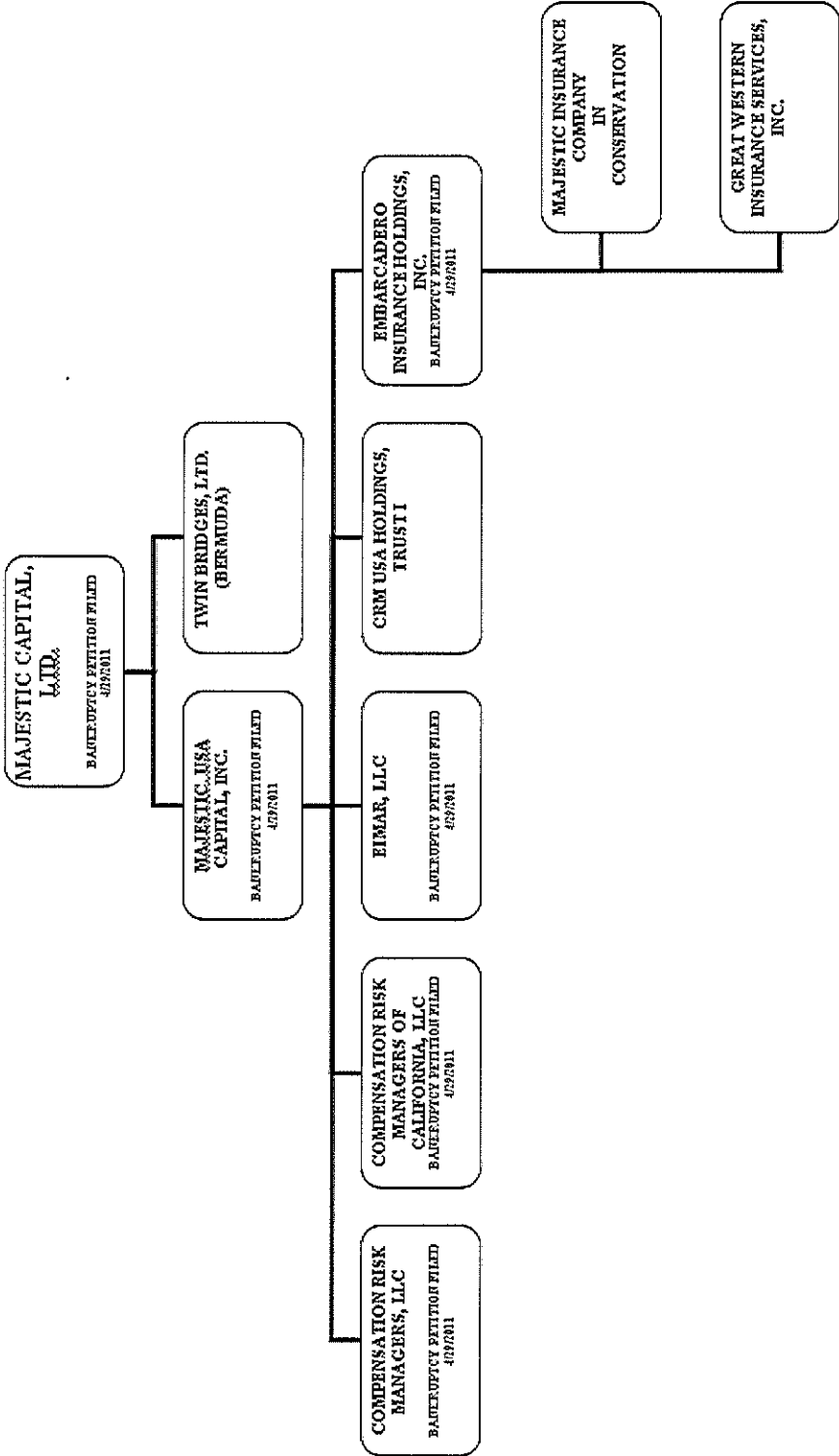
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama.....	AL	N					
2. Alaska.....	AK	L					
3. Arizona.....	AZ	L					
4. Arkansas.....	AR	N					
5. California.....	CA	L					
6. Colorado.....	CO	N					
7. Connecticut.....	CT	N					
8. Delaware.....	DE	N					
9. District of Columbia.....	DC	N					
10. Florida.....	FL	L					
11. Georgia.....	GA	N					
12. Hawaii.....	HI	L					
13. Idaho.....	ID	L					
14. Illinois.....	IL	L					
15. Indiana.....	IN	N					
16. Iowa.....	IA	N					
17. Kansas.....	KS	N					
18. Kentucky.....	KY	N					
19. Louisiana.....	LA	N					
20. Maine.....	ME	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	L					
28. Nebraska.....	NE	N					
29. Nevada.....	NV	L					
30. New Hampshire.....	NH	N					
31. New Jersey.....	NJ	L					
32. New Mexico.....	NM	L					
33. New York.....	NY	L					
34. North Carolina.....	NC	N					
35. North Dakota.....	ND	N					
36. Ohio.....	OH	N					
37. Oklahoma.....	OK	N					
38. Oregon.....	OR	L					
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	L					
45. Utah.....	UT	L					
46. Vermont.....	VT	N					
47. Virginia.....	VA	L					
48. Washington.....	WA	L					
49. West Virginia.....	WV	N					
50. Wisconsin.....	WI	N					
51. Wyoming.....	WY	N					
52. American Samoa.....	AS	N					
53. Guam.....	GU	N					
54. Puerto Rico.....	PR	N					
55. U. S. Virgin Islands.....	VI	N					
56. Northern Mariana Islands.....	MP	N					
57. Canada.....	CAN	N					
58. Aggregate Other Alien.....	OT	XXX					
59. Totals.....	(a) ... 17						
DETAILS OF WRITE-INS							
58001.....	XXX						
58002.....	XXX						
58003.....	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.....	XXX						
58999. TOTALS (Line 58001 through Line 58003 plus Line 58998) (Line 58 above).....	XXX						

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

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

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y  
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*

NONE

Asterisk	Explanation
----------	-------------

NONE

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS				
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34)				

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS			
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34)			

PART 3 (000 Omitted)  
LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Column 1 plus Column 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Column 4 plus Column 5)	O.S. Data Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	O.S. Data Known Case Loss and LAE Reserves on Claims Reported or Subsequent to Prior Year-End	Q.S. Data IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Column 7 plus Column 8 plus Column 9)	Prior Year-End Case Loss and LAE Reserves (Savings)/ Deficiency (Column 3 plus Column 4 plus Column 11)	Prior Year-End IBNR Loss and LAE Reserves (Savings)/ Deficiency (Column 3 plus Column 4 plus Column 12)	Prior Year-End Total Loss and LAE Reserve Deficiency (Column 11 plus Column 12)
1. 2010 + Prior	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2. 2011	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3. Subtotals 2011 + prior	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4. 2012	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5. Subtotals 2012 + prior	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6. 2013	XXX	XXX	XXX	XXX	.....	.....	XXX	.....	.....	.....	XXX	XXX	XXX
7. Totals	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
8. Prior Year-End Surplus As Regards Policyholders	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
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	.....												

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

Responses

1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?

NO

EXPLANATION:

Not applicable

BARCODE:

Document Identifier 490:



2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?

NO

EXPLANATION:

Not Applicable

BARCODE:

Document Identifier 455:



3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

EXPLANATION:

No Applicable

BARCODE:

Document Identifier 365:



4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

EXPLANATION:

Not Applicable

BARCODE:

Document Identifier 505:



SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1. Actual cost at time of acquisition		
2.2. Additional investment made after ac		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/ac		
7. Deduct current year's other than temporar		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus		
Line 5 plus Line 6 minus Line 7 minus Line 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding		
2. Cost of acquired:		
2.1. Actual cost at time of acquisition		
2.2. Additional investment made after a		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mort		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus		
Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Total Valuation Allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1. Actual cost at time of acquisition		
2.2. Additional investment made after a		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	9,786,163	10,299,968
2. Cost of bonds and stocks acquired		5,340,820
3. Accrual of discount	17	79
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		476,823
6. Deduct consideration for bonds and stocks disposed of	40,545	6,292,582
7. Deduct amortization of premium	8,227	37,620
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	300	1,325
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	9,737,108	9,786,163
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	9,737,108	9,786,163

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	10,107,993	95,356	40,845	(8,210)	10,155,334			10,107,993
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	10,107,993	95,356	40,845	(8,210)	10,155,334			10,107,993
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	10,107,993	95,356	40,845	(8,210)	10,155,334			10,107,993

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equi-rated bonds by NAC designation:  
NAC 1 \$ .....; NAC 2 \$ .....; NAC 3 \$ .....; NAC 4 \$ .....; NAC 5 \$ .....; NAC 6 \$ .....



SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 .....	418,225	X X X	418,225		

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	321,829	2,001,408
2. Cost of short-term investments acquired .....	96,396	2,199,442
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....		3,879,021
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....	418,225	321,829
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	418,225	321,829

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	.....
2.	Cost Paid/ (Consideration Received) on additions	.....
3.	Unrealized Valuation increase/ (decrease)	.....
4.	Total gain (loss) on termination recognized	.....
5.	Considerations received/ (paid) on terminations	.....
6.	Amortization	.....
7.	Adjustment to the Book/Adjusted Carrying Value	.....
8.	Total foreign exchange change in Book/Adjusted Carrying Value	.....
9.	Book/Adjusted Carrying Value at End of Current Period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 plus Line 7 plus Line 8)	.....
10.	Deduct nonadmitted assets	.....
11.	Statement value at end of current period (Line 9 minus Line 10)	.....

NONE

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

1.	Book/Adjusted carrying value, December 31 of prior year (Line 6 prior year)	.....
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column)	.....
3.1	Add:	
	Change in variation margin on open contracts - Highly Effective Hedges	
3.11	Section 1, Column 15, current year to date minus	.....
3.12	Section 1, Column 15, prior year	.....
	Change in variation margin on open contracts - All Other	
3.13	Section 1, Column 18, current year to date minus	.....
3.14	Section 1, Column 18, prior year	.....
3.2	Add:	
	Change in adjustment to basis of hedged item	
3.21	Section 1, Column 17, current year to date minus	.....
3.22	Section 1, Column 17, prior year	.....
	Change in amount recognized	
3.23	Section 1, Column 19, current year to date minus	.....
3.24	Section 1, Column 19, prior year	.....
3.3	Subtotal (Line 3.1 minus Line 3.2)	.....
4.1	Cumulative variation margin on terminated contracts during the year	.....
4.2	Less:	
	Amount used to adjust basis of hedged item	
4.21	Amount used to adjust basis of hedged item	.....
	Amount recognized	
4.22	Amount recognized	.....
4.3	Subtotal (Line 4.1 minus Line 4.2)	.....
5.	Dispositions gains (losses) on contracts terminated in prior year:	
	Total gain (loss) recognized for terminations in prior year	
5.1	Total gain (loss) recognized for terminations in prior year	.....
	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year	
5.2	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year	.....
6.	Book/Adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3.3 minus Line 4.3 minus Line 5.1 minus Line 5.2)	.....
7.	Deduct total nonadmitted amounts	.....
8.	Statement value at end of current period (Line 6 minus Line 7)	.....

NONE

SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

Replication (Synthetic Asset) Transactions								Components of the Replication (Synthetic Asset) Transactions							
1	2	3	4	5	6	7	8	Derivative Instrument(s) Open				Cash Instrument(s) Held			
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	9	10	11	12	13	14	15	16
								Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description	NAIC Designation or Other Description	Book/Adjusted Carrying Value	Fair Value

NONE

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year To Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replication (Synthetic Asset) Transactions Statement Value	Number of Positions	Total Replication (Synthetic Asset) Transactions Statement Value	Number of Positions	Total Replication (Synthetic Asset) Transactions Statement Value	Number of Positions	Total Replication (Synthetic Asset) Transactions Statement Value	Number of Positions	Total Replication (Synthetic Asset) Transactions Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replication (Synthetic Asset) Transactions Statement Value .....	XXX						XXX		XXX	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value .....	XXX						XXX		XXX	
7. Ending Inventory .....										

SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

Book/Adjusted Carrying Value Check

1.	Part A, Section 1, Column 14 .....	
2.	Part B, Section 1, Column 15 plus Part B, Section 1 .....	
3.	Total (Line 1 plus Line 2) .....	
4.	Part D, Section 1, Column 5 .....	
5.	Part D, Section 1, Column 6 .....	
6.	Total (Line 3 minus Line 4 minus Line 5) .....	

NONE

Fair Value Check

7.	Part A, Section 1, Column 16 .....	
8.	Part B, Section 1, Column 13 .....	
9.	Total (Line 7 plus Line 8) .....	
10.	Part D, Section 1, Column 8 .....	
11.	Part D, Section 1, Column 9 .....	
12.	Total (Line 9 minus Line 10 minus Line 11) .....	

Potential Exposure Check

13.	Part A, Section 1, Column 21 .....	
14.	Part B, Section 1, Column 20 .....	
15.	Part D, Section 1, Column 11 .....	
16.	Total (Line 13 plus Line 14 minus Line 15) .....	

SCHEDULE E - VERIFICATION  
(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of cash equivalents acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation incn .....		
5. Total gain (loss) on disp .....	<div>NONE</div>	
6. Deduct consideration rec .....		
7. Deduct amortization of pi .....		
8. Total foreign exchange cl .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	Location		4	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book / Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State	Date Acquired					

NONE

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"

1 Description of Property	Location		Change in Book/Adjusted Carrying Value Less Encumbrances				14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State	9 Current Year's Depreciation	10 Current Year's Other Than Depreciation	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. Encumbrances							

NONE

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE during the Current Quarter

1 Loan Number	Location		4	5	6	7	8	9
	2 City	3 State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings

NONE

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid during the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/Recorded Investment Excluding Accrued Interest on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal

NONE



SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Deposit	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Income Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+12-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income

NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CISSP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAC Designation or Market Indicator (a)

NONE

(a) For all common stock bearing the NAC market indicator "U" provide the number of such issues .....

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				15	16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAC Designation or Market Indicator (a)
Bonds - U.S. Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31263X 010	FEDERAL HOME LOAN MTG CORP #51587		03/01/2013	PAYDOWN		4,135	4,135.00	4,444	4,149		(14)		(14)		4,135				37	01/01/2018	IFE
31263X 017	FEDERAL HOME LOAN MTG CORP #10586		03/01/2013	PAYDOWN		15,037	15,037.00	15,655	15,047		(16)		(16)		15,037				63	07/01/2027	IFE
31263X 186	FEDERAL HOME LOAN MTG CORP #51587		03/01/2013	PAYDOWN		3,328	3,328.00	3,578	3,338		(9)		(9)		3,329				30	11/01/2017	IFE
31263X 186	FEDERAL HOME LOAN MTG CORP #51587		03/01/2013	PAYDOWN		14,069	14,069.00	14,639	14,079		(16)		(16)		14,069				89	09/01/2027	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN		4,275	4,275.00	4,517	4,287		(12)		(12)		4,275				34	02/01/2018	IFE
31263X 186	FEDERAL NATIONAL MTO ASSOC #53855		03/01/2013	PAYDOWN</																	

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged, Used for Income Generation or Replicated	Schedule/Abbreviated Identifier	Type(s) of Risk(s)	Exchange, Counterparty or Clearinghouse	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate of Interest Received (Paid)	Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/Adjusted Carrying Value	Fair Value	Unrealized Variation (Increase) (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Increase) (Decrease)	Adjustment to Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reversal Entry	Hedge Effectiveness and at Quarter-end	
			(a)	Name																	LEI	(b)

NONE

(a)

Code	Description of Hedged Risk(s)
------	-------------------------------

NONE

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
------	--

NONE

SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9		10	11	12	13	14	Highly Effective Hedges				All Other		20	21	22
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/Exhibit Identifier	Type(s) of Risk(s) (a)	Date of Maturity or Expiration	Exchange		Trade Date	Transaction Price	Reporting Date/Price	Fair Value	Book/Adjusted Carrying Value	15	16	17	18	19	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Port	
								Name	Legal Entity Identifier (LEI)						Cumulative Variation Margin	Deferred Variation Margin	Change in Variation Margin of Hedged Item	Change in Variation Margin Recognized in Current Year					

NONE

Broker Name		Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
-------------	--	------------------------	------------------------	---------------------

NONE

(a)

Code	Description of Hedged Risk(s)
------	-------------------------------

NONE

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
------	--

NONE

SCHEDULE DB - Part D - Section 1

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1	Description of Exchange, Counterparty or Central Clearinghouse	2	3	4	Book/Adjusted Carrying Value			Fair Value			11	12
					5	6	7	8	9	10		
		Master Agreement (Y or N)	Credit Support Amount (Y or N)	Fair Value of Acceptable Collateral	Contracts With Book/ Adjusted Carrying Value > 0	Contracts With Book/ Adjusted Carrying Value < 0	Exposure net of Collateral	Contracts With Fair Value > 0	Contracts With Fair Value < 0	Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure

NONE

SCHEDULE DB - Part D - Section 2

Collateral for Derivative Instruments Open as of Current Statement Date

1	Exchange, Counterparty or Central Clearinghouse	2	3	4	5	6	7	8	9
		Type of Asset Pledged	CUSIP Identification	Description	Fair Value	Par Value	Book/Adjusted Carrying Value	Maturity Date	Type of Margin (I, V or IV)

NONE

1	Exchange, Counterparty or Central Clearinghouse	2	3	4	5	6	7	8	9
		Type of Asset Pledged	CUSIP Identification	Description	Fair Value	Par Value	Book/Adjusted Carrying Value	Maturity Date	Type of Margin (I, V or IV)

NONE

SCHEDULE DL - PART 1  
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Designation/Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates

NONE

General Interrogatories:

1. Total activity for the year to date

Fair Value \$ .....

Book/Adjusted Carrying Value \$ .....
2. Average Balance for the year to date

Fair Value \$ .....

Book/Adjusted Carrying Value \$ .....
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation

NAIC 1 \$ ..... ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....



SCHEDULE DL - PART 2  
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Designation/Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates

NONE

General Interrogatories:  
1. Total activity for the year to date  
2. Average Balance for the year to date

Fair Value \$ .....  
Fair Value \$ .....

Book/Adjusted Carrying Value \$ .....  
Book/Adjusted Carrying Value \$ .....

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository				Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
Name	Location and Supplemental Information	Code	Rate of Interest			First Month	Second Month	Third Month	
Open Depositories									
HSBC Bank	San Francisco, CA					79,573	78,807	78,048	.
State Street Bank	Kansas City, MO					19,157	19,157	19,157	.
Wells Fargo Bank	San Francisco, CA					1,431,131	1,428,516	1,426,476	.
0199999 - TOTAL - Open Depositories						1,529,861	1,526,480	1,523,681	.
0399999 - TOTAL Cash on Deposit						1,529,861	1,526,480	1,523,681	.
0599999 - TOTALS						1,529,861	1,526,480	1,523,681	.

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due and Accrued	Amount Received During Year

NONE



SUPPLEMENT FOR THE QUARTER ENDING MARCH 31, 2013 OF THE MAJESTIC INSURANCE CO. - IN CONSERVATION

MEDICARE PART D COVERAGE SUPPLEMENT  
(Net of Reinsurance)

NAIC Group Code: 0000      NAIC Company Code: 42269

	1	2	3	4	5
	Individual Coverage		Group Coverage		Total Cash
	Insured	Uninsured	Insured	Uninsured	
1. Premiums Collected .....	<div>NONE</div>				XXX
2. Earned Premiums .....					XXX
3. Claims Paid .....					XXX
4. Claims Incurred .....					XXX
5. Reinsurance Coverage and Low Income (					
Claims Paid Net of Reimbursements App					
6. Aggregate Policy Reserves - Change ...					XXX
7. Expenses Paid .....					XXX
8. Expenses Incurred .....					XXX
9. Underwriting Gain or Loss .....					XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	

(a) Uninsured Receivable/Payable with CMS at End of Quarter:      \$ .....due from CMS or      \$ .....due to CMS

SUPPLEMENT FOR THE QUARTER ENDING MARCH 31, 2013 OF THE MAJESTIC INSURANCE CO. - IN CONSERVATION

SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES

The type of health care providers reported on this page is:

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama .....	AL							
2. Alaska .....	AK							
3. Arizona .....	AZ							
4. Arkansas .....	AR							
5. California .....	CA							
6. Colorado .....	CO							
7. Connecticut .....	CT							
8. Delaware .....	DE							
9. District of Columbia .....	DC							
10. Florida .....	FL							
11. Georgia .....	GA							
12. Hawaii .....	HI							
13. Idaho .....	ID							
14. Illinois .....	IL							
15. Indiana .....	IN							
16. Iowa .....	IA							
17. Kansas .....	KS							
18. Kentucky .....	KY							
19. Louisiana .....	LA							
20. Maine .....	ME							
21. Maryland .....	MD							
22. Massachusetts .....	MA							
23. Michigan .....	MI							
24. Minnesota .....	MN							
25. Mississippi .....	MS							
26. Missouri .....	MO							
27. Montana .....	MT							
28. Nebraska .....	NE							
29. Nevada .....	NV							
30. New Hampshire .....	NH							
31. New Jersey .....	NJ							
32. New Mexico .....	NM							
33. New York .....	NY							
34. North Carolina .....	NC							
35. North Dakota .....	ND							
36. Ohio .....	OH							
37. Oklahoma .....	OK							
38. Oregon .....	OR							
39. Pennsylvania .....	PA							
40. Rhode Island .....	RI							
41. South Carolina .....	SC							
42. South Dakota .....	SD							
43. Tennessee .....	TN							
44. Texas .....	TX							
45. Utah .....	UT							
46. Vermont .....	VT							
47. Virginia .....	VA							
48. Washington .....	WA							
49. West Virginia .....	WV							
50. Wisconsin .....	WI							
51. Wyoming .....	WY							
52. American Samoa .....	AS							
53. Guam .....	GU							
54. Puerto Rico .....	PR							
55. U.S. Virgin Islands .....	VI							
56. Northern Mariana Islands .....	MP							
57. Canada .....	CAN							
58. Aggregate Other Alien .....	OT							
59. Totals .....								
DETAILS OF WRITE-INS								
58001. ....								
58002. ....								
58003. ....								
58998. Summary of remaining write-ins for Line 58 from overflow page .....								
58999. Totals (Line 58001 through Line 58003 plus Line 58998) (Line 58 above) .....								



PROPERTY AND CASUALTY SUPPLEMENT FOR THE QUARTER ENDING MARCH 31, 2013  
OF THE U.S. BRANCH OF THE MAJESTIC INSURANCE CO.- IN CONSERVATION

TRUSTEED SURPLUS STATEMENT

AFFIDAVIT OF U.S. MANAGERS, GENERAL AGENTS OR ATTORNEYS

\_\_\_\_\_ being duly sworn, says that he/she is the \_\_\_\_\_ of  
the MAJESTIC INSURANCE CO.- IN CONSERVATION \_\_\_\_\_, a corporation organized under the laws of \_\_\_\_\_,  
entered to transact business in the United States through the State of \_\_\_\_\_, that this trusted surplus statement together  
with its related schedules appended hereto is a true statement of the trusted surplus of said corporation, that the several items of assets, as hereinafter enumerated,  
are the absolute property of said corporation, free and clear from any liens or claims thereon, except as hereinafter stated, and that each and all of the hereinafter  
mentioned assets are held in the United States by Insurance Departments and Officers of the various States of the United States and Trustees as hereinafter indicated,  
and that the assets, liabilities and deductions therefrom reported in this statement are in accordance with the instructions accompanying this statement.

Subscribed and sworn to before me this  
  
\_\_\_\_\_ day of \_\_\_\_\_ A.D., 2013  
  
\_\_\_\_\_  
  
\_\_\_\_\_

AFFIDAVIT OF TRUSTEE - SCHEDULE B

\_\_\_\_\_ being sworn, say that it is the Trustee of the MAJESTIC INSURANCE CO.- IN CONSERVATION \_\_\_\_\_,  
a corporation organized under the laws of \_\_\_\_\_, entered to transact business in the  
United States through the State of \_\_\_\_\_, located at \_\_\_\_\_,  
that the assets listed in Schedule B of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other  
claims than those of policyholders and creditor:

Subscribed and sworn to before me this  
  
\_\_\_\_\_ day of \_\_\_\_\_ A.D., 2013  
  
\_\_\_\_\_  
  
\_\_\_\_\_

NONE

AFFIDAVIT OF TRUSTEE - SCHEDULE C

\_\_\_\_\_ being sworn, say that it is the Trustee of the MAJESTIC INSURANCE CO.- IN CONSERVATION \_\_\_\_\_,  
a corporation organized under the laws of \_\_\_\_\_, entered to transact business in the  
United States through the State of \_\_\_\_\_, located at \_\_\_\_\_,  
that the assets listed in Schedule C of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other  
claims than those of policyholders and creditors within the United States.

Subscribed and sworn to before me this  
  
\_\_\_\_\_ day of \_\_\_\_\_ A.D., 2013  
  
\_\_\_\_\_  
  
\_\_\_\_\_

AFFIDAVIT OF TRUSTEE - SCHEDULE D

\_\_\_\_\_ being sworn, say that it is the Trustee of the MAJESTIC INSURANCE CO.- IN CONSERVATION \_\_\_\_\_,  
a corporation organized under the laws of \_\_\_\_\_, entered to transact business in the  
United States through the State of \_\_\_\_\_, located at \_\_\_\_\_,  
that the assets listed in Schedule D of the following statement are held by it as such Trustee within the United States, and that the said assets are subject to no other  
claims than those of policyholders and creditors within the United States.

Subscribed and sworn to before me this  
  
\_\_\_\_\_ day of \_\_\_\_\_ A.D., 2013  
  
\_\_\_\_\_  
  
\_\_\_\_\_

TRUSTEED SURPLUS STATEMENT  
ASSETS

SCHEDULE A - DEPOSITS WITH STATE OFFICERS (EXCLUDING SPECIAL DEPOSITS)

1	2	3	4	5
Line Number	Description	Admitted Asset Value	Par Value	Fair Value

NONE

SCHEDULE B - DEPOSITS WITH UNITED STATES TRUSTEE

2.01	Cash			
2.02	Bonds			
2.03	Preferred Stock			
2.04	Common Stock			
2.05	Mortgage Loans on Real Estate			
2.06	Real Estate			
2.07	Short-Term Investment			
2.08	Other Invested Assets			
2.09	Miscellaneous Assets not included in any of the above categories			
2.98	Accrued Investment Income		XXX	XXX
2.99	Totals			

SCHEDULE C - DEPOSITS WITH UNITED STATES TRUSTEE

3.01	Cash			
3.02	Bonds			
3.03	Preferred Stock			
3.04	Common Stock			
3.05	Mortgage Loans on Real Estate			
3.06	Real Estate			
3.07	Short-Term Investment			
3.08	Other Invested Assets			
3.09	Miscellaneous Assets not included in any of the above categories			
3.98	Accrued Investment Income		XXX	XXX
3.99	Totals			

SCHEDULE D - DEPOSITS WITH UNITED STATES TRUSTEE

4.01	Cash			
4.02	Bonds			
4.03	Preferred Stock			
4.04	Common Stock			
4.05	Mortgage Loans on Real Estate			
4.06	Real Estate			
4.07	Short-Term Investments			
4.08	Other Invested Assets			
4.09	Miscellaneous Assets not included in any of the above categories			
4.98	Accrued Investment Income		XXX	XXX
4.99	Totals			

TRUSTEED SURPLUS STATEMENT  
LIABILITIES AND TRUSTEED SURPLUS

	1 Current Quarter
1. Total liabilities.....	
ADDITIONS TO LIABILITIES:	
2. Ceded reinsurance balances payable.....	
3. Agents' credit balances.....	
4. Aggregate write-ins for other additions to liabilities.....	
5. Total additions (Line 2 plus Line 3 plus Line 4).....	
6. Total (Line 1 plus Line 5).....	
DEDUCTIONS FROM LIABILITIES:	
7. Reinsurance recoverable on paid losses and loss adjustment expenses:	
7.1 Authorized companies.....	
7.2 Unauthorized companies.....	
8. Special state deposits, not exceeding net liabilities carried in this statement on business in each respective state:	
8.1 Special state deposits (submit schedule).....	
8.2 Accrued interest on special state deposits.....	
9. Agents' balances or uncollected premiums not more than ninety day.....	
10. Unpaid reinsurance premiums receivable, not exceeding losses and.....	
10.1 Authorized companies.....	
10.2 Unauthorized companies.....	
11. Aggregate write-ins for other deductions from liabilities.....	
12. Total deductions (Line 7 through Line 11).....	
13. Total adjusted liabilities (Line 6 minus Line 12).....	
14. Trusteed surplus.....	
15. Total.....	
DETAILS OF WRITE-INS	
0401.....	
0402.....	
0403.....	
0498. Summary of remaining write-ins for Line 4 from overflow page.....	
0499. Totals (Line 0401 through Line 0403 plus Line 0498) (Line 4 above).....	
1101.....	
1102.....	
1103.....	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above).....	

NONE



SUPPLEMENT FOR THE QUARTER ENDING MARCH 31 , 2013 OF THE MAJESTIC INSURANCE CO. - IN CONSERVATION

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT
Year To Date For The Period Ended March 31

NAIC Group Code: 0000 NAIC Company Code: 42269

If the reporting entity writes any director and officer (D&O) business, please print

NONE

1. Monoline Policies

Premium Estimated Premium Direct Losses Incurred
\$ \$ \$

2. Commercial Multiple Peril (CMP) Packaged Policies

- 2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes ( ) No ( )
- 2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes ( ) No ( )
- 2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies.
2.31 Amount quantified: \$
2.32 Amount estimated using reasonable assumptions: \$
- 2.4 If the answer to 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$