LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statutory Basis Financial Statements and Supplementary Information

Years Ended December 31, 2012 and 2011
with Report of Independent Auditors

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Report of Independent Auditors

Board of Directors
Lawyers Mutual Insurance Company of Kentucky
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Lawyers Mutual Insurance Company of Kentucky (the Company) which comprise the statements of admitted assets, liabilities, and policyholders' surplus - statutory basis as of December 31, 2012 and 2011, and the related statements of operations - statutory basis, changes in policyholders' surplus - statutory basis, and cash flows - statutory basis for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Department of Insurance of the Commonwealth of Kentucky. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Company on the statutory basis of accounting prescribed or permitted by the Department of Insurance of the Commonwealth of Kentucky, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Department of Insurance of the Commonwealth of Kentucky.

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The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2012 and 2011, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and policyholders' surplus of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with the statutory basis of accounting prescribed or permitted by the Department of Insurance of the Commonwealth of Kentucky described in Note 2.

Other Matter

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Company's basic statutory basis financial statements. The accompanying Summary Investment Schedule and Supplementary Investment Risks Interrogatories (Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory basis financial statements. The effects on the Supplementary Information of the variances between the statutory accounting practices and accounting principles generally accepted in the United States of America are material and are described in Note 2. As a consequence, the Supplementary Information does not present fairly, in conformity with accounting principles generally accepted in the United States of America, such information of the Company as of December 31, 2012 and for the year then ended. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the statutory basis financial statements taken as a whole.

Dean Dorton Allen Ford, PLLC

April 30, 2013
Lexington, Kentucky

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statements of Admitted Assets, Liabilities and Policyholders' Surplus - Statutory Basis

December 31, 2012 and 2011

	2012	2011
Admitted Assets		
Cash and invested assets:		
Bonds	$ 17,602,078	$ 17,218,665
Common stocks	409,220	-
Cash, cash equivalents and short-term investments	720,010	762,485
Total cash and invested assets	18,731,308	17,981,150
Accrued investment income	203,967	211,643
Uncollected premiums	1,175,205	1,129,443
Reinsurance balances receivable	10,077	205,763
Deferred tax asset	212,196	378,360
Federal income tax recoverable	-	6,948
Other admitted assets	4,312	18,783
Total admitted assets	$ 20,337,065	$ 19,932,090
Liabilities and Policyholders' Surplus		
Reserves:		
Losses	$ 5,623,557	$ 5,800,364
Loss adjustment expenses	3,977,966	4,237,152
Unearned premiums	2,422,532	2,148,251
Advance premiums	364,614	405,496
Total reserves	12,388,669	12,591,263
Reinsurance balances payable	682,895	144,687
Provision for reinsurance	18,000	45,000
Accrued expenses and other liabilities	205,338	238,140
Total liabilities	13,294,902	13,019,090
Policyholders' surplus:		
Paid-in surplus	4,317,812	4,325,792
Unassigned surplus	2,724,351	2,587,208
Total policyholders' surplus	7,042,163	6,913,000
Total liabilities and policyholders' surplus	$ 20,337,065	$ 19,932,090

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statements of Operations - Statutory Basis

Years ended December 31, 2012 and 2011

		2012		2011
Premiums earned	**$**	**4,511,068**	$	4,930,139
Losses and loss adjustment expenses incurred		**4,106,348**		4,674,152
Other net underwriting expenses incurred:				
General expenses		**1,085,101**		1,054,746
Net commissions from reinsurers		**(81,370)**		(76,901)
Total other net underwriting expenses incurred		**1,003,731**		977,845
Underwriting loss		**(599,011)**		(721,858)
Investment gain:				
Investment income earned		**687,492**		719,694
Net realized capital gains		**7,525**		2,134
Net investment gain		**695,017**		721,828
Other income		**63,907**		56,478
Income before federal income taxes		**159,913**		56,448
Federal income tax benefit		**443**		64,049
Net income	**$**	**160,356**	$	120,497

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statements of Changes in Policyholders' Surplus - Statutory Basis

Years ended December 31, 2012 and 2011

	Paid-in Surplus	Unassigned Surplus	Total Policyholders' Surplus
Balance, December 31, 2010	$ 4,336,967	$ 2,458,247	$ 6,795,214
Net income for the year ended December 31, 2011	-	120,497	120,497
Change in surplus subscriptions	(11,175)	1,275	(9,900)
Change in net unrealized capital losses	-	4,494	4,494
Change in net deferred tax asset	-	20,244	20,244
Change in non-admitted assets	-	(10,549)	(10,549)
Change in provision for reinsurance	-	(7,000)	(7,000)
Balance, December 31, 2011	4,325,792	2,587,208	6,913,000
Net income for the year ended December 31, 2012	**-**	**160,356**	**160,356**
Change in surplus subscriptions	**(7,980)**	**-**	**(7,980)**
Change in net unrealized capital losses	**-**	**(7,592)**	**(7,592)**
Change in net deferred tax asset	**-**	**(4,752)**	**(4,752)**
Effect of adopting Statement of Statutory Accounting Principles (SSAP) 101	**-**	**(401,748)**	**(401,748)**
Change in non-admitted assets	**-**	**363,879**	**363,879**
Change in provision for reinsurance	**-**	**27,000**	**27,000**
Balance, December 31, 2012	**$ 4,317,812**	**$ 2,724,351**	**$ 7,042,163**

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statements of Cash Flows - Statutory Basis

Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Premiums collected, net of reinsurance	**$ 5,236,913**	$ 4,450,507
Net investment income	**748,246**	785,246
Miscellaneous income	**63,907**	56,478
Losses and loss adjustment expenses, net of reinsurance	**(4,346,655)**	(4,946,864)
Underwriting expenses	**(1,055,489)**	(985,676)
Federal income taxes refunded	**7,391**	110,910
Net cash provided by (used in) operations	**654,313**	(529,399)
Cash flows from investment activities:		
Proceeds from investments sold, matured or repaid:		
Bonds	**2,825,000**	2,550,000
Other invested assets	**17**	270
Total investment proceeds	**2,825,017**	2,550,270
Cost of investments acquired:		
Bonds	**(3,253,982)**	(1,849,332)
Common stocks	**(412,963)**	-
Total investments acquired	**(3,666,945)**	(1,849,332)
Net cash (used in) provided by investment activities	**(841,928)**	700,938
Cash flows from financing and miscellaneous activities:		
Change in surplus subscriptions	**(7,980)**	(9,900)
Other cash received	**153,120**	30,453
Net cash provided by financing activities	**145,140**	20,553
Net (decrease) increase in cash, cash equivalents and short-term investments	**(42,475)**	192,092
Cash, cash equivalents and short-term investments, beginning of year	**762,485**	570,393
Cash, cash equivalents and short-term investments, end of year	**$ 720,010**	$ 762,485

See accompanying notes.

1. Description of the Organization

Lawyers Mutual Insurance Company of Kentucky (the Company) was incorporated under the laws of Kentucky on September 3, 1986. The Company is organized for the purpose of writing professional liability insurance coverage for qualified attorneys licensed to practice law in Kentucky, who are residents of and practice in Kentucky, including partnerships and professional corporations organized for the practice of law in Kentucky with their principal place of business in Kentucky. The Company is organized and operates as a mutual insurer in accordance with the Kentucky Insurance Code.

To obtain the necessary start-up capital, the Company offered subscriptions for subordinated surplus certificates (the Certificates) to attorneys licensed to practice in Kentucky. The initial subscription period was completed in August 1987 and resulted in approximately $3,277,000 of statutory capital. The Company commenced operations in November 1987. The Certificates are limited debt obligations of the Company payable only from the Company's legal surplus. The Certificates have no stated or fixed maturity date and will be repayable only at the discretion of the Company's Board of Directors, subject to the availability of adequate surplus and with prior approval by the Kentucky Department of Insurance (DOI). The Certificates are subordinated in right of repayment to claims of policyholders. Holders of the Certificates have no voting rights. Interest on the Certificates will be payable to the extent declared by the Board of Directors from funds legally available for such purpose, subject to minimum surplus requirements and prior regulatory approval at a rate not in excess of six percent per annum. If in any year, no interest is paid on the Certificates, or interest is paid at a rate less than the maximum rate of six percent, such unpaid interest is not accrued and does not become due and payable to Certificate holders in subsequent years. Since the Company's inception, there has been no interest declared or paid on the Certificates. From inception through 1998, only those attorneys and firms who subscribed for Certificates were eligible to apply for insurance coverage offered by the Company. The Board of Directors voted to suspend the requirement for subscriptions indefinitely.

Following is a description of the most significant risks facing insurers and how the Company mitigates those risks:

<u>Regulatory Risk</u>

Regulatory risk is the risk that changes in the regulatory environment will occur and create additional losses or expenses not anticipated by the insurer in pricing its products. The Company is exposed to this risk by writing all of its business in Kentucky, thus increasing its exposure to a single jurisdiction. This risk is reduced by underwriting and loss adjusting practices that identify and minimize the adverse impact of this risk.

1. Description of the Organization, continued

Credit Risk

Credit risk is the risk that issuers of securities owned by an insurer will default or that other parties, including reinsurers, that owe the insurer money will not pay. The Company minimizes this risk by adhering to a conservative investment strategy, by utilizing financially sound reinsurers, by maintaining stringent collection policies, and by providing an allowance for any amounts deemed uncollectible.

Interest Rate Risk

Interest rate risk is the risk that interest rates will change and cause a decrease in the value of an insurer's investments. The Company mitigates this risk by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, an insurer would have to sell assets prior to maturity and recognize a gain or loss.

Risk-Based Capital

The National Association of Insurance Commissioners' (NAIC) has developed property-casualty risk-based capital (RBC) standards that relate an insurer’s reported statutory capital and policyholders' surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to protect the Company from the various risks that it faces. The NAIC model law calls for various levels of regulatory action based on the magnitude of an indicated RBC capital deficiency, if any. The Company continues to monitor its internal capital requirements and the NAIC’s RBC requirements. The Company has determined that its capital levels are in excess of the minimum capital requirements for all RBC action levels. Management believes that the Company's capital levels are sufficient to support the level of risk inherent in its operations.

2. Summary of Significant Accounting Policies

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

The accompanying statutory basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the DOI. Such practices vary from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP are as follows:

2. Summary of Significant Accounting Policies, continued

Investments

For statutory purposes, investments in bonds are reported at statement value or fair value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income, net of the related deferred income taxes, for those designated as available-for-sale.

Cash Equivalents

For presentation purposes in the statements of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near to maturity that they present insignificant risk of changes in value due to changing interest rates. The carrying amount reported on the statements of admitted assets, liabilities and policyholders' surplus either is fair value or approximates fair value, due to their short-term nature.

Policy Acquisition Costs

The costs of acquiring and renewing business are expensed when incurred for statutory purposes. Under GAAP, such costs, to the extent recoverable, would be deferred and amortized over the effective period of the related insurance policies.

Non-admitted Assets

For statutory purposes, certain assets designated as "non-admitted," principally furniture and equipment, deferred tax assets in excess of statutory limitations, and other assets not specifically identified as an admitted asset within the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statements of admitted assets, liabilities and policyholders' surplus and are charged directly to unassigned surplus. Under GAAP, such assets are included in the statements of admitted assets, liabilities and policyholders' surplus.

Reinsurance

Reserves for losses and loss adjustment expenses and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves for statutory purposes rather than assets as would be required under GAAP.

Commissions allowed by reinsurers on business ceded are reported as income when received for statutory purposes rather than being deferred and amortized with deferred policy acquisition costs, as required under GAAP.

2. Summary of Significant Accounting Policies, continued

Reinsurance, continued

Any reinsurance balances deemed to be uncollectible have been written off through a charge to operations. In addition, a liability for reinsurance balances has been provided for unsecured, unearned premiums and unpaid losses ceded to reinsurers unauthorized by license to assume such business. Changes to those amounts are credited or charged directly to unassigned surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings.

Deferred Income Taxes

Effective January 1, 2012, the Company adopted *Statement of Statutory Accounting Principles No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10*. The main objectives of *SSAP No. 101* are to recognize the estimated amount of taxes payable or refundable for the current year as a tax liability or asset and to recognize deferred tax liabilities and assets for the future tax consequences of events that have been recognized in a reporting entity's statutory financial statements.

Deferred income tax assets (DTA) are limited for statutory purposes to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus 2) the lesser of the remaining gross deferred income tax assets expected to be realized within one year of the statements of admitted assets, liabilities and policyholders' surplus date or an amount that is no greater than the applicable percentage of statutory capital and surplus as required to be shown on the statements of admitted assets, liabilities and policyholders' surplus date plus 3) the amount of remaining gross deferred income tax assets that can be offset against existing gross deferred tax liabilities. Deferred income taxes do not include amounts for state taxes. Under GAAP, state taxes are included in the computation of deferred income taxes, a deferred income tax asset is recorded for the amount of gross deferred income tax assets expected to be realized in future years, and a valuation allowance is established for deferred income tax assets not realizable.

Guaranty Fund Assessments

For statutory purposes, a liability for guaranty fund assessments is accrued after an insolvency has occurred regardless of whether the assessment is based on premiums written before or after the insolvency. Under GAAP, the assessment recognized is typically accrued when premiums are written because the assessment generally is based on prospective premium writings.

Statements of Cash Flows

Cash, cash equivalents and short-term investments in the statements of cash flows for statutory purposes represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

2. Summary of Significant Accounting Policies, continued

The effects of the foregoing variances from GAAP on the accompanying statutory basis financial statements have not been determined, but are presumed to be material.

Other significant accounting policies are as follows:

Investments

Bonds not backed by other loans are stated at amortized cost, with amortization determined using the interest method.

Common stocks are reported at market value as determined by the Securities Valuation Office of the NAIC and the related net unrealized capital gains (losses) are reported in unassigned surplus along with any adjustment for deferred income taxes. There are no restrictions on common stock.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost, which approximates market value.

Realized capital gains and losses are determined using the specific identification basis. Changes in admitted asset carrying amounts of bonds and common stocks are credited or charged directly to unassigned surplus.

Premiums

Premiums are earned pro rata over the terms of the policies and are stated after deduction for reinsurance. The reserve for unearned premiums is determined on a monthly pro rata basis. Unearned premiums represent the portion of initial premiums written that are applicable to the unexpired terms of policies in force.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported losses incurred through December 31. The reserves for losses and loss adjustment expenses are estimated using case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The Company's losses and loss adjustment expenses are not discounted. Although considerable variability is inherent in such estimates, management, in consultation with their consulting actuary, believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in current operations in the period such estimates change.

Reinsurance

Reinsurance premiums, losses and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

2. Summary of Significant Accounting Policies, continued

Income Taxes

Management has evaluated the Company's tax positions and concluded that the Company has taken no material uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2009.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through April 30, 2013, the date that the statutory basis financial statements were available to be issued. There were no events occurring during the evaluation period that require recognition or disclosure in the statutory basis financial statements.

3. Investments

Bonds

The statement value and fair value of securities with gross unrealized gains and losses are presented below. Fair values are based on the securities pricing service used by the Company's broker-dealer. Unrealized gains and losses on investments reported at fair value are credited or charged directly to unassigned surplus and do not affect operations.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2012				
U.S. government and agency securities	**$ 5,835,177**	**$ 524,400**	**$ -**	**$ 6,359,577**
Municipal securities	**5,915,997**	**351,853**	**(7,184)**	**6,260,666**
Corporate securities	**5,850,904**	**392,976**	**(17,003)**	**6,226,877**
	$ 17,602,078	**$ 1,269,229**	**$ (24,187)**	**$ 18,847,120**
December 31, 2011				
U.S. government and agency securities	$ 7,149,859	$ 630,001	$ -	$ 7,779,860
Municipal securities	4,520,261	266,981	(3,346)	4,783,896
Corporate securities	5,548,545	237,191	(83,819)	5,701,917
	$ 17,218,665	$ 1,134,173	$ (87,165)	$ 18,265,673

3. Investments, continued

Bonds, continued

The amortized cost and fair value of bonds at December 31, 2012, by contractual maturity, are as shown below. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations, sometimes without call or prepayment penalties.

	Amortized Cost	Fair Value
Years to maturity:		
One or less	$ 2,001,329	$ 2,050,035
After one through five	7,176,752	7,852,472
After five through ten	8,220,751	8,732,947
After ten	203,246	211,666
	$ 17,602,078	$ 18,847,120

Common Stocks

Gross unrealized capital gains and losses on common stocks are included in policyholders' surplus as follows:

	2012
Cost	**$ 412,963**
Gross unrealized capital gains	**6,075**
Gross unrealized capital losses	**(9,818)**
Net unrealized capital loss	**(3,743)**
Fair value	**$ 409,220**

3. Investments, continued

Other-Than-Temporary-Impairment

The following table shows gross unrealized losses and fair values of the Company's investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	December 31, 2012					
	Less Than 12 Months		**12 Months or More**		**Total**	
	Fair Value	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Municipal securities (4)	**$ 599,155**	**$ (7,184)**	**$ -**	**$ -**	**$ 599,155**	**$ (7,184)**
Corporate securities (6)	**500,186**	**(10,462)**	**193,459**	**(6,541)**	**693,645**	**(17,003)**
Common stocks	**409,220**	**(9,818)**	**-**	**-**	**409,220**	**(9,818)**
	$ 1,508,561	**$ (27,464)**	**$ 193,459**	**$ (6,541)**	**$ 1,702,020**	**$ (34,005)**

	December 31, 2011					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Municipal securities (1)	$ 225,396	$ (3,346)	-	-	$ 225,396	$ (3,346)
Corporate securities (12)	1,253,838	(19,949)	640,755	(63,870)	1,894,593	(83,819)
	$ 1,479,234	$ (23,295)	$ 640,755	$ (63,870)	$ 2,119,989	$ (87,165)

Management regularly reviews the value of the Company's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- How long and by how much the fair value has been below its cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential;
- Management's intent to hold the security long enough to recover its value;
- Any downgrades of the security by a rating agency; and
- Any reduction or elimination of dividends, or nonpayment of scheduled interest payments.

3. Investments, continued

Other-Than-Temporary-Impairment, continued

These unrealized losses relate principally to current interest rates for similar types of securities. Bond market values are subject to fluctuation based on, among other things, changes in interest rates. In a rising rate environment, bond values may experience a drop in market price which is normally recovered as the bond approaches its maturity date. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government, its agencies, or other governments, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. During 2012 and 2011, the Company had no other-than-temporary impairments.

Investment Gain and Loss

Major categories of net investment gain are summarized as follows:

	2012	2011
Income:		
U.S. government and agency securities	**$ 242,871**	$ 313,605
Municipal securities	**190,262**	158,865
Corporate securities	**269,267**	285,114
Common stocks	**10,901**	-
Other income	**9,000**	-
Cash and short-term investments	**29**	48
	722,330	757,632
Expenses:		
Portfolio management fees	**(1,333)**	(1,291)
Other	**(33,505)**	(36,647)
	(34,838)	(37,938)
Net investment income	**687,492**	719,694
Net realized gains	**7,525**	2,134
Net investment gain	**$ 695,017**	$ 721,828

3. Investments, continued

At December 31, 2012 and 2011, investment securities with an admitted asset value of $1,037,652 and $1,044,649, respectively, were on deposit in accordance with regulations of the DOI. Proceeds from the redemptions or sales of investments during 2012 and 2011 were $2,825,000 and $2,550,000, respectively. In 2012 and 2011, gross gains on those redemptions or sales were $7,525 and $2,134, respectively.

4. Fair Value Measurements

The following table presents the carrying value and estimated fair value of the Company's significant financial instruments at December 31, 2012:

	2012	
	Carrying Value	Estimated Fair Value
Equity securities	$ 409,220	$ 409,220

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2012 and 2011. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these statutory financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments for which it is practical to estimate that value:

C*ommon stocks*: Valued at fair value by the market and a third party portfolio manager. Fair values are based on values published by the Securities Valuation Office (SVO), quoted market prices, or dealer quotes.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quote prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset's or liability's classification is determined based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

4. Fair Value Measurements, continued

Level 2 – Valuations derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

a) Quoted prices for similar assets or liabilities in active markets.

b) Quoted prices for identical or similar assets or liabilities in markets that are not active.

c) Inputs other than quoted prices that are observable for the asset or liability.

d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Valuations are derived from techniques that require significant unobservable inputs. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Company holds common stocks that are measured at fair value on a recurring basis. In addition, the Company sometimes holds certain financial assets, primarily certain bonds valued at the lower of cost or fair value in accordance with NAIC reporting guidelines and assets that are impaired during the current reporting period and carried at fair value, that are considered to be measured at fair value on a recurring basis. The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2012:				
Investments:				
Common stock	$ 409,220	$ 409,220	$ -	$ -

5. Losses and Loss Adjustment Expenses

Loss and loss adjustment expense reserve analyses performed by the Company include both the Company's own experience and professional liability insurance industry data. Although management believes the present estimation techniques produce estimates of losses and loss adjustment expenses that are reasonable in the circumstances, there are several factors that may cause the ultimate settlement of such losses and loss adjustment expenses, net of related reinsurance recoverables, to vary significantly from the estimated amounts included in the accompanying financial statements.

5. Losses and Loss Adjustment Expenses, continued

Activity in the liability for unpaid losses and loss adjustment expenses (LAE) is summarized as follows:

	2012	2011
Reserve for losses and LAE, net of related reinsurance recoverables, at beginning of year	**$ 10,037,516**	$ 10,120,932
Incurred losses and LAE:		
Current year	**4,777,826**	5,421,124
Prior year	**(671,478)**	(746,972)
Total incurred	**4,106,348**	4,674,152
Paid losses and LAE:		
Current year	**(896,064)**	(1,756,222)
Prior year	**(3,646,277)**	(3,001,346)
Total paid	**(4,542,341)**	(4,757,568)
Reserve for losses and LAE, net of related reinsurance recoverables, at end of year	**$ 9,601,523**	$ 10,037,516

As a result of changes in estimates of insured events in prior years, the liability for unpaid losses and loss adjustment expenses (net of reinsurance recoverables) decreased by approximately $671,000 and $747,000 in 2012 and 2011, respectively. Paid losses and loss adjustment expenses related to prior years are net of reinsurance recoveries of approximately $1,311,000 and $519,000 in 2012 and 2011, respectively.

6. Reinsurance

The Company is reinsured on an excess of loss basis and retains $250,000 of each insurance risk written. The Company's policy limit is $5,000,000 per insured and per occurrence. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources.

Under the previously mentioned agreements, the Company may ultimately be required to pay additional reinsurance premiums or receive refunds from the reinsurers based upon actual experience during the agreement periods, subject to certain limitations.

6. Reinsurance, continued

In the accompanying statutory basis financial statements, reserves for losses and loss adjustment expenses and unearned premiums are presented net of amounts reinsured. Information with respect to reinsurance recoverable by the Company is as follows:

	2012	2011
Balances at December 31:		
Ceded loss and LAE payments	**$ 10,077**	$ 205,763
Ceded loss and LAE reserves	**4,453,477**	7,536,203
Ceded unearned premiums	**1,101,224**	1,022,928

The Company had the following reinsurance recoverables that exceeded 3% of policyholders' surplus:

	2012	2011
Balances at December 31:		
Transatlantic Reinsurance Company	**$ 1,001,000**	$ 1,656,000
Hannover Ruckversiecherung	**869,000**	1,489,000
TOA Reinsurance of America	**751,000**	1,160,000
Everest Reinsurance	**579,000**	909,000
Aspen Insurance UK Limited	**359,000**	624,000
Lloyd's Syndicate No. 2001	**308,000**	496,000
Lloyd's Syndicate No. 435	**229,000**	520,000
Lloyd's Syndicate No. 623	**-**	338,000
Lloyd's Syndicate No. 2791	**-**	222,000
Endurance Reinsurance Corporation of America	**-**	220,000
Lloyd's Syndicate No. 1084	**-**	210,000

Amounts of ceded premiums written, ceded losses and loss adjustment expenses incurred, and commission income on premiums ceded are as follows:

	2012	2011
Ceded premiums written	**$ 2,401,171**	$ 1,732,509
Ceded losses incurred	**1,782,711**	1,689,554
Ceded loss adjustment expenses incurred	**10,570**	686,583
Commission income on premiums ceded	**81,370**	76,901

In the event that the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, the Company will remain liable for such obligations.

In 2012 and 2011, the Company did not commute any ceded reinsurance nor did it enter into or engage in any loss portfolio transfers. Also, the Company did not write off any reinsurance recoverable balances in 2012 or 2011.

7. Federal Income Taxes

As of December 31, 2012 and 2011, the amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses was zero and $443, respectively.

The Company's net deferred income tax asset at December 31 is summarized as follows:

	2012	2011
Total deferred income tax assets	$ 230,275	$ 624,350
Total deferred income tax liabilities	(18,079)	(6,215)
Net deferred income tax assets	212,196	618,135
Deferred income tax assets non-admitted	-	(239,775)
Net admitted deferred income tax asset	$ 212,196	$ 378,360
Decrease (increase) in deferred income tax assets non-admitted	$ 239,775	$ (9,443)

The components of the Company's net deferred income tax amounts at December 31 are as follows:

	2012	2011	Change
Deferred income tax assets:			
Losses and LAE reserves	$ 128,021	$ 320,900	$ (192,879)
Unearned premium reserves	83,614	173,655	(90,041)
Other	18,640	129,795	(111,155)
Total deferred income tax assets	230,275	624,350	(394,075)
Non-admitted deferred income tax assets	-	(239,775)	239,775
Admitted deferred income tax assets	230,275	384,575	(154,300)
Deferred income tax liabilities:			
Depreciation of fixed assets	18,079	6,215	11,864
Net admitted deferred income tax asset	$ 212,196	$ 378,360	$ (166,164)

7. Federal Income Taxes, continued

On January 1, 2012, as a result of applying paragraph 11.b. of *SSAP No. 101* (see Note 2), requirements to use current period statutory capital and surplus rather than prior quarter statutory capital and surplus as required by previous guidance, the Company computed the following balances related to deferred taxes:

	After January 1, 2012	Before December 31, 2011	Change
Gross deferred tax asset	$ 239,524	$ 624,350	$ (384,826)
Deferred tax assets nonadmitted	-	239,775	(239,775)
Admitted adjusted gross deferred tax asset	239,524	384,575	(145,051)
Gross deferred tax liability	23,137	6,215	16,922
Net admitted deferred tax asset	$ 216,387	$ 378,360	$ (161,973)

The Cumulative Effect of Changes in Accounting Principles line shown in the surplus section of the Annual Statement would show a net decrease of $401,748 on December 31, 2011. The Company adopted a more conservative approach in computing the amount of its deferred tax asset attributable to nonadmitted assets as of December 31, 2011 and modified its opening balance. The Company changed its income tax rate used to value its deferred items from 34% to 15% as of December 31, 2011. The effects of the two changes are as follows (note that the modifications were not a result of changes in circumstances or events which occurred during 2012):

	Rate Change	Nonadmitted	Change
Gross deferred tax asset	$ (304,230)	$ (80,595)	$ (384,825)
Decrease in deferred tax assets nonadmitted	(239,775)	-	(239,775)
Admitted adjusted gross deferred tax asset	(64,455)	(80,595)	(145,050)
Gross deferred tax liability	(3,397)	20,320	16,923
Net admitted deferred tax asset	$ (61,058)	$ (100,915)	$ (161,973)

7. Federal Income Taxes, continued

The amounts of each result or component of the calculation, by tax character, of paragraphs 11.a, 11.b, and 11.c of the NAIC's Statement of Statutory Accounting Principles No. 101, *Income Taxes - A replacement of SSAP No. 10R and SSAP No. 10*, effective January 1, 2012, are as follows:

		2012
a. Federal income taxes paid in prior years recoverable through loss carrybacks by December 31, 2013 (11.a.)		$ -
b. Lesser of:		
1. Adjusted gross DTA, after applying 11.a., expected to be realized by December 31, 2015 (11.b.i.), or	446,716	
2. Adjusted gross DTA allowed per limitation threshold (11.b.ii.)	1,016,994	446,716
c. Adjusted gross DTA, after applying 11.a. & 11.b.		(216,441)
d. Admitted deferred income tax assets as the result of application of SSAP 101		$ 230,275

	2012
Other admissibility criteria:	
a. Ratio percentage used to determine recovery period and threshold limitation amount	463 %
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation above:	$ 6,779,957

7. Federal Income Taxes, continued

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 15% and 34% to income before taxes in 2012 and 2011, respectively. The significant items causing this difference are as follows:

	2012	2011
Expected tax expense	**$ 23,987**	$ 19,193
Prior year true-up of provision to return	**(443)**	(57,101)
Tax-exempt investment income	**(23,378)**	(44,026)
Other	**(609)**	17,885
Total federal income tax benefit	**$ (443)**	$ (64,049)

8. Statutory Restrictions on Surplus

Statutory regulations do not permit the Company to underwrite risks in which losses, after reinsurance, could exceed ten percent of policyholders' surplus. The Company is required to maintain minimum policyholders' surplus of $2,500,000.

Property/casualty companies are subject to certain RBC requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a property/casualty insurance company is to be determined based on the various risk factors to which it is related. At December 31, 2012 and 2011, the Company met the RBC requirements.

Dividend payments may not reduce the amount of capital and surplus below the minimum statutory requirement. There are no other restrictions on the availability of unassigned surplus for the payment of dividends to policyholders.

9. Commitments and Contingencies

The Company is named as a defendant in various legal actions arising principally from claims made under insurance policies and contracts. Those actions are considered by the Company in estimating the loss and loss adjustment expense reserves. The Company's management believes the resolution of those actions will not have a material effect on the Company's financial position or results of operations.

9. Commitments and Contingencies, continued

The Company leases its office space under an agreement that provides for monthly rental payments of $4,115 through June 30, 2016. Rental expense under the lease was $49,375 for 2012 and $45,919 for 2011. Future minimum lease payments at December 31, 2012 are:

2013	$	49,375
2014		49,375
2015		49,375
2016		24,688
	$	172,813

10. Retirement Savings Plan

The Company has established a Salary Reduction Simplified Employee Pension plan under which discretionary contributions may be made on behalf of all employees over twenty-one years of age. Contributions are fully vested and nonforfeitable at all times. The Board of Directors approved contributions to the plan of $62,441 and $62,020 for 2012 and 2011, respectively.

SUPPLEMENTARY INFORMATION

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	1,249,352	6.7	1,249,352		1,249,352	6.7
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies		0.0			0	0.0
1.22 Issued by U.S. government sponsored agencies	4,585,826	24.5	4,585,826		4,585,826	24.5
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)		0.0			0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations		0.0			0	0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	5,915,997	31.6	5,915,997		5,915,997	31.6
1.43 Revenue and assessment obligations		0.0			0	0.0
1.44 Industrial development and similar obligations		0.0			0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA		0.0			0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0			0	0.0
1.513 All other		0.0			0	0.0
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0			0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521		0.0			0	0.0
1.523 All other		0.0			0	0.0
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	5,650,904	30.2	5,650,904		5,650,904	30.2
2.2 Unaffiliated non-U.S. securities (including Canada)	200,000	1.1	200,000		200,000	1.1
2.3 Affiliated securities		0.0			0	0.0
3. Equity interests:						
3.1 Investments in mutual funds		0.0			0	0.0
3.2 Preferred stocks:						
3.21 Affiliated		0.0			0	0.0
3.22 Unaffiliated		0.0			0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated		0.0			0	0.0
3.32 Unaffiliated	409,220	2.2	409,220		409,220	2.2
3.4 Other equity securities:						
3.41 Affiliated		0.0			0	0.0
3.42 Unaffiliated		0.0			0	0.0
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated		0.0			0	0.0
3.52 Unaffiliated		0.0			0	0.0
4. Mortgage loans:						
4.1 Construction and land development		0.0			0	0.0
4.2 Agricultural		0.0			0	0.0
4.3 Single family residential properties		0.0			0	0.0
4.4 Multifamily residential properties		0.0			0	0.0
4.5 Commercial loans		0.0			0	0.0
4.6 Mezzanine real estate loans		0.0			0	0.0
5. Real estate investments:						
5.1 Property occupied by company		0.0			0	0.0
5.2 Property held for production of income (including $..........0 of property acquired in satisfaction of debt)		0.0			0	0.0
5.3 Property held for sale (including $.........0 property acquired in satisfaction of debt)		0.0			0	0.0
6. Contract loans		0.0			0	0.0
7. Derivatives		0.0			0	0.0
8. Receivables for securities		0.0			0	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	720,010	3.8	720,010		720,010	3.8
11. Other invested assets	84	0.0			0	0.0
12. Total invested assets	18,731,392	100.0	18,731,308	0	18,731,308	100.0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2012

(To be filed by April 1)

Of Lawyers Mutual Insurance Company of Kentucky

Address (City, State, Zip Code): Louisville KY 40202-4272

NAIC Group Code.....0 NAIC Company Code.....24520 Employer's ID Number.....61-1122974

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $........20,337,065

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	EVANSVILLE IN SEWER WORKS	BOND	$.........503,806	.............2.477 %
2.02	JEFFERSON CTY KY SCH DIST	BOND	$.........402,384	.............1.979 %
2.03	CITIGROUP	BOND	$.........400,246	.............1.968 %
2.04	CUYAHOGA CTY OH ECON DEV	BOND	$.........400,000	.............1.967 %
2.05	GE CAPITAL	BOND	$.........400,000	.............1.967 %
2.06	GOLDMAN SACHS GROUP	BOND	$.........399,141	.............1.963 %
2.07	MADISON CTY KY SCH DIST	BOND	$.........356,824	.............1.755 %
2.08	MOREHEAD STATE UNIV - KY	BOND	$.........351,820	.............1.730 %
2.09	S HARRISON IN 2000 SCH BLDG	BOND	$.........304,947	.............1.499 %
2.10	NC MED CARE COMM HOSP	BOND	$.........304,685	.............1.498 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

	Bonds	1	2
3.01	NAIC-1	$.......17,362,820	...........85.375 %
3.02	NAIC-2	$.........551,292	.............2.711 %
3.03	NAIC-3	$....................	.............0.000 %
3.04	NAIC-4	$....................	.............0.000 %
3.05	NAIC-5	$....................	.............0.000 %
3.06	NAIC-6	$....................	.............0.000 %
	Preferred Stocks	3	4
3.07	P/RP-1	$....................	.............0.000 %
3.08	P/RP-2	$....................	.............0.000 %
3.09	P/RP-3	$....................	.............0.000 %
3.10	P/RP-4	$....................	.............0.000 %
3.11	P/RP-5	$....................	.............0.000 %
3.12	P/RP-6	$....................	.............0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5-10.

4.02	Total admitted assets held in foreign investments	$....................	.............0.000 %
4.03	Foreign-currency-denominated investments	$....................	.............0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	$....................	.............0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1	2
5.01	Countries rated NAIC-1	$....................	.............0.000 %
5.02	Countries rated NAIC-2	$....................	.............0.000 %
5.03	Countries rated NAIC-3 or below	$....................	.............0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign rating:

		1	2
	Countries rated NAIC-1:		
6.01	Country 1:	$....................	.............0.000 %
6.02	Country 2:	$....................	.............0.000 %
	Countries rated NAIC-2:		
6.03	Country 1:	$....................	.............0.000 %
6.04	Country 2:	$....................	.............0.000 %
	Countries rated NAIC-3 or below:		
6.05	Country 1:	$....................	.............0.000 %
6.06	Country 2:	$....................	.............0.000 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$....................	.............0.000 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

		1	2
8.01	Countries rated NAIC-1	$	0.000 %
8.02	Countries rated NAIC-2	$	0.000 %
8.03	Countries rated NAIC-3 or below	$	0.000 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign rating:

		1	2
	Countries rated NAIC-1:		
9.01	Country 1:	$	0.000 %
9.02	Country 2:	$	0.000 %
	Countries rated NAIC-2:		
9.03	Country 1:	$	0.000 %
9.04	Country 2:	$	0.000 %
	Countries rated NAIC-3 or below:		
9.05	Country 1:	$	0.000 %
9.06	Country 2:	$	0.000 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Rating	3	4
10.01			$	0.000 %
10.02			$	0.000 %
10.03			$	0.000 %
10.04			$	0.000 %
10.05			$	0.000 %
10.06			$	0.000 %
10.07			$	0.000 %
10.08			$	0.000 %
10.09			$	0.000 %
10.10			$	0.000 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02	Total admitted assets held in Canadian Investments	$	0.000 %
11.03	Canadian currency-denominated investments	$	0.000 %
11.04	Canadian-denominated insurance liabilities	$	0.000 %
11.05	Unhedged Canadian currency exposure	$	0.000 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.000 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.000 %
12.04		$	0.000 %
12.05		$	0.000 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02		$	0.000 %
13.03		$	0.000 %
13.04		$	0.000 %
13.05		$	0.000 %
13.06		$	0.000 %
13.07		$	0.000 %
13.08		$	0.000 %
13.09		$	0.000 %
13.10		$	0.000 %
13.11		$	0.000 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.000 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.000 %
14.04		$	0.000 %
14.05		$	0.000 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

1	2	3
15.02 Aggregate statement value of investments held in general partnership interests	$	0.000 %
Largest three investments in general partnership interests:		
15.03	$	0.000 %
15.04	$	0.000 %
15.05	$	0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1 Type (Residential, Commercial, Agricultural)	2	3
16.02	$	0.000 %
16.03	$	0.000 %
16.04	$	0.000 %
16.05	$	0.000 %
16.06	$	0.000 %
16.07	$	0.000 %
16.08	$	0.000 %
16.09	$	0.000 %
16.10	$	0.000 %
16.11	$	0.000 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Loans	
16.12 Construction loans	$	0.000 %
16.13 Mortgage loans over 90 days past due	$	0.000 %
16.14 Mortgage loans in the process of foreclosure	$	0.000 %
16.15 Mortgage loans foreclosed	$	0.000 %
16.16 Restructured mortgage loans	$	0.000 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.02 91% to 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.03 81% to 90%	$	0.000 %	$	0.000 %	$	0.000 %
17.04 71% to 80%	$	0.000 %	$	0.000 %	$	0.000 %
17.05 below 70%	$	0.000 %	$	0.000 %	$	0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

Description	2	3
18.02	$	0.000 %
18.03	$	0.000 %
18.04	$	0.000 %
18.05	$	0.000 %
18.06	$	0.000 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans	$	0.000 %
Largest three investments held in mezzanine real estate loans:		
19.03	$	0.000 %
19.04	$	0.000 %
19.05	$	0.000 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.000 %	$	$	$
20.02 Repurchase agreements	$	0.000 %	$	$	$
20.03 Reverse repurchase agreements	$	0.000 %	$	$	$
20.04 Dollar repurchase agreements	$	0.000 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.000 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	0.000 %	$	0.000 %
21.02 Income generation	$	0.000 %	$	0.000 %
21.03 Other	$	0.000 %	$	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.000 %	$	$	$
22.02 Income generation	$	0.000 %	$	$	$
22.03 Replications	$	0.000 %	$	$	$
22.04 Other	$	0.000 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.000 %	$	$	$
23.02 Income generation	$	0.000 %	$	$	$
23.03 Replications	$	0.000 %	$	$	$
23.04 Other	$	0.000 %	$	$	$