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WEST VIRGINIA MUTUAL INSURANCE COMPANY

REPORT ON STATUTORY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

WEST VIRGINIA MUTUAL INSURANCE COMPANY

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
West Virginia Mutual Insurance Company
Charleston, West Virginia

We have audited the accompanying financial statements of ***West Virginia Mutual Insurance Company***, which comprise the statutory statements of admitted assets, liabilities and policyholders' surplus as of December 31, 2012 and 2011, and the related statutory statements of operations, changes in policyholders' surplus and cash flows 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 financial reporting provisions of the State of West Virginia Offices of the Insurance Commissioner. 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 error or fraud.

Auditors' 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 of 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 more fully in Note 1 to the financial statements, the financial statements are prepared on the basis of the financial reporting provisions of the State of West Virginia Offices of the Insurance Commissioner, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of West Virginia Offices of the Insurance Commissioner.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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 ***West Virginia Mutual Insurance 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 ***West Virginia Mutual Insurance Company*** as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, on the basis of the financial reporting provisions of the State of West Virginia Offices of the Insurance Commissioner as described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
May 23, 2013

As of December 31,		2012		2011
Admitted Assets				
Cash and Invested Assets				
Bonds	$	161,432,952	$	158,534,931
Common stocks		6,917,945		6,166,882
Cash, cash equivalents and short-term investments		7,353,629		9,339,337
Total cash and invested assets		**175,704,526**		**174,041,150**
Other Assets				
Accrued investment income		1,850,583		1,774,158
Uncollected premiums		2,196,711		1,706,172
Reinsurance recoverable on paid losses		1,264,292		2,652,768
Net deferred tax asset		2,284,812		2,893,353
Electronic data processing equipment, net		47,565		23,019
Total other assets		**7,643,963**		**9,049,470**
Total admitted assets	**$**	**183,348,489**	**$**	**183,090,620**
Liabilities and Policyholders' Surplus				
Liabilities				
Losses	$	33,978,832	$	42,492,195
Loss adjustment expenses		13,972,243		13,782,817
Commissions payable		167,821		206,383
Accrued expenses		2,324,422		2,351,500
Taxes, licenses and fees		246,751		299,168
Federal income tax payable		2,734,403		2,501,335
Unearned premiums		19,457,304		20,924,922
Advance premiums		2,188,399		3,141,339
Ceded reinsurance premiums payable		5,087,807		5,687,856
Amounts withheld for account of others		39,196		58,364
Provision for reinsurance		- -		67,000
Total liabilities		**80,197,178**		**91,512,879**
Policyholders' Surplus				
Special surplus funds		- -		921,607
Gross paid in and contributed surplus		7,651,150		7,651,150
Unassigned surplus		95,500,161		83,004,984
Total policyholders' surplus		**103,151,311**		**91,577,741**
Total liabilities and policyholders' surplus	**$**	**183,348,489**	**$**	**183,090,620**

See accompanying independent auditors' report and notes to financial statements.

For the Years Ended December 31,		2012		2011
Underwriting Income:				
Premiums written	$	28,690,738	$	32,770,475
Reinsurance ceded		(3,274,349)		(7,456,842)
Change in unearned premiums		1,467,618		2,109,421
Net premiums earned		**26,884,007**		**27,423,054**
Underwriting Expenses:				
Losses incurred		(534,756)		7,606,012
Loss adjustment expenses		9,594,276		707,644
Other underwriting expenses		8,313,782		8,575,880
Total underwriting expenses		**17,373,302**		**16,889,536**
Net underwriting gain		**9,510,705**		**10,533,518**
Investment Income:				
Investment income		6,202,326		5,854,567
Net realized capital gain, net of related federal income tax effect		306,941		178,116
Investment expenses		(604,361)		(554,211)
Net investment gain		**5,904,906**		**5,478,472**
Other Income, Net		**56,136**		**57,926**
Net Income Before Federal Income Tax Incurred		**15,471,747**		**16,069,916**
Federal Income Tax		**3,691,879**		**4,153,144**
Net Income	**$**	**11,779,868**	**$**	**11,916,772**

For the Years Ended December 31,	2012	2011
Policyholders' Surplus, Beginning	**$ 91,577,741**	**$ 79,732,580**
Increase (Decrease) to Policyholders' Surplus:		
Net income	11,779,868	11,916,772
Change in net unrealized capital gain, net of related federal income tax effect	213,268	108,621
Change in net deferred income tax	(676,553)	(552,937)
Change in non-admitted assets	189,987	391,705
Change in provision for reinsurance	67,000	(19,000)
Reduction of admitted deferred income taxes	- -	(179,238)
Reclassification of admitted deferred income taxes from special surplus funds	- -	179,238
Change in policyholders' surplus	**11,573,570**	**11,845,161**
Policyholders' Surplus, Ending	**$ 103,151,311**	**$ 91,577,741**

For the Years Ended December 31,	2012	2011
Cash From Operations:		
Premiums collected net of reinsurance	$ 23,372,861	$ 31,987,598
Net investment income	6,596,587	6,430,237
Miscellaneous income	56,136	57,926
Cash provided by operations	**30,025,584**	**38,475,761**
Benefits and loss related payments	6,591,824	17,764,444
Commissions, expenses paid and aggregate write-ins for deductions	17,722,436	16,334,478
Federal income taxes paid	2,734,403	3,889,027
Cash used for operations	**27,048,663**	**37,987,949**
Net cash from operations	**2,976,921**	**487,812**
Cash From Investments:		
Proceeds from investments sold, matured or repaid	32,452,468	39,264,311
Cost of investments acquired	(36,502,663)	(42,020,796)
Net cash from investments	**(4,050,195)**	**(2,756,485)**
Cash From Financing and Miscellaneous Sources	**(912,434)**	**(1,279,808)**
Net Change in Cash, Cash Equivalents and Short-Term Investments	**(1,985,708)**	**(3,548,481)**
Cash, Cash Equivalents and Short-Term Investments:		
Beginning of Year	**9,339,337**	**12,887,818**
End of Year	**$ 7,353,629**	**$ 9,339,337**

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

West Virginia Mutual Insurance Company ("WVMIC"), originally West Virginia Physicians' Mutual Insurance Company, was created pursuant to West Virginia House Bills 601 and 2122 of 2001 and 2004, respectively, to provide medical liability insurance to physicians in West Virginia. This legislation provided the Company with capital and surplus of $34 million through the issuance of surplus notes to the state of West Virginia and one time assessments to insurance carriers and physicians licensed in the State of West Virginia. The Company is licensed to write insurance in West Virginia, Virginia, Ohio and Kentucky. Approximately 99% of the Company's business is written in West Virginia.

The Company began insurance operations on July 1, 2004 by assuming certain assets and liabilities of the Board of Risk and Insurance Management ("BRIM"), an agency of the state of West Virginia which had provided the majority of the professional liability insurance for physicians in the state. BRIM's obligations under all applicable policies dating back to 2002 were completely extinguished and assumed by the Company; the transaction was accounted for as a novation under Statement of Statutory Accounting Principle Number 62R. Policies transferred included any and all existing medical liability insurance covering physicians, physicians' corporations, and physician-operated clinics issued by BRIM, but not those covering hospitals and non-physician providers.

Method of Accounting

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the State of West Virginia Offices of the Insurance Commissioner. The State of West Virginia Offices of the Insurance Commissioner recognizes only statutory accounting practices prescribed or permitted by the State of West Virginia for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under the West Virginia Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual, effective March 2012, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of West Virginia. There were no differences in surplus or net income between NAIC SAP and accounting practices prescribed and permitted by the State of West Virginia at December 31, 2012 and 2011.

Use of Estimates

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Company include, but are not limited to, reserves for losses and loss adjustment expenses and reinsurance ceding rates on reinsurance contracts.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, cash equivalents, short-term investments and investments in bonds and stocks. The Company maintains its cash balances primarily at a financial institution located in West Virginia. The Company performs periodic evaluation of the relative credit standing of this financial institution and limits the amount of credit exposure with the institution. The Company primarily invests in bonds and stocks of U. S. institutions.

Premium Recognition and Related Expenses

Premiums written are earned ratably over the terms of the related insurance policies and certain reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written using pro-rata methods. The unearned portion of the ceded premium is netted against the Company's direct unearned premium. On certain contracts, the reinsurer earns ceded premiums pursuant to the Company's reinsurance agreements over the terms of the original policies. Unearned premiums related to death, disability and retirement coverage are actuarially determined. Unearned premiums related to death, disability and retirement coverage are $9,265,329 and $9,322,491 at December 31, 2012 and 2011, respectively. Premiums related to extended coverage are earned when written.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Reinsurance recoverables are estimates of paid and unpaid losses collectible from the Company's reinsurers. The amounts ultimately collected may be more or less than these estimates. Any adjustments of these estimates are reflected in income, as they are determined. The Company periodically reviews the financial condition of its reinsurers and amounts recoverable from them, recording an allowance when necessary for uncollectible or past due reinsurance.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Bonds

Bonds are valued pursuant to the instructions of the Securities Valuation Office of the NAIC. Generally, bonds are carried at amortized cost using the interest method. Bonds with NAIC designations of 3 through 6 are carried at lower of amortized cost or fair value.

Common Stocks

Common stocks are carried at fair value. The related unrealized gain or loss is reported as an adjustment to policyholders' surplus.

Mortgage-Backed/Asset-Backed Securities

Single class and multi class mortgage-backed/asset-backed securities are carried at amortized cost using the interest method unless required by the NAIC to be carried at fair value. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Prepayment assumptions are obtained from dealer surveys or internal estimates based on current interest rates and economic environmental factors.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with original maturities of three months or less at the date of acquisition and are carried at cost, which is also their fair value.

Short-Term Investments

Short-term investments include investments with original maturities of less than one year at the date of acquisition and are carried at amortized cost, which is also their fair value.

Investment Impairment

The Company reviews its investment holdings periodically to determine impairment. Particularly, items with fair value less than book value for more than 12 months and items with fair value less than book value by 20% or more are considered.

In all cases, the Company's bond investment holdings are NAIC class 1 or 2 rated and decreases in fair value result from normal market interest rate fluctuations. The Company intends to hold these items to maturity unless changes in credit worthiness would require further review. None of the Company's investment holdings are considered impaired and no provision have been made in the Company's financial statements for investment impairment.

Equipment

Data processing equipment is reported at cost net of accumulated depreciation. Software, furniture, fixtures and other equipment are non-admitted and charged to policyholders' surplus. Equipment is depreciated using the straight-line method over the assets' estimated useful lives. Maintenance, repairs and minor improvements are charged to expense as incurred while expenditures which substantially improve or increase the useful life of the asset are capitalized.

Capitalization Policy

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

Loss and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses includes an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liability is necessarily based on assumptions and estimates and, while management believes the amount is adequate, the ultimate liability may differ from that provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in current earnings. Unpaid losses and loss adjustment expenses are not reported net of anticipated salvage and subrogation.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other

The above practices vary in some respects from accounting principles generally accepted in the United States of America in determining financial position and results of operations. Such significant differences include, but are not limited to:

Bonds are carried primarily at amortized cost unless required by the NAIC to be carried at market; premium acquisition costs, such as commissions and other items, are charged to current operations as incurred, whereas related premium income is taken into earnings on a pro-rata basis over the period covered by the policies; certain assets designated as "non-admitted assets" are charged off against policyholders' surplus; realized investment gains and losses are included in net income from operations, while unrealized gains and losses are credited or charged directly to policyholders' surplus; reserves for losses and loss adjustment expenses and unearned premiums ceded to reinsurers have been reported as reductions of related reserves; changes in deferred income taxes are recognized as a separate component of gains and losses in policyholders' surplus; changes in accounting principles are reported as adjustments to policyholders' surplus in the period of change.

The effect of such differences on the accompanying statutory financial statements has not been determined.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation, and certain amounts have been classified differently than as reported in the Annual Statements. Such reclassifications did not impact earnings or total surplus.

Subsequent Events

Management has evaluated subsequent events through February 27, 2013, the date the Annual Statutory Statement was issued. Management has updated their evaluation of subsequent events through May 23, 2013, the date the audited financial statements were available for issuance.

NOTE 2 – INVESTMENTS

The aggregate statement value or cost, gross unrealized gains, gross unrealized losses and fair value for investments at December 31, 2012 and 2011 are as follows:

	2012			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government obligations	$ 5,021,959	$ 199,037	$ - -	$ 5,220,996
States, territories and possessions	9,236,052	640,918	- -	9,876,970
Political subdivisions of states, territories and possessions	30,589,394	2,263,756	- -	32,853,150
Special revenue	57,421,606	4,547,481	(14,678)	61,954,409
Industrial and miscellaneous	42,080,627	2,833,551	(10,836)	44,903,342
Mortgage-backed securities	17,083,314	1,035,730	- -	18,119,044
Total bonds	$ 161,432,952	$ 11,520,473	$ (25,514)	$ 172,927,911

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 6,430,245	$ 595,400	$ (107,700)	$ 6,917,945

NOTE 2 – INVESTMENTS (CONT'D)

	2011			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government obligations	$ 10,067,242	$ 429,011	$ - -	$ 10,496,253
States, territories and possessions	9,340,979	868,091	- -	10,209,070
Political subdivisions of states, territories and possessions	29,683,902	2,691,410	- -	32,375,312
Special revenue	52,378,452	4,194,904	- -	56,573,356
Industrial and miscellaneous	39,037,327	1,601,827	(316,016)	40,323,138
Mortgage-backed securities	18,027,029	1,320,639	- -	19,347,668
Total bonds	$ 158,534,931	$ 11,105,882	$ (316,016)	$ 169,324,797

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 6,002,298	$ 279,378	$ (114,794)	$ 6,166,882

The statement value maturity distribution of bonds owned at December 31, by contractual maturity, is shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations without prepayment penalties.

	2012	2011
Due in one year or less	$ 11,591,653	$ 12,319,150
Due after one year through five years	75,091,918	77,139,014
Due after five years through ten years	57,666,067	51,049,738
Mortgage-backed securities	17,083,314	18,027,029
Total	$ 161,432,952	$ 158,534,931

A summary of investments that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve months or longer at December 31, 2012 and 2011 are as follows:

	2012					
	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Special revenue	$ 2,435,020	$ (14,678)	$ - -	$ - -	$ 2,435,020	$ (14,678)
Industrial and miscellaneous	2,135,217	(10,836)	- -	- -	2,135,217	(10,836)
Total bonds	4,570,237	(25,514)	- -	- -	4,570,237	(25,514)
Common stock	845,516	(98,494)	145,505	(9,206)	991,021	(107,700)
Total	$ 5,415,753	$ (124,008)	$ 145,505	$ (9,206)	$ 5,561,258	$ (133,214)

	2011					
	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds - industrial and miscellaneous	$ 4,117,734	$ (216,301)	$ 2,523,780	$ (99,715)	$ 6,641,514	$ (316,016)
Common stock	2,160,951	(114,794)	- -	- -	2,160,951	(114,794)
Total	$ 6,278,685	$ (331,095)	$ 2,523,780	$ (99,715)	$ 8,802,465	$ (430,810)

NOTE 2 – INVESTMENTS (CONT'D)

Money market funds and a bond with an admitted asset value of approximately $1,249,000 at December 31, 2012 and 2011 were on deposit with state insurance departments to satisfy regulatory requirements.

Proceeds from the sale of investments in bonds during 2012 and 2011 were $30,426,630 and $38,639,763 and gross gains of $286,360 and $487,034 were realized on those sales, respectively. There were gross losses realized of $33,124 and $179,632 on those sales in 2012 and 2011, respectively.

Proceeds from the sale of investments in stocks during 2012 and 2011 were $2,025,838 and $624,548 and gross gains of $250,498 and $14,301 were realized on those sales, respectively. There were gross losses realized of $38,672 and $51,831 on those sales in 2012 and 2011, respectively.

Major categories of investment income are summarized as follows for the years ended December 31:

	2012	2011
U.S. government bonds	$ 814,835	$ 1,006,832
Tax-exempt bonds	3,282,010	3,267,464
Other bonds	1,867,103	1,493,112
Common stocks	228,834	83,571
Cash, cash equivalents and short-term investments	9,544	3,588
Total investment income	$ 6,202,326	$ 5,854,567

NOTE 3 - CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash, cash equivalents and short-term investments consisted of the following at December 31:

	2012	2011
Cash	$ 1,854,632	$ 1,290,441
Money markets	5,498,997	7,045,458
Short-term bond	- -	1,003,438
Total	$ 7,353,629	$ 9,339,337

NOTE 4 - NET LOSSES AND LOSS ADJUSTMENT EXPENSES

Utilizing an independent actuary, ***WVMIC*** establishes an estimated liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. Because the Company commenced operations in 2004, certain critical assumptions underlying the Company's determination of reserves were of necessity based on external industry data sources. The uncertainty of the Company's estimates is increased by the need to use these external data and the lack of loss reserve development history of the Company. However, management believes the estimate of ultimate losses and loss adjustment expenses is reasonable.

At December 31, 2012 and 2011 net unpaid losses and loss adjustment expenses consisted of:

	2012	2011
Direct case reserves	$ 36,557,657	$ 37,185,063
Ceded case reserves	(3,363,535)	(2,821,780)
Direct incurred but not reported reserves	18,186,920	25,717,040
Ceded incurred but not reported reserves	(3,429,967)	(3,805,311)
	$ 47,951,075	$ 56,275,012

NOTE 4 - NET LOSSES AND LOSS ADJUSTMENT EXPENSES (CONT'D)

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as of December 31:

		2012		2011
Net balance at January 1	$	56,275,012	$	71,894,589
Incurred related to:				
Current year		24,617,000		25,354,000
Prior years		(15,557,480)		(17,040,344)
Total incurred		9,059,520		8,313,656
Paid related to:				
Current year		(3,418,000)		(2,687,000)
Prior years		(13,965,457)		(21,246,233)
Total paid		(17,383,457)		(23,933,233)
Net balance at December 31	$	47,951,075	$	56,275,012

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have decreased by $15,557,480 in 2012 as a result of re-estimation of unpaid losses and loss adjustment expenses. This change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual losses.

NOTE 5 - LEASE ARRANGEMENTS

The Company entered into a lease agreement for office space commencing August 1, 2011 and terminating July 2016. The Company also leases computer software and other equipment under agreements with varying termination dates through December 2013. Rental expense was approximately $446,000 and $453,000 for 2012 and 2011, respectively.

The approximate future minimum aggregate rental payments for the succeeding years are as follows:

2013	$	442,000
2014		267,000
2015		238,000
2016		141,000
	$	1,088,000

NOTE 6 - DEPRECIABLE ASSETS

The following is a schedule of depreciable assets owned at December 31:

		Cost		Accumulated Depreciation		2012 Book Value		2011 Book Value
Electronic data processing equipment	$	392,300	$	(344,735)	$	47,565	$	23,019
Non-admitted assets:								
Office furniture and equipment	$	323,398	$	(313,901)	$	9,497	$	21,038
Computer software		226,025		(215,783)		10,242		8,631
Leasehold improvements		152,010		(151,067)		943		4,822
	$	701,433	$	(680,751)	$	20,682	$	34,491

NOTE 6 - DEPRECIABLE ASSETS (CONT'D)

The estimated service lives of depreciable assets and methods of depreciation are as follows:

	Estimated Service Life	Method
Electronic data processing equipment and software	3 years	Straight-line
Office furniture and equipment	5 years	Straight-line
Leasehold improvements	Lease term	Straight-line

Depreciation expense for electronic data processing equipment totaled $17,541 and $25,747 for the years ended December 31, 2012 and 2011, respectively. Depreciation expense for non-admitted assets totaled $29,594 and $62,043 for the years ended December 31, 2012 and 2011, respectively.

NOTE 7 - REINSURANCE

The company provides coverage of $1 million per claim with an annual aggregate of $3 million. Policyholders, at their election, may obtain coverage for an additional $1 million of coverage per claim and annual aggregate. The Company reinsures 100% of the second $1 million of coverage.

A reconciliation of direct to net premiums, on both a written and an earned basis, for 2012 and 2011 is as follows:

	2012		2011	
	Written	Earned	Written	Earned
Direct	$ 28,690,738	$ 30,468,528	$ 32,770,475	$ 35,375,308
Reinsurance - ceded	(3,274,349)	(3,584,521)	(7,456,842)	(7,952,254)
Net	$ 25,416,389	$ 26,884,007	$ 25,313,633	$ 27,423,054

The Company retains the first $500,000 of exposure under its policies. The next $500,000 of exposure for each policy is reinsured under a swing rated program, the cost for which varies based on the Company's actual loss experience under the program. The reinsurance contracts for this program are issued with a three year rating period. The first reinsurance contract covered the three year period ended June 30, 2007 and contained a minimum rate of 6% and a maximum rate of 30%. During 2012, this treaty with Willis Re Inc. was commuted, resulting in a reduction of approximately $190,000 to loss and loss adjustment expense reserves. Commencing July 1, 2007, another three year treaty replaced this contract with the same retention and includes a minimum rate of 4.5% and a maximum rate of 23%. The Company has recorded a modified rate of approximately 9.4% at December 31, 2012 based on expected experience. Commencing July 1, 2010, another three year treaty replaced this contract with the same retention and includes a minimum rate of 4.25% and a maximum of 18%. The maximum rate for the treaty is reduced in phases during the three year treaty before the final 18% rate applies at the end of the treaty period. The Company has recorded a modified rate of approximately 17.4% at December 31, 2012 based on actual experience.

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, the Company would be liable for such defaulted amounts. Net estimated amount recoverable from reinsurers are as follows at December 31:

	2012	2011
Ceded losses and loss adjustment expenses	$ 6,793,502	$ 6,627,091
Ceded unearned premiums	1,287,893	1,598,065
Reinsurance recoverable on loss and loss adjustment expense payments	1,264,292	2,652,768
Ceded premiums payable	(5,087,807)	(5,687,856)
	$ 4,257,880	$ 5,190,068

The Company did not have an unsecured aggregate reinsurance recoverable from any individual reinsurer that exceeded 3% of policyholders' surplus at December 31, 2012 and 2011.

The Company had approximately $51,500 and $59,500 of commission equity in policyholders' surplus as a result of ceded activity at December 31, 2012 and 2011, respectively.

NOTE 8 - FEDERAL INCOME TAXES

The federal income tax returns of the Company for 2012, 2011 and 2010 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. An income tax position may create an income tax contingency for the Company. As of December 31, 2012 and 2011, there were no income tax positions that create an income tax contingency. The Company records deferred tax assets and deferred tax liabilities for certain temporary differences between statutory basis income before federal income taxes, plus certain items recorded directly to surplus and taxable income as reflected in the Company's federal income tax return, subject to certain limitations.

The amount of gross deferred tax assets and deferred tax liabilities comprising net deferred tax assets is shown below as well as admitted, non-admitted and change in non-admitted deferred tax assets.

	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	$ 3,457,841	$ -	$ 3,457,841	$ 4,152,201	$ -	$ 4,152,201	$ (694,360)	$ -	$ (694,360)
Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	3,457,841	-	3,457,841	4,152,201	-	4,152,201	(694,360)	-	(694,360)
Non-admitted deferred tax assets	(894,704)	-	(894,704)	(1,072,575)	-	(1,072,575)	177,871	-	177,871
Net admitted deferred tax asset	2,563,137	-	2,563,137	3,079,626	-	3,079,626	(516,489)	-	(516,489)
Deferred tax liabilities	(112,510)	(165,815)	(278,325)	(130,317)	(55,956)	(186,273)	17,807	(109,859)	(92,052)
Net admitted deferred tax asset (liability)	$ 2,450,627	$ (165,815)	$ 2,284,812	$ 2,949,309	$ (55,956)	$ 2,893,353	$ (498,682)	$ (109,859)	$ (608,541)

As of December 31, 2012 and 2011, the Company had no unrecognized deferred income tax liabilities. The Company did not use tax planning strategies to admit additional deferred tax assets in 2012 or 2011.

The amount of admitted gross deferred tax assets, by tax character, under each component of Statement of Statutory Accounting Principle No. 101 at December 31, 2012 are as follows:

	2012		
	Ordinary	Capital	Total
Admission calculation components - SSAP 101, paragraph 11:			
Recovered through loss carryback 11.a	$ 2,067,059	$ -	$ 2,067,059
Lesser of paragraph 11.b.i and 11.b.ii	217,753	-	217,753
Deferred tax asset offset against deferred tax liabilities 11.c	278,325	-	278,325
Total admitted deferred tax assets under paragraph 11	$ 2,563,137	$ -	$ 2,563,137

The adjusted authorized control level risk based capital ratio and adjusted surplus for paragraph 11b of Statement of Statutory Accounting Principle Number 101 are as follows:

	2012
Ratio percentage of authorized control level to risk based capital	1919.7 %
Amount of adjusted surplus	$ 100,818,934

NOTE 8 - FEDERAL INCOME TAXES (CONT'D)

The amount of admitted gross deferred tax assets, by tax character, under paragraphs 10.e.i, 10.e.ii, 10.e.iii of Statement of Statutory Accounting Principle No. 10R at December 31, 2011 are as follows:

	2011		
	Ordinary	Capital	Total
Admission calculation components - SSAP 10R, paragraph 10:			
Recovered through loss carryback 10.e.i.	$ 2,435,923	$ -	$ 2,435,923
Lesser of paragraph 10.e.ii(a) and 10.e.ii(b)	457,430	-	457,430
Deferred tax asset offset against deferred tax liabilities 10.e.iii	186,273	-	186,273
Total admitted deferred tax assets under paragraph 10.e.i, 10.e.ii, 10.e.iii	$ 3,079,626	$ -	$ 3,079,626

The fifteen percent of adjusted capital and surplus used for paragraph 10.e.ii.b of Statement of Statutory Accounting Principle Number 10R was $12,081,956 for 2011. Paragraph 10.e.ii.b did not apply for 2011. The adjusted capital and authorized control level for paragraph 10d of SSAP 10R are as follows:

	2011
Total adjusted capital	$ 91,577,741
Authorized control level	$ 5,896,804

The amount of admitted deferred tax assets, admitted assets and statutory surplus created from risk-based capital calculation of SSAP 10R at December 31, 2011 are as follows:

	2011		
	Ordinary	Capital	Total
SSAP 10R, paragraph 10.a., 10.b., 10.c.:			
Admitted deferred tax assets	$ 2,027,702	$ (55,956)	$ 1,971,746
Admitted assets			182,169,013
Adjusted statutory surplus			90,656,134
Total adjusted capital from deferred tax assets			1,971,746
Increases due to SSAP 10R, paragraph 10.e.:			
Admitted deferred tax assets			921,607
Admitted assets			921,607
Statutory surplus			921,607

NOTE 8 - FEDERAL INCOME TAXES (CONT'D)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are as follows:

	2012	2011	Change
Deferred tax assets:			
Ordinary:			
Discounting of unpaid losses and loss adjustment expense	$ 1,399,442	$ 1,762,493	$ (363,051)
Unearned and advanced premiums	1,471,908	1,636,506	(164,598)
Non-admitted assets	7,879	11,999	(4,120)
Deferred compensation	578,612	639,067	(60,455)
Other	-	102,136	(102,136)
Subtotal	3,457,841	4,152,201	(694,360)
Statutory valuation allowance adjustment	-	-	-
Non-admitted deferred tax assets	(894,704)	(1,072,575)	177,871
Admitted ordinary deferred tax assets	2,563,137	3,079,626	(516,489)
Capital:			
Other	-	-	-
Statutory valuation allowance adjustment	-	-	-
Non-admitted deferred tax assets	-	-	-
Admitted capital deferred tax assets	-	-	-
Admitted deferred tax assets	2,563,137	3,079,626	(516,489)
Deferred tax liabilities:			
Ordinary - other	(112,510)	(130,317)	17,807
Capital - investments	(165,815)	(55,956)	(109,859)
Total deferred tax liabilities	(278,325)	(186,273)	(92,052)
Net deferred tax assets	$ 2,284,812	$ 2,893,353	$ (608,541)

The change in net deferred tax assets is comprised of the following, excluding the change in non-admitted deferred tax assets:

	2012	2011	Change
Total deferred tax assets	$ 3,457,841	$ 4,152,201	$ (694,360)
Total deferred tax liabilities	(278,325)	(186,273)	(92,052)
Net deferred tax assets	$ 3,179,516	$ 3,965,928	(786,412)
Tax effect of net capital deferred tax			109,859
Change in net deferred tax			$ (676,553)

NOTE 8 - FEDERAL INCOME TAXES (CONT'D)

The significant items causing differences between statutory federal income tax and the Company's effective income tax for the years ended December 31 are as follows:

		2012		2011
Provision computed at statutory rate	$	5,314,155	$	5,494,968
Tax exempt income		(1,110,903)		(1,095,651)
Proration adjustment		174,792		166,848
Other		148,509		231,672
Total statutory income tax expense	$	4,526,553	$	4,797,837
Current year income tax incurred	$	3,691,879	$	4,153,144
Realized capital gains tax		158,121		91,756
Change in net deferred income taxes		676,553		552,937
Total statutory income tax expense	$	4,526,553	$	4,797,837

The components of income tax expense incurred are as follows for the years ended December 31:

		2012		2011
Current income tax expense	$	3,691,879	$	4,153,144
Realized capital gain tax		158,121		91,756
Federal income tax expense	$	3,850,000	$	4,244,900

Income taxes of $3,684,000 from the current year and $3,998,000 from the prior year are available for recoupment in the event of future net losses.

NOTE 9 - EMPLOYEE BENEFIT PLANS

The employees of the Company are covered under a 401(k) defined contribution plan sponsored by the Company. Eligible employees may make voluntary contributions to the plan. The Company provides a 100% match of employee contributions up to 6% of employee compensation. Company matching contributions amounted to $151,625 and $130,454 in 2012 and 2011, respectively. The plan permits discretionary funding on approval by the Board of Directors. The Company made $172,744 and $150,454 of additional contributions to the plan in 2012 and 2011, respectively.

The Company has a non-qualified supplemental employee retirement plan (SERP) that covers key executives. Benefits are payable upon normal retirement or a specified date, and are forfeited If the employee chooses to leave the Company or the employee is terminated for cause. The expense for the plan totaled $563,075 and $492,564 for 2012 and 2011, respectively.

NOTE 10 - FAIR VALUE MEASUREMENTS

Certain assets and liabilities of the Company are reported at their fair value in the accompanying Statutory Statements of Admitted Assets, Liabilities and Policyholders' Surplus. The fair values of the Company's other financial instruments approximate their carrying amounts, either because the expected collection or payment period is relatively short or because the terms are similar to market terms.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models.

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Statement of Statutory Accounting Principle No. 100, Fair Value Measurements. Level 1 inputs on the hierarchy consist of unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date. Level 2 inputs on the hierarchy consist of quoted prices for similar assets and liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 3 inputs on the hierarchy consist of unobservable inputs (supported by little or no market activity) and reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following tables provide information about the Company's financial assets measured at fair value on a recurring basis:

	Fair Value Measurements at December 31, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stocks - industrial and miscellaneous	$ 6,917,945	$ - -	$ - -	$ 6,917,945

	Fair Value Measurements at December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stocks - industrial and miscellaneous	$ 6,166,882	$ - -	$ - -	$ 6,166,882

The Company's policy is to recognize transfers in and transfers out as of the date of the event or change in circumstances that caused the transfer.

NOTE 10 - FAIR VALUE MEASUREMENTS (CONT'D)

The following table provides information about the fair value measurements for financial instruments at December 31, 2012:

	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable to Estimate Fair Value (Carrying Value)
Bonds	$ 172,927,911	$ 161,432,952	$ 172,927,911	$ --	$ --	$ --
Common stocks	6,917,945	6,917,945	6,917,945	--	--	--
	$ 179,845,856	$ 168,350,897	$ 179,845,856	$ --	$ --	$ --

NOTE 11 - COMMITMENTS AND CONTINGENCIES

At December 31, 2012, the Company had an unsecured line of credit of $5,000,000 with a bank. The line was unused for 2012 and 2011.

The Company is currently a defendant in various legal actions. Management believes it is too early to determine whether the Company will incur losses as a result of the litigation. The ultimate outcome of these matters and related costs thereto are not certain at this time, and no estimate of any potential liability has been recorded in the financial statements.

NOTE 12 - DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY TRANSACTIONS

Wells Fargo Financial Services was a managing general agent of the Company and provided risk management and marketing consulting to the Company. Fees were approximately $150,000 for 2011. The agreement was terminated on January 1, 2012.

NOTE 13 - PAID IN AND CONTRIBUTED SURPLUS

As part of the novation agreement, the state of West Virginia assessed, and subsequently transferred to the Company, a onetime contribution of $2,500 from each insurance company licensed to do business in the state and $1,000 from each physician licensed to practice medicine in the state. After these initial assessments, newly licensed physicians who obtained coverage from the Company were also assessed $1,000. Effective January 1, 2008, assessments are no longer applicable to newly licensed physicians obtaining coverage from the Company.

NOTE 14 - MINIMUM SURPLUS

As of December 31, 2012, the Company's minimum surplus is to be determined at the discretion of the Commissioner of Insurance of the State of West Virginia.

NOTE 15 - MAJOR PRODUCERS

Three insurance producers controlled approximately 52% and 51% of the Company's premium volume for the years ended December 31, 2012 and 2011, respectively.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
West Virginia Mutual Insurance Company
Charleston, West Virginia

We have audited the statutory financial statements of ***West Virginia Mutual Insurance Company*** as of and for the years ended December 31, 2012 and 2011, and our report thereon dated May 23, 2013 appears on page 1. Our audits were conducted for the purpose of forming an opinion on the statutory financial statements taken as a whole. The accompanying statutory schedules of loss adjustment, underwriting and investment expenses for the years ended December 31, 2012 and 2011, and summary investment schedule, investment risks interrogatories and property and casualty reinsurance interrogatories as of December 31, 2012, are presented for the purpose of additional analysis and are not a required part of the statutory 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the statutory 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 financial statements or to the statutory 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 conformity with accounting practices prescribed or permitted by the State of West Virginia Offices of the Insurance Commissioner and is fairly stated in all material respects in relation to the statutory financial statements taken as a whole.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
May 23, 2013

For the Years Ended December 31,	2012				2011
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total	Total
Net claims adjustment services	$ 7,347,014	$ - -	$ - -	$ 7,347,014	$ (1,377,918)
Net commissions	- -	1,721,030	- -	1,721,030	2,073,588
Advertising	- -	238,767	- -	238,767	173,104
Salaries	1,021,918	2,218,775	125,682	3,366,375	3,008,868
Payroll taxes	56,866	131,542	5,505	193,913	176,701
Employee relations and welfare	347,310	875,812	62,677	1,285,799	1,099,999
Insurance	26,559	80,523	5,297	112,379	85,998
Directors' fees	73,823	238,245	23,489	335,557	350,149
Travel and travel items	135,982	360,015	25,777	521,774	409,701
Rent and rent items	64,457	205,789	8,117	278,363	323,228
Equipment	10,104	22,219	537	32,860	45,275
EDP equipment and software	92,407	149,798	5,425	247,630	241,377
Printing and stationery	22,732	66,595	2,667	91,994	54,013
Postage and telephone	21,542	46,042	1,473	69,057	73,480
Legal and auditing	373,562	673,528	337,715	1,384,805	1,576,817
Taxes, licenses and fees	- -	1,161,870	- -	1,161,870	1,331,846
Risk management program for insured	- -	85,935	- -	85,935	152,791
Miscellaneous expenses	- -	37,297	- -	37,297	38,718
	$ 9,594,276	**$ 8,313,782**	**$ 604,361**	**$ 18,512,419**	**$ 9,837,735**

	Gross Investment Holdings	
	Amount	Percentage
Bonds:		
U.S. treasury securities	$ 5,021,959	2.858%
Securities issued by states, territories and possessions and political subdivisions in the United States:		
States, territories and possessions general obligations	9,236,051	5.257%
Political subdivisions of states, territories and possessions and political subdivisions general obligations	30,589,393	17.410%
Revenue and assessment obligations	57,421,612	32.681%
Mortgage-backed securities:		
Pass-through securities - issued or guaranteed by GNMA	17,083,313	9.723%
Other Debt and Other Fixed Income Securities:		
Unaffiliated domestic securities	36,157,021	20.578%
Unaffiliated non-U.S. securities	5,923,603	3.371%
Publicly Traded Equity Securities - Unaffiliated	6,917,945	3.937%
Cash, Cash Equivalents and Short-Term Investments	7,353,629	4.185%
Total Invested Assets	**$ 175,704,526**	**100.000%**

There was no difference between gross investment holdings and admitted assets as reported in the annual statement.

1. State the reporting entity's total admitted assets as reported on Page 2 of the annual statements. $ 183,348,489

2. State by investment category the 10 largest exposures to a single issuer/user/borrower/investment, excluding U.S. government, U.S. government agency securities and those U.S. government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, property occupied by the company and policy loans.

Issuer	Description of Exposure		Amount	Percentage of Total Admitted Assets
West Virginia St Sch Bldg. Auth	Long Term Bond	$	2,496,325	1.362%
JP Morgan Chase & Co	Long Term Bond	$	2,083,599	1.136%
New York St Dorm Auth Revenues	Long Term Bond	$	2,067,427	1.128%
Arlington Cnty VA	Long Term Bond	$	2,050,412	1.118%
West Virginia St	Long Term Bond	$	2,018,607	1.101%
Wells Fargo & Company	Long Term Bond	$	1,833,490	1.000%
Louisiana St Gas & Fuels Tax	Long Term Bond	$	1,521,939	0.830%
Goldman Sachs Group Inc.	Long Term Bond	$	1,517,684	0.828%
US Bancorp	Long Term Bond	$	1,502,356	0.819%
Berkshire Hathaway Inc.	Long Term Bond	$	1,499,198	0.818%

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

Bonds		Amount	Percentage of Total Admitted Assets
NAIC-1	$	165,863,963	90.464%
NAIC-2	$	1,067,978	0.582%

4. N/A

5. N/A

6. N/A

7. N/A

8. N/A

9. N/A

10. N/A

11. N/A

12. N/A

13. The amounts and percentages of admitted assets held in the ten largest equity interests that are more than 2.5% of the reporting entity's admitted assets are:

Issuer		Amount	Percentage of Tota Admitted Assets
Hewlett Packard Co.	$	151,449	0.083%
Walgreen Co.	$	148,003	0.081%
Applied Materials Inc.	$	146,844	0.080%
Nucor	$	146,744	0.080%
Emerson Electric	$	146,381	0.080%
Du Pont (E.I) De Nemours	$	145,505	0.079%
Eaton Corp. Co.	$	144,986	0.079%
Intel Corp.	$	144,361	0.079%
General Dynamic Corp	$	144,289	0.079%
Honeywell International Inc.	$	143,188	0.078%

14. N/A

15. N/A

16. N/A

17. N/A

18. N/A

19. N/A

20. N/A

21. N/A

22. N/A

23. N/A

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes ( ) No (X)

7.2 N/A

7.3 N/A

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract; whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes ( ) No (X)

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes ( ) No (X)

9.3 N/A

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes ( ) No (X)

9.5 N/A

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or

Yes ( ) No (X)

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

Yes ( ) No (X)

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes ( ) No (X)