



ANNUAL STATEMENT

For the Year Ended December 31, 2014
of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

NAIC Group Code.....0065, 0065 (Current Period) (Prior Period)	NAIC Company Code..... 21482	Employer's ID Number..... 05-0316605
Organized under the Laws of Rhode Island Incorporated/Organized..... October 31, 1835	State of Domicile or Port of Entry Rhode Island Commenced Business..... October 31, 1835	Country of Domicile US
Statutory Home Office	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	270 Central Avenue..... Johnston RI US..... 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 7500..... Johnston RI US 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>	401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Thomas Alan Lawson #	President	2. Jonathan Irving Mishara	Senior Vice President & Secretary
3. Joy Kristen Cave #	Vice President & Treasurer		

OTHER

Jeffrey Alfred Burchill	Senior Vice President	Jonathan William Hall	Chief Operating Officer
Paul Edward LaFleche	Senior Vice President	Jeanne Ruth Lieb	Senior Vice President
Jonathan Irving Mishara	Senior Vice President	Enzo Rebula	Senior Vice President

DIRECTORS OR TRUSTEES

Frank Thomas Connor	Colin Richard Day #	Walter Joseph Galvin	Thomas Alan Lawson #
John Anderson Luke Jr	Jonathan Douglas Mariner	Gracia Catherine Martore	Christine Mary McCarthy
John Ross Paloian	Stuart Blain Parker #	David Pulman	Edward Joseph Rapp
Shivan Sivaswamy Subramaniam	James Conrad Thyen	Alfred Joseph Verrecchia	

State of Rhode Island
County of Providence

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

_____ (Signature) Thomas Alan Lawson	_____ (Signature) Jonathan Irving Mishara	_____ (Signature) Theresa Ann Molloy
1. (Printed Name) President	2. (Printed Name) Senior Vice President & Secretary	3. (Printed Name) Vice President & Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 25th day of February 2015

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

John A. Soares III Notary Public
Expires July 5, 2017

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	3,545,065,964		3,545,065,964	3,542,759,405
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	543,750
2.2 Common stocks.....	8,137,656,224		8,137,656,224	7,322,814,709
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	30,922		30,922	31,240
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....104,432,795, Schedule E-Part 1), cash equivalents (\$.....241,267,251, Schedule E-Part 2) and short-term investments (\$.....325,283,763, Schedule DA).....	670,983,809		670,983,809	522,020,432
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....	1,755,181,848		1,755,181,848	1,523,641,715
9. Receivables for securities.....	7,372,407		7,372,407	1,137,360
10. Securities lending reinvested collateral assets (Schedule DL).....	27,804,705		27,804,705	45,858,245
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	14,144,095,879	.0	14,144,095,879	12,958,806,856
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	46,642,500		46,642,500	46,390,211
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	568,315,419	26,330,694	541,984,725	415,546,721
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	80,290,124		80,290,124	86,424,968
16.2 Funds held by or deposited with reinsured companies.....	28,820,126		28,820,126	10,039,894
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	22,353,398
18.2 Net deferred tax asset.....			.0	
19. Guaranty funds receivable or on deposit.....	83,415		83,415	133,928
20. Electronic data processing equipment and software.....	26,862,340	24,281,201	2,581,139	1,971,158
21. Furniture and equipment, including health care delivery assets (\$.....0).....	21,125,383	21,125,383	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	138,024,494	19,073,439	118,951,055	147,007,910
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	400,509,390	293,893,317	106,616,073	107,037,159
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	15,454,769,070	384,704,034	15,070,065,036	13,795,712,203
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	15,454,769,070	384,704,034	15,070,065,036	13,795,712,203

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Pension asset.....	249,852,629	249,852,629	.0	
2502. CSV life insurance.....	91,283,009		91,283,009	86,944,090
2503. Cash clearing accounts.....	5,487,291		5,487,291	12,719,680
2598. Summary of remaining write-ins for Line 25 from overflow page.....	53,886,461	44,040,688	9,845,773	7,373,389
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	400,509,390	293,893,317	106,616,073	107,037,159

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,692,117,034	1,766,167,326
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	105,774,520	69,188,894
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	158,858,474	158,359,867
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	448,337,828	356,672,397
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	19,959,199	20,014,361
7.1 Current federal and foreign income taxes (including \$.....7,227,992 on realized capital gains (losses)).....	47,413,064	
7.2 Net deferred tax liability.....	595,588,000	578,002,000
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....423,126,747 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	1,417,758,943	1,312,020,891
10. Advance premium.....	11,608,161	12,920,898
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	191,992,802	182,440,925
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	9,821,061	15,013,786
14. Amounts withheld or retained by company for account of others.....	6,865,632	2,994,495
15. Remittances and items not allocated.....	4,766,613	5,977,474
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	51,922,459	38,164,241
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	65,143,237	32,226,538
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	25,029,543	2,099,766
22. Payable for securities lending.....	27,804,705	45,858,245
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	47,458,024	44,134,623
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	4,928,219,299	4,642,256,727
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	4,928,219,299	4,642,256,727
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....		
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	1,250,000	1,250,000
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	10,140,595,737	9,152,205,476
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	10,141,845,737	9,153,455,476
38. TOTALS (Page 2, Line 28, Col. 3).....	15,070,065,036	13,795,712,203

DETAILS OF WRITE-INS

2501. Miscellaneous accounts payable.....	51,603,024	48,849,623
2502. SSAP 92 defined benefit plan contra liability.....	(4,145,000)	(4,715,000)
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	47,458,024	44,134,623
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201. Guaranty funds.....	1,250,000	1,250,000
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	1,250,000	1,250,000

FACTORY MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	2,732,761,511	2,774,239,460
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	1,271,155,969	1,320,244,667
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	99,429,246	83,760,250
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	728,885,306	776,168,268
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	2,099,470,521	2,180,173,185
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	633,290,990	594,066,275
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	231,074,098	207,748,793
10. Net realized capital gains (losses) less capital gains tax of \$.....73,203,000 (Exhibit of Capital Gains (Losses)).....	135,949,026	157,687,251
11. Net investment gain (loss) (Lines 9 + 10).....	367,023,124	365,436,044
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....95,711).....	(95,711)	(211,326)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(18,609,021)	(2,187,500)
15. Total other income (Lines 12 through 14).....	(18,704,732)	(2,398,826)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	981,609,382	957,103,493
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	981,609,382	957,103,493
19. Federal and foreign income taxes incurred.....	310,785,002	294,617,242
20. Net income (Line 18 minus Line 19) (to Line 22).....	670,824,380	662,486,251
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	9,153,455,476	7,525,122,066
22. Net income (from Line 20).....	670,824,380	662,486,251
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....110,792,000.....	378,973,160	932,692,210
25. Change in net unrealized foreign exchange capital gain (loss).....	(32,916,699)	(34,373,926)
26. Change in net deferred income tax.....	93,206,000	31,126,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	206,796,833	(405,575,991)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(13,758,218)	(17,940,289)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		(36,017,800)
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(314,735,195)	495,936,955
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	988,390,261	1,628,333,410
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	10,141,845,737	9,153,455,476
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income / (expense).....	(50,682)	(7,575)
1402. Balances recovered / (charged off).....	(14,543,183)	646,295
1403. Gain / (loss) on foreign exchange.....	(4,015,156)	(2,826,220)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(18,609,021)	(2,187,500)
3701. Gain / (loss) on foreign exchange.....	5,849,578	18,616,955
3702. SSAP 102 and SSAP 92 amortization / actuarial (losses) gains.....	(320,584,773)	477,320,000
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(314,735,195)	495,936,955

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,704,829,971	2,844,272,646
2. Net investment income.....	264,041,876	249,487,354
3. Miscellaneous income.....	(18,704,732)	(2,398,826)
4. Total (Lines 1 through 3).....	2,950,167,115	3,091,361,174
5. Benefit and loss related payments.....	1,312,379,782	1,492,905,001
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	736,155,163	819,854,665
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....87,960,150 tax on capital gains (losses).....	314,221,540	352,291,406
10. Total (Lines 5 through 9).....	2,362,756,485	2,665,051,072
11. Net cash from operations (Line 4 minus Line 10).....	587,410,630	426,310,102
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,904,820,659	1,947,713,055
12.2 Stocks.....	601,788,222	712,442,318
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	114,175,002	86,255,357
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(53,850)	(87,781)
12.7 Miscellaneous proceeds.....	22,929,777	17,226,534
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,643,659,810	2,763,549,483
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,920,110,460	2,232,597,551
13.2 Stocks.....	814,599,689	848,347,395
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	262,617,321	122,152,207
13.6 Miscellaneous applications.....	6,235,047	60,075,345
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,003,562,517	3,263,172,498
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(359,902,707)	(499,623,015)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(78,544,546)	95,236,641
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(78,544,546)	95,236,641
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	148,963,377	21,923,728
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	522,020,432	500,096,704
19.2 End of year (Line 18 plus Line 19.1).....	670,983,809	522,020,432

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	416,813,291	232,126,403	230,428,919	418,510,775
2.	Allied lines.....	962,337,443	482,395,193	542,937,007	901,795,629
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....				0
5.	Commercial multiple peril.....				0
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	5,816,208	1,795,536	1,641,437	5,970,307
9.	Inland marine.....	746,122,198	352,964,276	401,358,945	697,727,529
10.	Financial guaranty.....				0
11.1	Medical professional liability - occurrence.....				0
11.2	Medical professional liability - claims-made.....				0
12.	Earthquake.....				0
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....				0
16.	Workers' compensation.....				0
17.1	Other liability - occurrence.....				0
17.2	Other liability - claims-made.....				0
17.3	Excess workers' compensation.....				0
18.1	Products liability - occurrence.....				0
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....				0
19.3, 19.4	Commercial auto liability.....				0
21.	Auto physical damage.....				0
22.	Aircraft (all perils).....				0
23.	Fidelity.....				0
24.	Surety.....				0
26.	Burglary and theft.....				0
27.	Boiler and machinery.....	478,891,568	242,739,483	241,392,635	480,238,416
28.	Credit.....				0
29.	International.....				0
30.	Warranty.....				0
31.	Reinsurance - nonproportional assumed property.....	228,504,122			228,504,122
32.	Reinsurance - nonproportional assumed liability.....	14,733			14,733
33.	Reinsurance - nonproportional assumed financial lines.....				0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	2,838,499,563	1,312,020,891	1,417,758,943	2,732,761,511

DETAILS OF WRITE-INS

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

FACTORY MUTUAL INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	230,428,919				230,428,919
2. Allied lines.....	542,937,007				542,937,007
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....	1,641,437				1,641,437
9. Inland marine.....	401,358,945				401,358,945
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....					0
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....					0
19.3, 19.4 Commercial auto liability.....					0
21. Auto physical damage.....					0
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....					0
26. Burglary and theft.....					0
27. Boiler and machinery.....	241,392,635				241,392,635
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	1,417,758,943	0	0	0	1,417,758,943
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					1,417,758,943

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	427,364,327	88,575,514	62,217,195	30,690,237	130,653,508	416,813,291
2. Allied lines.....	995,454,582	208,751,754	143,669,290	75,999,474	309,538,709	962,337,443
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....	65,331	5,062,962	989,545	19,475	282,155	5,816,208
9. Inland marine.....	882,245,008	89,992,142	172,713,045	57,177,212	341,650,785	746,122,198
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....						0
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....						0
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....	313,324,279	55,677,172	229,178,822	22,871,487	96,417,218	478,891,568
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX	291,923,305		63,419,183		228,504,122
32. Reinsurance - nonproportional assumed liability.....	XXX		14,796		63	14,733
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	2,618,453,527	739,982,849	608,782,693	250,177,068	878,542,438	2,838,499,563

DETAILS OF WRITE-INS

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

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

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

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	236,283,987	208,566,203	51,050,735	393,799,455	97,259,590	43,895,089		534,954,134	47,919,324
2. Allied lines.....	174,613,643	34,953,310	36,130,967	173,435,986	7,356,808	1,148,561		181,941,355	1,255,505
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	13,378,876	57,149	7,956,421	5,479,604	49,504,390	22,308,626	45,870,444	31,422,176	3,993,311
9. Inland marine.....	153,528,457	96,435,665	88,383,088	161,581,034	73,178,321	23,742,669	3,055	258,498,969	16,370,003
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....		82,019		82,019				82,019	472
17.1 Other liability - occurrence.....	52,592,516	2,587,835	30,161,201	25,019,150	198,074,253	100,869,142	173,899,336	150,063,209	16,420,576
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....	499,575	939	273,906	226,608	1,881,504	439,458	1,579,247	968,323	127,253
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	142,444,494	47,610,099	26,854,382	163,200,211	29,880,066	4,632,381		197,712,658	11,412,595
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX	184,098,281	55,060,543	129,037,738	XXX	296,766,223	89,329,770	336,474,191	61,359,435
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	773,341,548	574,391,500	295,871,243	1,051,861,805	457,134,932	493,802,149	310,681,852	1,692,117,034	158,858,474
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

10

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	40,040,679			40,040,679
1.2 Reinsurance assumed.....	27,246,691			27,246,691
1.3 Reinsurance ceded.....	8,457,360			8,457,360
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	58,830,010	0	0	58,830,010
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....				0
2.2 Reinsurance assumed, excluding contingent.....		202,056,952		202,056,952
2.3 Reinsurance ceded, excluding contingent.....		149,773,783		149,773,783
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	52,283,169	0	52,283,169
3. Allowances to manager and agents.....				0
4. Advertising.....	3,179	11,381,757		11,381,757
5. Boards, bureaus and associations.....		73,912		73,912
6. Surveys and underwriting reports.....	3,544	9,449,577		9,449,577
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	25,505,228	313,551,822	2,312,962	341,370,012
8.2 Payroll taxes.....	1,230,998	16,361,535	102,810	17,695,343
9. Employee relations and welfare.....	5,007,064	60,880,492	601,797	66,489,353
10. Insurance.....	30,459	4,272,195	662	4,303,316
11. Directors' fees.....		3,413,710		3,413,710
12. Travel and travel items.....	4,522,760	43,423,116	53,746	47,999,622
13. Rent and rent items.....	2,618,101	45,174,013	442,334	48,234,448
14. Equipment.....	67,189	11,011,265	6,184	11,084,638
15. Cost or depreciation of EDP equipment and software.....	125,361	23,196,368	650,363	23,972,092
16. Printing and stationery.....	301,227	3,591,386	32,518	3,925,131
17. Postage, telephone and telegraph, exchange and express.....	254,283	3,275,724	(116,488)	3,413,519
18. Legal and auditing.....	713,055	4,767,889	39	5,480,983
19. Totals (Lines 3 to 18).....	40,382,448	553,818,038	4,086,927	598,287,413
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		75,456,613		75,456,613
20.2 Insurance department licenses and fees.....		1,077,079	12,100	1,089,179
20.3 Gross guaranty association assessments.....		164,080		164,080
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	76,697,772	12,100	76,709,872
21. Real estate expenses.....			11,400	11,400
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	216,788	46,086,327	12,475,327	58,778,442
25. Total expenses incurred.....	99,429,246	728,885,306	16,585,754	(a) 844,900,306
26. Less unpaid expenses - current year.....	158,858,474	468,297,027		627,155,501
27. Add unpaid expenses - prior year.....	158,359,867	376,686,758		535,046,625
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	98,930,639	637,275,037	16,585,754	752,791,430

DETAILS OF WRITE-INS

2401. Bank activity fees.....	1,102	405,457	532,955	939,514
2402. Investment management fees.....			11,941,847	11,941,847
2403. Consulting.....	201,710	40,511,961	525	40,714,196
2498. Summary of remaining write-ins for Line 24 from overflow page.....	13,976	5,168,909	0	5,182,885
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	216,788	46,086,327	12,475,327	58,778,442

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....21,538,016	.....21,433,894
1.1 Bonds exempt from U.S. tax.....	(a).....44,301,000	.....43,066,923
1.2 Other bonds (unaffiliated).....	(a).....56,469,509	.....56,277,896
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....17,600	.....17,600
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....107,371,902	.....109,017,487
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....11,400	.....11,400
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,096,519	.....1,143,068
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....21,934,455	.....21,934,455
9. Aggregate write-ins for investment income.....	.....1,087,436	.....1,087,436
10. Total gross investment income.....	.....253,827,837	.....253,990,159
11. Investment expenses.....	.....	(g).....16,573,654
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....12,100
13. Interest expense.....	.....	(h).....6,329,989
14. Depreciation on real estate and other invested assets.....	.....	(i).....318
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....22,916,061
17. Net investment income (Line 10 minus Line 16).....	.....	.....231,074,098

DETAILS OF WRITE-INS

0901. Securities litigation income.....	.....403,605	.....403,605
0902. Miscellaneous income.....	.....683,831	.....683,831
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....1,087,436	.....1,087,436
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....1,658,662 accrual of discount less \$.....29,028,833 amortization of premium and less \$.....10,734,843 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....76,765 accrual of discount less \$.....121,739 amortization of premium and less \$.....704,546 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....318 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....675,702	.....	.....675,702	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....4,921,639	.....	.....4,921,639	.....	.....
1.2 Other bonds (unaffiliated).....	.....16,722,052	.....(1,391,587)	.....15,330,465	.....(6,540,880)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....144,785	.....	.....144,785	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....160,723,638	.....(8,103,865)	.....152,619,773	.....282,121,773	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....166,599,967	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(53,850)	.....	.....(53,850)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....35,911,055	.....(397,540)	.....35,513,515	.....47,584,299	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....219,045,021	.....(9,892,992)	.....209,152,029	.....489,765,159	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	26,330,694	10,859,966	(15,470,728)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	24,281,201	10,399,231	(13,881,970)
21. Furniture and equipment, including health care delivery assets.....	21,125,383	13,518,046	(7,607,337)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....	19,073,439	18,132,034	(941,405)
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	293,893,317	538,591,590	244,698,273
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	384,704,034	591,500,867	206,796,833
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	384,704,034	591,500,867	206,796,833

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Pension asset.....	249,852,629	497,849,000	247,996,371
2502. Prepaid expenses.....	23,657,010	39,110,866	15,453,856
2503. Miscellaneous receivable.....	10,010,541	1,631,724	(8,378,817)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	10,373,137	.0	(10,373,137)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	293,893,317	538,591,590	244,698,273

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Practices, Impact of NAIC/State Differences**

The accompanying financial statements of Factory Mutual Insurance Company ("Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Division of Insurance.

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioner' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance.

	State of Domicile	2014	2013
NET INCOME			
(1) FACTORY MUTUAL INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	RI	670,824,380	662,486,251
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	RI	670,824,380	662,486,251
SURPLUS			
(5) FACTORY MUTUAL INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	RI	10,141,845,737	9,153,455,476
(6) State Prescribed Practices that increase/decrease NAIC SAP			
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	RI	10,141,845,737	9,153,455,476

B. Use of Estimates

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

C. Accounting Policies

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

Net investment income earned consists primarily of interest, dividends and rent income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

- Short-term investments are stated at amortized cost using the interest method.
- Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.
- Common Stocks, except investments in stocks of subsidiaries, are stated at fair value.
- Preferred stocks are stated at the lower of cost or fair value.
- The Company has no mortgage loans.
- U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.
- U.S. insurance subsidiaries (Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316) are stated at statutory equity value in accordance with SSAP 97 paragraph 8(b)i. Foreign insurance companies (FM Insurance Company Limited, FM Global de Mexico S.A. de C.V., and Risk Engineering Insurance Company Limited) are stated at the audited foreign basis equity converted to U.S statutory equity value in accordance with SSAP 97 paragraph 8(b)iv. Non-insurance subsidiaries (FMRE Holdings LLC) are stated at audited GAAP equity in accordance with SSAP 97 paragraph 8(b)iii.
- Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
- The Company has no derivatives.

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued from preceding page)**

10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including Asbestos and Environmental reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred-but-not-reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not changed its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables."

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS - NOT APPLICABLE**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL - NOT APPLICABLE****NOTE 4 – DISCONTINUED OPERATIONS - NOT APPLICABLE****NOTE 5 – INVESTMENTS**

- A. Mortgage Loans, including Mezzanine Real Estate Loans - Not applicable
- B. Troubled Debt Restructuring for Creditors - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed and Structured Securities

(1) Description of Sources Used to Determine Prepayment Assumptions

Loan-backed bonds and structured securities are valued at amortized costs using the constant interest rate method, not including anticipated prepayment at the date of purchase. Loan-backed securities are valued using an effective yield based on current prepayment assumptions obtained from Bloomberg. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

(2) Other-Than-Temporary-Impairment (OTTI) Loss Recognized in the Aggregate - Not applicable

(3) OTTI by CUSIP - Not applicable

(4) Impaired Securities for which OTTI Not Recognized

All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	111,742
		2.	12 Months or Longer	730,291
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	11,262,780
		2.	12 Months or Longer	17,679,988

(5) OTTI Additional Information

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)****E. Repurchase Agreements and/or Securities Lending Transactions****(1) Policies Requiring Collateral**

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.

(2) Collateral Pledged - Not applicable**(3) Collateral Received**

a.	Aggregate Amount of Cash Collateral Received	Fair Value
1.	Repurchase Agreement - NONE	
(a)	Open	
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	
(g)	Securities Received	
(h)	Total Collateral Received	
2.	Securities Lending	
(a)	Open	
(b)	30 Days or Less	26,804,705
(c)	31 to 60 Days	1,000,000
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	27,804,705
(g)	Securities Received	
(h)	Total Collateral Received	27,804,705
3.	Dollar Repurchase Agreement - NONE	
(a)	Open	
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	
(g)	Securities Received	
(h)	Total Collateral Received	
b.	The fair value of that collateral and of the portion of that collateral that it has sold or repledged	27,804,705

c. The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.

(4) The Company has no collateral administered by an affiliated agent.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)**

(5) Collateral Reinvestment

a.	Aggregate Amount of Cash Collateral Reinvested	Amortized Cost	Fair Value
1.	Repurchase Agreement - NONE		
(a)	Open		
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total		
(l)	Securities Received		
(m)	Total Collateral Reinvested		
2.	Securities Lending		
(a)	Open		
(b)	30 Days or Less	26,804,705	26,804,705
(c)	31 to 60 Days	1,000,000	1,000,000
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	27,804,705	27,804,705
(l)	Securities Received		
(m)	Total Collateral Reinvested	27,804,705	27,804,705
3.	Dollar Repurchase Agreement - NONE		
(a)	Open		
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total		
(l)	Securities Received		
(m)	Total Collateral Reinvested		

b. The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

(6) In addition to the cash collateral, the Company also receives collateral in the form of government securities. These securities are held by the agent and are not traded or repledged. The current fair value of the securities collateral is 85,064,488.

(7) Collateral for Securities Lending transactions that extend beyond one year from the reporting date - Not applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features - Not applicable

G. Low-Income Housing Tax Credits - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)****H. Restricted Assets****(1) Restricted Assets (Including Pledged) Summarized by Restricted Asset Category**

Restricted Asset Category	Gross Restricted							8 Total Current Period Admitted Restricted	Percentage	
	Current Period					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)		9 Gross Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Restricted Assets (a)	3 Total Protected Cell Restricted Assets	4 Protected Cell Assets Supporting G/A Activity (b)	5 Total (1 plus 3)					
a. Subject to contractual obligation for which liability is not shown								0.000	0.000	
b. Collateral held under security lending arrangements	27,804,705				27,804,705	45,858,245	(18,053,540)	27,804,705	0.180	0.185
c. Subject to repurchase agreements									0.000	0.000
d. Subject to reverse repurchase agreements									0.000	0.000
e. Subject to dollar repurchase agreements									0.000	0.000
f. Subject to dollar reverse repurchase agreements									0.000	0.000
g. Placed under option contracts									0.000	0.000
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock									0.000	0.000
i. FHLB capital stock									0.000	0.000
j. On deposit with state	5,694,282				5,694,282	5,986,764	(292,482)	5,694,282	0.037	0.038
k. On deposit with other regulatory bodies									0.000	0.000
l. Pledged as collateral to FHLB (including assets backing funding agreements)									0.000	0.000
m. Pledged as collateral not captured in other categories									0.000	0.000
n. Other restricted assets									0.000	0.000
o. Total Restricted Assets	33,498,987				33,498,987	51,845,009	(18,346,022)	33,498,987	0.217	0.222

(a) Subset of column 1

(b) Subset of column 3

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - Not applicable

(3) Detail of Other Restricted Assets - Not applicable

I. Working Capital Finance Investments - Not applicable

J. Offsetting and Netting of Assets and Liabilities - Not applicable

K. Structured Notes - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

- A. Details for Those Greater than 10% of the Admitted Assets - Not applicable
- B. Writedowns for Impairments of Joint Ventures, Partnerships and LLC's
1. During 2014 the Company recognized other than temporary impairments on one private equity investment managed by Morgan Stanley. This investment was determined to be other-than-temporarily-impaired due to significantly depressed fair values for an extended period of time.
 2. The private equity investment was written down to a total fair value of 313,965 resulting in a realized loss of 397,540. The fair value was determined based on the equity value of the private equity holdings.

NOTE 7 – INVESTMENT INCOME

- A. Accrued Investment Income

The Company non-admits investment income due and accrued if the amounts are over 90 days past due.

- B. Amounts Nonadmitted

There were no accrued investment income amounts over 90 days past due as of December 31, 2014, and as of December 31, 2013.

NOTE 8 – DERIVATIVE INSTRUMENTS - NOT APPLICABLE**NOTE 9 – INCOME TAXES**

- A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2014			2013			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	371,344,000	107,705,000	479,049,000	302,910,000	89,638,000	392,548,000	68,434,000	18,067,000	86,501,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	371,344,000	107,705,000	479,049,000	302,910,000	89,638,000	392,548,000	68,434,000	18,067,000	86,501,000
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	371,344,000	107,705,000	479,049,000	302,910,000	89,638,000	392,548,000	68,434,000	18,067,000	86,501,000
f. Deferred tax liabilities	45,167,000	1,029,470,000	1,074,637,000	51,872,000	918,678,000	970,550,000	(6,705,000)	110,792,000	104,087,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	326,177,000	(921,765,000)	(595,588,000)	251,038,000	(829,040,000)	(578,002,000)	75,139,000	(92,725,000)	(17,586,000)

2. Admission Calculation Components

	2014			2013			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	106,917,000		106,917,000	77,942,000		77,942,000	28,975,000		28,975,000
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	63,326,000		63,326,000	97,846,000		97,846,000	(34,520,000)		(34,520,000)
1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	63,326,000		63,326,000	97,846,000		97,846,000	(34,520,000)		(34,520,000)
2) Adjusted gross deferred tax assets allowed per limitation threshold			1,520,889,690			1,385,266,769			135,622,921
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	201,101,000	107,705,000	308,806,000	127,122,000	89,638,000	216,760,000	73,979,000	18,067,000	92,046,000
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	371,344,000	107,705,000	479,049,000	302,910,000	89,638,000	392,548,000	68,434,000	18,067,000	86,501,000

3. Other Admissibility Criteria

		2014	2013
a.	Ratio percentage used to determine recovery period and threshold limitation amount	907.500	878.808
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	10,141,845,737	9,153,455,476

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2014		2013		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	371,344,000	107,705,000	302,910,000	89,638,000	68,434,000	18,067,000
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	371,344,000	107,705,000	302,910,000	89,638,000	68,434,000	18,067,000
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized - Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2014	2 2013	3 (Col 1-2) Change
a. Federal	291,908,928	252,317,270	39,591,658
b. Foreign	18,876,074	42,299,972	(23,423,898)
c. Subtotal	310,785,002	294,617,242	16,167,760
d. Federal income tax on net capital gains	73,203,000	84,909,000	(11,706,000)
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	383,988,002	379,526,242	4,461,760

2. Deferred Tax Assets

	1 2014	2 2013	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	50,978,000	42,637,000	8,341,000
2. Unearned premium reserve	99,199,000	92,655,000	6,544,000
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual	75,640,000	46,625,000	29,015,000
9. Pension accrual	57,250,000	43,195,000	14,055,000
10. Receivables - nonadmitted	9,210,000	3,787,000	5,423,000
11. Net operating loss carry-forward			
12. Tax credit carry-forward	35,655,000	36,412,000	(757,000)
13. Other (including items <5% of total ordinary tax assets)	43,412,000	37,599,000	5,813,000
99. Subtotal	371,344,000	302,910,000	68,434,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	371,344,000	302,910,000	68,434,000
e. Capital:			
1. Investments	107,705,000	89,638,000	18,067,000
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	107,705,000	89,638,000	18,067,000
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	107,705,000	89,638,000	18,067,000
i. Admitted deferred tax assets (2d+2h)	479,049,000	392,548,000	86,501,000

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

3. Deferred Tax Liabilities

	1 2014	2 2013	3 (Col 1-2) Change
a. Ordinary:			
1. Investments			
2. Fixed assets	4,659,000	2,159,000	2,500,000
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax assets)	40,508,000	49,713,000	(9,205,000)
99. Subtotal	45,167,000	51,872,000	(6,705,000)
b. Capital:			
1. Investments	1,029,470,000	918,678,000	110,792,000
2. Real estate			
3. Other (including items <5% of total capital tax assets)			
99. Subtotal	1,029,470,000	918,678,000	110,792,000
c. Deferred tax liabilities (3a99+3b99)	1,074,637,000	970,550,000	104,087,000

4. Net Deferred Tax Assets (2i – 3c)	(595,588,000)	(578,002,000)	(17,586,000)
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Deferred Tax Assets - Ordinary
09C2(a)(13)

	1 2014	2 2013	3 (Col 1-2) Change
13. Other (Items <5% of total ordinary deferred tax assets)	5,447,000	8,630,000	(3,183,000)
Other (items >= 5% of total ordinary deferred tax assets):			
14. Other nonadmitted assets	37,965,000	28,969,000	8,996,000
98. Subtotal items >= 5% of total ordinary deferred tax assets	37,965,000	28,969,000	8,996,000
99. Total	43,412,000	37,599,000	5,813,000

Deferred Tax Liabilities - Ordinary
09C3(a)(05)

	1 2014	2 2013	3 (Col 1-2) Change
5. Other (Items <5% of total ordinary deferred tax liabilities)	911,000	1,022,000	(111,000)
Other (items >= 5% of total ordinary deferred tax liabilities):			
6. Accrued dividends	3,197,000	2,621,000	576,000
7. Deferred foreign income	35,655,000	36,412,000	(757,000)
8. Foreign exchange gain	745,000	9,658,000	(8,913,000)
98. Subtotal items >= 5% of total ordinary deferred tax assets	39,597,000	48,691,000	(9,094,000)
99. Total	40,508,000	49,713,000	(9,205,000)

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)****D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate**

Among the more significant book to tax adjustments were the following:

	2014	
	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	369,185,000	35.0
Proration of tax exempt investment income	5,289,000	0.5
Tax exempt income deduction	(15,595,000)	(1.5)
Dividends received deduction	(21,838,000)	(2.1)
Disallowed travel and entertainment	1,875,000	0.2
Other permanent differences	(842,000)	(0.1)
Temporary Differences:		
Total ordinary DTAs	(39,825,000)	(3.8)
Total ordinary DTLs	(9,832,000)	(0.9)
Total capital DTAs		
Total capital DTLs		
Other:		
Statutory valuation allowance adjustment		
Accrual adjustment – prior year	(672,000)	(0.1)
Other	3,037,002	0.2
Totals	290,782,002	27.4
Federal and foreign income taxes incurred	310,785,002	29.3
Realized capital gains (losses) tax	73,203,000	6.9
Change in net deferred income taxes	(93,206,000)	(8.8)
Total statutory income taxes	290,782,002	27.4

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- At December 31, 2014, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
- The following is income tax expense for 2014 and 2013 that is available for recoupment in the event of future net losses:

Year	Amount
2014	403,827,000
2013	392,792,000

- The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with the following entities:

Factory Mutual Insurance Company (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

- The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled annually.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES****A. Nature of Relationships**

The Company is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

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

The Company provided capital contributions during 2014 to FMRE Holdings LLC, a directly owned subsidiary, totaling 121,828,306. These contributions were made to fund the acquisition and expansion of commercial buildings.

The Company provided capital contributions of 122,000,000 during 2014 to FMIC Holdings, Inc., a directly owned subsidiary, which in turn contributed that amount to its subsidiary, Risk Engineering Insurance Company Limited to fund operating capital requirements.

The Company lists its transactions with affiliates on Schedule Y Part 2. There were no other non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

C. Change in Terms of Intercompany Arrangements - Not applicable**D. Amounts Due to or from Related Parties**

The amounts reported due (to) from affiliates are as follows:

Affiliate	2014	2013
Affiliated FM Insurance Company	(69,934,988)	(2,463,865)
Appalachian Insurance Company	10,254,123	10,099,414
FM Insurance Company Ltd	209,655,021	176,497,752
FM Global de Mexico S.A. de C.V.	(21,771,249)	(11,113,783)
FMIC Holdings, Inc.	(564,279)	(402,863)
FM do Brasil Servicos de Prevencao de Perdas LTDA	(703,991)	(818,548)
FMIC Escritorio de Representacao No Brasil LTDA	(206,740)	(637,242)
Corporate Insurance Services, Inc.	101,107	38,049
FM Global Servicos de R.L de C.V.	409,436	225,511
FM Approvals LLC	(7,798,801)	(25,613,634)
FMRE Holdings LLC		3,532,000
TSB Loss Control Consultants	146,371	35,491
FM Engineering Consulting (Shanghai) Co. Ltd	(211,680)	(619,478)
FM Global Services LLC	(423,275)	(1,750,894)
Totals	118,951,055	147,007,910

Settlement terms/procedures are 60 days or 90 days from the end of each quarter.

E. Guarantees or Undertakings for Related Parties

The Company has entered into Performance Guarantee agreements with its affiliates FM Insurance Company Ltd and Affiliated FM Insurance Company. See Note 14A for further information.

F. Management, Service Contracts, Cost Sharing Agreements

The Company provides certain accounting management and other services to its affiliates. Management fees are charged to affiliates for services rendered.

G. Nature of Relationships that Could Affect Operations - Not applicable**H. Amounts Deducted for Investment in Upstream Company - Not applicable****I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable**

Note that the investment in FMIC Holdings, Inc. is valued utilizing the look-through approach as indicated in Item L and none of the values of the SCA entities owned by FMIC Holdings, Inc. exceeds 10% of the admitted assets of the Company.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES (continued from preceding page)

- J. Write-down for Impairments of Investments in Affiliates - Not applicable
- K. Foreign Insurance Subsidiary Valued Using CARVM - Not applicable
- L. Downstream Holding Company Valued Using Look-Through Method

This reporting entity utilizes the look-through approach for the valuation of a downstream non-insurance holding company (FMIC Holdings, Inc.) instead of obtaining audited financial statements of the downstream non-insurance holding company, and therefore makes the following disclosures:

1. The carrying value of the downstream non-insurance company is 1,747,694,869.
2. The financial statements of the downstream non-insurance company are not audited;
3. The reporting entity has limited the value of its investment in the downstream non-insurance holding company to the value contained in the audited financial statements of applicable SCA entities owned by the downstream non-insurance holding company, and valued in accordance with paragraphs 21 through 24 of SSAP 97.
4. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream non-insurance holding company, if not already recorded in the financial statements of the downstream non-insurance holding company.

NOTE 11 – DEBT- NOT APPLICABLE**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

- A. Defined Benefit Plans

The Company sponsors noncontributory retirement income plans covering substantially all employees in the United States, Canada, and Australia. The benefits are generally based on years of service and the average of the highest consecutive 60 months of the employee's compensation within the 120 months prior to retirement. Generally, the Company's funding policy is to maintain a sufficient funded level to ensure benefit security and to vary contribution levels as appropriate to business conditions. However, the contribution for any year will not be less than the minimum required contribution, nor greater than the maximum deductible contribution. The Company also has Supplemental Retirement Plan that are a noncontributory defined benefit plan covering certain employees.

The Company provides health care and life insurance benefits for certain retired employees and their dependents. Employees not eligible for benefits under pre-merger plan provisions, under age 30 as of January 1, 2000, or hired after January 1, 2000, are ineligible for benefits. Other employees may become eligible if they meet certain age and service requirements. The plans are contributory, with retiree contributions adjusted annually, and contain other cost-saving features such as deductibles and coinsurance.

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(1)	Change in Benefit Obligation	Overfunded		Underfunded	
		2014	2013	2014	2013
a.	Pension Benefits				
1.	Benefit obligation at beginning of year	1,635,326,000	1,724,810,000	106,114,000	108,415,000
2.	Service cost	38,996,000	44,544,000	1,313,000	1,344,000
3.	Interest cost	78,274,000	69,653,000	4,849,000	4,232,000
4.	Continuation by plan participants				
5.	Actuarial gain (loss)	339,984,000	(149,199,000)	22,625,000	(4,380,000)
6.	Foreign currency exchange rate changes				
7.	Benefits paid	62,108,000	54,482,000	4,855,000	3,497,000
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	(31,212,000)			
10.	Benefit obligation at end of year	2,061,684,000	1,635,326,000	130,046,000	106,114,000
b.	Postretirement Benefits				
1.	Benefit obligation at beginning of year			181,236,000	180,426,000
2.	Service cost			1,820,000	2,112,000
3.	Interest cost			8,405,000	7,064,000
4.	Continuation by plan participants				
5.	Actuarial gain (loss)			30,953,000	(8,318,000)
6.	Foreign currency exchange rate changes				
7.	Benefits paid			12,246,000	11,855,000
8.	Plan amendments				(11,807,000)
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year			210,168,000	181,236,000
c.	Postemployment & Compensated Absence Benefits				
1.	Benefit obligation at beginning of year				
2.	Service cost				
3.	Interest cost				
4.	Continuation by plan participants				
5.	Actuarial gain (loss)				
6.	Foreign currency exchange rate changes				
7.	Benefits paid				
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year				

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(2)	Change in plan assets	Pension Benefits		Postretirement Benefits		Postemployment	
		2014	2013	2014	2013	2014	2013
a.	Fair value of plan assets at beginning of year	2,133,175,000	1,835,301,000	155,832,000	126,306,000		
b.	Actual return on plan assets	183,302,000	352,114,000	12,746,000	29,526,000		
c.	Foreign currency exchange rate changes						
d.	Reporting entity contribution	29,197,000	3,739,000	1,339,000	1,301,000		
e.	Plan participants' contributions						
f.	Benefits paid	66,963,000	57,979,000	12,969,000	1,301,000		
g.	Business combinations, divestitures and settlements	(32,826,000)					
h.	Fair value of plan assets at end of year	2,311,537,000	2,133,175,000	156,948,000	155,832,000		

(3)	Funded status	Pension Benefits		Postretirement Benefits	
		2014	2013	2014	2013
	Overfunded:				
a.	Assets (nonadmitted)				
1.	Prepaid benefit costs	948,205,000	915,663,000		
2.	Overfunded plans assets	(698,352,000)	(417,814,000)		
3.	Total assets (nonadmitted)	249,853,000	497,849,000		
	Underfunded:				
b.	Liabilities recognized				
1.	Accrued benefits costs	(73,473,000)	(69,252,000)	(25,900,000)	(24,997,000)
2.	Liability for pension benefits	(56,573,000)	(36,862,000)	(27,320,000)	(407,000)
3.	Total liabilities recognized	(130,046,000)	(106,114,000)	(53,220,000)	(25,404,000)
c.	Unrecognized liabilities				

(4)	Components of net periodic benefit cost	Pension Benefits		Postretirement Benefits		Postemployment	
		2014	2013	2014	2013	2014	2013
a.	Service cost	40,299,000	45,888,000	1,820,000	2,112,000		
b.	Interest cost	83,115,000	73,885,000	8,405,000	7,064,000		
c.	Expected return on plan assets	(157,267,000)	(139,606,000)	(8,997,000)	(7,579,000)		
d.	Transition asset or obligation	(21,000)		1,749,000	1,749,000		
e.	Gains and losses	19,914,000	67,368,000	416,000	4,109,000		
f.	Prior service cost or credit	16,442,000	16,442,000	4,703,000	3,107,000		
g.	Gain or loss recognized due to a settlements curtailment						
h.	Total net periodic benefit cost	2,482,000	63,977,000	8,096,000	10,562,000		

(5)	Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2014	2013	2014	2013
a.	Items not yet recognized as a component of net periodic cost – prior year	454,676,000	904,573,000	55,820,000	83,243,000
b.	Net transition asset or obligation recognized	(754,000)		(1,749,000)	(1,749,000)
c.	Net prior service cost or credit arising during the period				11,807,000
d.	Net prior service cost or credit recognized	(16,442,000)	(16,442,000)	(4,703,000)	(3,107,000)
e.	Net gain and loss arising during the period	337,349,000	(366,087,000)	27,204,000	(30,265,000)
f.	Net gain and loss recognized	(19,904,000)	(67,368,000)	(416,000)	(4,109,000)
g.	Items not yet recognized as a component of net periodic cost – current year	754,925,000	454,676,000	76,156,000	55,820,000

(6)	Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2014	2013	2014	2013
a.	Net transition asset or obligations	(128,000)		1,749,000	1,749,000
b.	Net prior service cost or credit	4,702,000	16,442,000	4,633,000	3,008,000
c.	Net recognized gains and losses	47,941,000	19,917,000	3,313,000	419,000

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(7)	Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2014	2013	2014	2013
a.	Net transition asset or obligations	(754,000)		8,306,000	10,055,000
b.	Net prior service cost or credit	5,361,000	21,803,000	22,125,000	26,868,000
c.	Net recognized gains and losses	750,318,000	432,873,000	45,725,000	18,937,000

(8)	Weighted-average assumptions used to determine net periodic benefit cost as of December 31	2014	2013
	a. Weighted-average discount rate	4.750	4.000
b.	Expected long-term rate of return on plan assets	7.310	7.070
c.	Rate of compensation increase	4.460	4.490
	Weighted-average assumptions used to determine projected benefit obligations as of December 31		
	d. Weighted-average discount rate	4.010	4.740
e.	Rate of compensation increase	4.460	4.460

The table above is presented as the average of assumptions used for all of the Company's plans.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was 1,916,823,000 for the current year and 1,528,889,000 for the prior year.

(10) The Company has two non-pension postretirement healthcare plans in the United States and Canada.

For the United States plan the healthcare cost trend assumed for 2015 used to measure the expected cost of benefits covered by the plan is 7.50%. The ultimate trend rate of 5.00% is expected to be achieved in six years.

For the Canada plan the healthcare cost trend assumed for 2015 used to measure the expected cost of benefits covered by the plan is 7.50%. The ultimate trend rate of 5.00% is expected to be achieved in five years.

(11)	Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:	1 Percentage Point Increase	1 Percentage Point Decrease
	a. Effect on total of service and interest cost components	572,000	(487,000)
b.	Effect on postretirement benefit obligation	13,483,000	(11,550,000)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

	Year(s)	Amount
a.	2015	90,658,000
b.	2016	94,728,000
c.	2017	99,187,000
d.	2018	104,823,000
e.	2019	112,447,000
f.	2020 through 2024	621,137,000

(13) The Company currently intends to make voluntary contributions to the defined benefit pension plan of 11,537,000 in 2015. The Company currently intends to make voluntary contributions to other postretirement benefit plans of 347,000 in 2015.

(14) - (21) - Not Applicable

B. Investment Policies and Strategies

Description of Investment Policies

The investment policy of the Pension Plan specifies the type of securities that may be used, limits on the amount of the asset classes and subclasses, and general principles used in managing the plan's assets. The overriding objective is to maximize long-term total return of plan assets within constraints established to control risk and volatility. Three primary asset classes represent the first layer of asset allocation, these being equity securities, debt securities, and cash equivalents. Since equity securities are expected to provide the highest long-term total return, exposure to equities is emphasized. Current approved ranges for the three asset classes are as follows:

<u>Asset class</u>	<u>Range</u>
Equity securities	50 - 80%
Debt securities	10 - 50%
Cash equivalents	0 - 15%

Equity securities include individual common stocks as well as equity mutual funds and private equity partnerships. All equity investments are based on fundamental analysis of investment variables, including earning prospects, cash flow, balance sheet strength, competitive positioning, and other factors. Diversification is emphasized, with specific size limits on individual stocks, international-oriented mutual funds, small capitalization-oriented funds and private equity. Investment returns are benchmarked against standard indices including the S&P 500 and MSCI global stock indices. In the taxable Postretirement Plan, equities are more heavily weighted based partly on favorable tax considerations.

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

Debt securities include individual securities, primarily in the high-grade taxable subcategory, debt mutual funds, as well as an outside managed portfolio of U.S. high-yield bonds. Debt securities are actively managed, using many of the same investment disciplines as in the Company's general account. These disciplines include an intermediate-term duration, diversification of securities, and ongoing analysis of the fundamental and valuation factors underlying the securities owned.

Short-term investments, defined as debt securities with a maturity of less than one year, are held primarily for liquidity purposes. Safety of principal is the primary consideration of investment in this asset class, and so only the highest quality investments are used. This will principally be money market funds and commercial paper carrying the highest quality ratings.

The defined benefit pension plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2014	Target Allocation
Equity Securities	65%	65%
Debt Securities	16%	27%
Cash	14%	4%
Other	5%	4%
Total	100%	100%

The defined benefit postretirement plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2014	Target Allocation
Equity Securities	94%	85%
Debt Securities	0%	0%
Cash	5%	15%
Other	1%	0%
Total	100%	100%

C. Fair Value of Plan Assets

(1) Fair Value Measurements of Plans Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Asset class				
Equity securities				
Consumer discretionary	213,700,000			213,700,000
Consumer staples	100,000,000			100,000,000
Energy	146,900,000			146,900,000
Financials	220,600,000			220,600,000
Healthcare	205,700,000			205,700,000
Industrials	129,100,000			129,100,000
Information technology	186,500,000			186,500,000
Mutual funds	270,800,000	31,300,000		302,100,000
All other sectors	134,100,000			134,100,000
Total equity securities	1,607,400,000	31,300,000		1,638,700,000
Debt securities				
U.S. Treasury securities and				
Obligations of U.S.				
government agencies		88,200,000		88,200,000
Mortgage and asset-backed				
securities				
Agency		68,100,000		68,100,000
Commercial				
Residential		1,800,000		1,800,000
Other mortgage and asset-				
backed securities		30,300,000		30,300,000
U.S. corporate securities		145,400,000		145,400,000
Mutual funds		34,700,000		34,700,000
Other debts securities		8,500,000		8,500,000
Total debt securities		377,000,000		377,000,000
Cash equivalents	336,700,000			336,700,000
Other	8,700,000		107,400,000	116,100,000
Total Plan Assets	1,952,800,000	408,300,000	107,400,000	2,468,500,000

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy

Description for each class of plan assets	Beginning Balance at 1/1/2014	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2014
Total Plan Assets	107,751,000	2,484,000	13,583,000	12,174,000	35,000	8,580,000		9,971,000		107,400,000

(3) Inputs and Techniques used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable
- Level 3 Significant inputs to the valuation model are unobservable

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities.

When pricing is not available from a pricing vendor it is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. These investments are primarily comprised of private equity funds and partnerships.

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Expected rate of return assumptions are created based on assessments of future behavior of asset classes. As part of the process, historical relationships are considered. Using a three-to- five-year outlook, estimates of numerous variables have been combined to gauge economic growth potential. Corporate cash flows are correlated with economic growth but also reflect productivity trends, with positive cash flow trends driving favorable return to equity owners. Debt security returns are expected to approximate their historical relationship with equity securities and produce somewhat lower returns with a lower level of volatility.

E. Defined Contribution Plans

The Company also sponsors a 401(k) savings plan whereby eligible employees may elect annually to contribute from 1% to 50% of their base pay on a pretax or after-tax basis. Pretax contributions per employee were limited to 17,500 in 2014 and in 2013. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were 16,942,000 in 2014 and 15,652,000 in 2013.

F. Multiemployer Plans - Not applicable

G. Consolidated/Holding Company Plans - See Note 12A

H. Postemployment Benefits and Compensated Absences - Not applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable

NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

A. Outstanding Shares - Not applicable

B. Dividend Rate of Preferred Stock - Not applicable

C. Dividend Restrictions - Not applicable

D. Dates and Amounts of Dividends Paid - Not applicable

E. Amount of Ordinary Dividends That May Be Paid - Not applicable

F. Restrictions on Unassigned Funds - Not applicable

G. Mutual Surplus Advances - Not applicable

H. Company Stock Held for Special Purposes - Not applicable

I. Changes in Special Surplus Fund - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS (continued from preceding page)**

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is 2,941,332,000 and 2,624,796,000 for 2014 and 2013, respectively, less applicable deferred taxes of 1,029,470,000 and 918,679,000 for 2014 and 2013, respectively.

K. Surplus Notes - Not applicable

L. Impact of Quasi-Reorganizations - Not applicable

M. Date of Quasi-Reorganizations - Not applicable

NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance by FMI of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004. The agreement has no expiration date, but the terms allow Factory Mutual Insurance Company to terminate or modify the agreement in its sole discretion with respect to new contracts of insurance and reinsurance, not in effect on the date of such termination or modification. There is no current or anticipated amount payable under this agreement, nor is there any amount anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to FMI to enable FMI to fulfill its contractual obligations. There is no applicable carrying value with respect to this agreement, and due to its nature the likelihood of potential future payments is remote and not quantifiable or determinable.

Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FMIC Holdings, Inc., the owner of all the issued and outstanding common stock of Affiliated FM Insurance Company ("AFM"), entered into a Performance Guarantee agreement for the benefit of the policyholders of AFM. Specifically, FMIC guarantees the full performance by AFM of its lawful obligations with respect to contracts of insurance and reinsurance issued by AFM on or after January 1, 2014. There is no current or anticipated amount payable under this agreement, nor is there any amount anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to AFM to enable AFM to fulfill its contractual obligations. There is no applicable carrying value with respect to this agreement, and due to its nature the likelihood of potential future payments is remote and not quantifiable or determinable.

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums.

The Company has accrued a liability for guaranty fund and other assessments of 500,000 and a related premium tax benefit asset of 83,000. The amount recorded represents management's best estimates based on information received from the states in which the company writes business. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The asset is included in the guaranty funds receivable asset and is expected to be realized over the five to ten years following payment.

The following reflects the current year change in the premium tax benefit asset. The Company also has the ability to recover certain assessments through policyholder surcharges. The related asset for these transactions, which appears within Page 2 line 25, is 153,000 and is not included in the following table.

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end		134,000
b.	Decreases current year:	Premium tax offset applied	57,000
c.	Increases current year:	Premium tax offset accrued	6,000
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end		83,000

C. Gain Contingencies - Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Not applicable

E. Product Warranties - Not applicable

F. Other Contingencies

At December 31, 2014 and 2013 the Company had admitted premiums receivable assets of 541,984,725 and 415,546,721, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premium receivables as of December 31, 2014 are not expected to exceed the nonadmitted amount totaling 26,330,694, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

NOTES TO FINANCIAL STATEMENTS**NOTE 15 – LEASES****A. Lessee Operating Lease**

(1) In connection with its various operating offices through North America, the Company leases office space and automobiles. These leases are classified as operating leases. Rental expense for all operating leases was 55,760,769 in 2014 and 52,577,787 in 2013. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions. There is no liability recognized in the financial statements for early termination of existing leases.

(2) Future minimum rental payments are as follows:

a. At January 1, 2015 the minimum aggregate rental commitments are as follows:		
	Year Ending December 31	Operating Leases
1.	2015	24,626,787
2.	2016	21,697,250
3.	2017	16,579,441
4.	2018	11,864,906
5.	2019	9,760,017
6.	Total	84,528,401

(3) Sale-Leaseback Transactions - Not applicable

B. Revenue, Net Income or Assets with Respect to Leases - Not applicable**NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK - NOT APPLICABLE****NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES****A. Transfers of Receivables Reported as Sales - Not applicable****B. Transfer and Servicing of Financial Assets**

(1) Loaned Securities

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of 110,425,636 and 128,320,856 at December 31, 2014 and December 31, 2013, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.

(2) Servicing Asset and Liabilities - Not applicable

(3) Servicing Assets and Liabilities Subsequently Measured at Fair Value - Not applicable

(4) Securitized Financial Assets that Transfer as a Sale - Not applicable

(5) Transfers of Financial Assets Accounted for as Secured Borrowing - Not applicable

(6) Transfers of Receivables with Recourse - Not applicable

(7) Repurchase Agreements - Not applicable

C. Wash Sales - Not applicable**NOTE 18 – GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS - NOT APPLICABLE****NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS - NOT APPLICABLE**

NOTES TO FINANCIAL STATEMENTS**NOTE 20 – FAIR VALUE MEASUREMENTS****A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value****(1) Items Measured and Reported at Fair Value by Levels 1, 2 and 3**

The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy. Item 4 provides a discussion of each of these three levels.

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds		96,722,842		96,722,842
Common Stocks - Industrial & Miscellaneous	4,751,772,105			4,751,772,105
Common Stocks - Mutual Funds	699,176,162	88,794,425		787,970,587
Total	5,450,948,267	185,517,267		5,636,465,534

(2) Rollforward of Level 3 Items

The Company has no assets measured at fair value in the Level 3 category.

(3) Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

(4) Inputs and Techniques Used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

Level 3 Significant inputs to the valuation model are unobservable

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

(5) Derivative Fair Values - Not applicable**B. Other Fair Value Disclosures - Not applicable****C. Fair Values for All Financial Instruments by Levels 1,2, and 3**

The table below reflects the fair value and admitted values of all admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	3,686,305,599	3,545,065,964		3,545,065,964		
Common Stocks	5,539,742,692	5,539,742,692	5,450,948,267	88,794,425		
Cash, Cash Equivalents and Short-term Investments	670,983,809	670,983,809	670,983,809			
Securities lending reinvested collateral assets	27,804,705	27,804,705	27,804,705			
Total	9,924,836,805	9,783,597,170	6,149,736,781	3,633,860,389		

D. Financial Instruments for Which Not Practicable to Estimate Fair Value - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 21 – OTHER ITEMS**

- A. Extraordinary Items - Not applicable
- B. Troubled Debt Restructuring Debtors - Not applicable
- C. Other Disclosures and Unusual Items

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in net unrealized foreign exchange" adjustment line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

- D. Business Interruption Insurance Recoveries - Not applicable
- E. State Transferable and Non-Transferable Tax Credits

- (1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Investment Tax Credit	RI		3,112,373
Total			3,112,373

- (2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

The Company estimated the utilization of the remaining Transferable and Non-transferable State Tax Credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining Transferable and Non-transferable State Tax Credits.

- (3) Impairment Loss - Not applicable
- (4) State Tax Credits Admitted and Nonadmitted - NONE

F. Subprime Mortgage Related Risk Exposure

- (1) The Company defines its exposure to subprime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be subprime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. The company has minimal exposure to subprime securities and has no plans to increase its holding in subprime securities at this time. This exposure will not materially affect the Company's unrealized losses or anticipated cash flows.
- (2) Direct Exposure Through Investments in Subprime Mortgage Loans - Not applicable
- (3) Direct Exposure Through Other Investments

		Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a.	Residential mortgage backed securities	1,812,068	1,821,131	4,340,821	
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs				
f.	Other assets				
g.	Total	1,812,068	1,821,131	4,340,821	

- (4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage - Not applicable

- G. Joint and Several Liabilities - Not applicable
- H. Risk Sharing Provisions of the Affordable Care Act - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 22 – EVENTS SUBSEQUENT**

Subsequent events have been considered through February 25, 2015 for these statutory financial statements which are to be issued February 25, 2015. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

- A. ACA Fee Assessment Payable for Upcoming Year - Not applicable
- B. Assessment Fee Assessment Paid - Not applicable
- C. Premium Written Subject to ACA 9010 Assessment - Not Applicable
- D. Total Adjusted Capital Before Surplus Adjustment - Not applicable
- E. Authorized Control Level Before Surplus Adjustment - Not applicable
- F. Total Adjusted Capital After Surplus Adjustment - Not applicable
- G. Authorized Control Level After Surplus Adjustment - Not applicable
- H. Would Reporting the ACA Assessment as of December 31, 2014 have triggered and RBC Action Level - Not applicable

NOTE 23 – REINSURANCE

- A. Unsecured Reinsurance Recoverables - Not applicable
- B. Reinsurance Recoverable in Dispute - Not applicable
- C. Reinsurance Assumed and Ceded and Protected Cells

(1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year, as applicable:

		Assumed Reinsurance				Ceded Reinsurance	Net
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	158,747,387	3,348,272	55,609,000	19,463,150	103,138,387	(16,114,878)
b.	All Other	277,809,934	46,425,705	367,517,747	29,159,141	(89,707,813)	17,266,564
c.	Total	436,557,321	49,773,977	423,126,747	48,622,291	13,430,574	1,151,686
d.	Direct Unearned Premium Reserves			1,403,241,479			

(2) Profit Sharing Arrangements - Not applicable

(3) Protected Cells - Not applicable

D. Uncollectible Reinsurance - Not applicable

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1)	Losses incurred	2,452,548
(2)	Loss adjustment expenses incurred	
(3)	Premiums earned	
(4)	Other	
(5)	Company	Amount
	Enstar Companies	2,452,548

F. Retroactive Reinsurance - Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

H. Run-off Agreements - Not applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not applicable

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses decreased by 159,404,000. The decrease in the prior years was primarily due to the reduction of incurred-but-not-reported (IBNR) reserves based on actual experience and decreases on a small number of individual losses.

No additional premiums or return of premiums have been accrued as a result of prior year effects.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

Factory Mutual Insurance Company (lead insurer), NAIC #21482, Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company. The percentages represent the policyholder's surplus of each company compared to the combined policyholder's surplus for the three companies.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 8 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. Also, premiums and losses that are assumed and ceded pursuant to stop loss reinsurance treaties between Factory Mutual Insurance Company (Asia Pacific branches) and Affiliated FM Insurance Company are excluded from the intercompany pooling agreement.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

The amount due to / from the lead entity and the pool participants as of December 31, 2014 are as follows:

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	74,007,402	88,444,998
Affiliated FM Insurance Company	65,536,724	69,842,009
Appalachian Insurance Company	22,908,274	4,165,393

The Combined Annual Statement eliminates the results of all intercompany activity.

NOTE 27 – STRUCTURED SETTLEMENTS - NOT APPLICABLE**NOTE 28 – HEALTH CARE RECEIVABLES - NOT APPLICABLE****NOTE 29 – PARTICIPATING POLICIES - NOT APPLICABLE****NOTE 30 – PREMIUM DEFICIENCY RESERVES**

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2014 and determined that a premium deficiency reserve is not applicable.

The Company does not anticipate investment income when evaluating the need for a premium deficiency reserve.

1. Liability carried for premium deficiency reserve: NONE
2. Date of most recent evaluation of this liability: February 3, 2015
3. Was anticipated investment income utilized in the calculation? NO

NOTE 31 – HIGH DEDUCTIBLES - NOT APPLICABLE**NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES - NOT APPLICABLE**

NOTES TO FINANCIAL STATEMENTS**NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES****A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net**

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Asbestos

	2010	2011	2012	2013	2014
a. Beginning reserves	352,464,000	353,086,000	356,209,000	337,759,000	325,456,000
b. Incurred losses and loss adjustment expense	25,024,000	23,740,000	2,482,000	2,900,000	(10,612,000)
c. Calendar year payments for losses and loss adjustment expenses	24,402,000	20,617,000	20,932,000	15,203,000	20,245,000
d. Ending reserves	353,086,000	356,209,000	337,759,000	325,456,000	294,599,000

(2) Assumed Reinsurance - Asbestos

	2010	2011	2012	2013	2014
a. Beginning reserves	513,988,000	460,954,000	449,977,000	403,204,000	485,401,000
b. Incurred losses and loss adjustment expense	(10,022,000)	28,760,000	(8,819,000)	107,647,000	25,895,000
c. Calendar year payments for losses and loss adjustment expenses	43,012,000	39,737,000	37,954,000	25,450,000	40,461,000
d. Ending reserves	460,954,000	449,977,000	403,204,000	485,401,000	470,835,000

(3) Net of Ceded Reinsurance - Asbestos

	2010	2011	2012	2013	2014
a. Beginning reserves	432,224,000	413,531,000	378,906,000	346,570,000	458,239,000
b. Incurred losses and loss adjustment expense	13,998,000	(7,292,000)	(1,834,000)	129,000,000	5,464,000
c. Calendar year payments for losses and loss adjustment expenses	32,691,000	27,333,000	30,502,000	17,331,000	29,272,000
d. Ending reserves	413,531,000	378,906,000	346,570,000	458,239,000	434,431,000

B. State the amount of the ending reserves for Asbestos Bulk and IBNR included in A (Loss and LAE)

(1) Direct basis	232,654,000
(2) Assumed reinsurance basis	318,932,000
(3) Net of ceded reinsurance basis	306,233,000

C. State the amount of the ending reserves for Asbestos loss adjustment expenses included in A (Case, Bulk and IBNR)

(1) Direct basis	15,123,647
(2) Assumed reinsurance basis	56,713,137
(3) Net of ceded reinsurance basis	62,836,432

D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Environmental

	2010	2011	2012	2013	2014
a. Beginning reserves	17,922,000	17,954,000	18,112,000	17,174,000	16,501,000
b. Incurred losses and loss adjustment expense	1,273,000	1,206,000	126,000	100,000	(540,000)
c. Calendar year payments for losses and loss adjustment expenses	1,241,000	1,048,000	1,064,000	773,000	1,029,000
d. Ending reserves	17,954,000	18,112,000	17,174,000	16,501,000	14,932,000

NOTES TO FINANCIAL STATEMENTS**NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES (continued from preceding page)**

(2) Assumed Reinsurance - Environmental

	2010	2011	2012	2013	2014
a. Beginning reserves	79,223,000	80,157,000	70,643,000	61,126,000	72,348,000
b. Incurred losses and loss adjustment expense	19,981,000	(1,791,000)	(4,619,000)	13,185,000	5,979,000
c. Calendar year payments for losses and loss adjustment expenses	19,047,000	7,723,000	4,898,000	1,963,000	2,114,000
d. Ending reserves	80,157,000	70,643,000	61,126,000	72,348,000	76,213,000

(3) Net of Ceded Reinsurance - Environmental

	2010	2011	2012	2013	2014
a. Beginning reserves	67,159,000	63,678,000	58,537,000	49,543,000	61,054,000
b. Incurred losses and loss adjustment expense	9,216,000	1,356,000	(4,505,000)	13,000,000	3,874,000
c. Calendar year payments for losses and loss adjustment expenses	12,697,000	6,497,000	4,489,000	1,489,000	2,150,000
d. Ending reserves	63,678,000	58,537,000	49,543,000	61,054,000	62,778,000

E. State the amount of the ending reserves for Environmental Bulk and IBNR included in D (Loss and LAE)

(1) Direct basis	11,782,000
(2) Assumed reinsurance basis	56,059,000
(3) Net of ceded reinsurance basis	46,252,000

F. State the amount of the ending reserves for Environmental loss adjustment expenses included in D (Case, Bulk and IBNR)

(1) Direct basis	769,061
(2) Assumed reinsurance basis	7,524,516
(3) Net of ceded reinsurance basis	8,097,301

NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS - NOT APPLICABLE**NOTE 35 – MULTIPLE PERIL CROP INSURANCE - NOT APPLICABLE****NOTE 36 – FINANCIAL GUARANTY INSURANCE - NOT APPLICABLE**

FACTORY MUTUAL INSURANCE COMPANY GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Rhode Island
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/10/2014
- 3.4 By what department or departments?
Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Co. Code | 3
State of Domicile |
|---------------------|--------------------|------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information: _____
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
FDIC | 6
SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: _____

Annual Statement for the year 2014 of the **FACTORY MUTUAL INSURANCE COMPANY**
GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Kathleen Odomirok, FCAS, MAAA - Executive Director, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116

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

12.11 Name of real estate holding company

FMRE Holdings LLC

12.12 Number of parcels involved33

12.13 Total book/adjusted carrying value \$.....943,670,260

12.2 If yes, provide explanation.

FMRE Holdings LLC is a wholly owned subsidiary owning subsidiaries that own commercial office buildings that are leased.

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No

13.3 Have there been any changes made to any of the trust indentures during the year? Yes No

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

The Code of Ethics for senior managers has been expanded to include a reference to the fact that it supplements the Company's Code of Conduct, which all employees are subject to.

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

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

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

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

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

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

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

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

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

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

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

PART 1 - COMMON INTERROGATORIES - FINANCIAL

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [] No [X]
- 24.02 If no, give full and complete information relating thereto.
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The market value and collateral value of securities loaned as of year end 2014 is \$110,425,636 and \$112,869,193 respectively. The amount of cash collateral carried on the balance sheet is \$27,804,705. See Note 17 for a description of the securities lending program.

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

- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....112,869,193

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

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

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

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

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

- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....27,804,705

- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$.....27,804,705

- 24.103 Total payable for securities lending reported on the liability page. \$.....27,804,705

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

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

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

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

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

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

- 25.25 Placed under option agreements \$.....0

- 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$.....0

- 25.27 FHLB Capital Stock \$.....0

- 25.28 On deposit with states \$.....5,694,282

- 25.29 On deposit with other regulatory bodies \$.....0

- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$.....0

- 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$.....0

- 25.32 Other \$.....0

- 25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Worldwide Securities Services	383 Madison Avenue New York, NY
RBC Investor Services	200 Bay Street, Toronto, Ontario Canada

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

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

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

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

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

1 Central Registration Depository Number(s)	2 Name	3 Address
JP Morgan Worldwide Securities Services	300 North Capital LLC	Los Angeles, CA
JP Morgan Worldwide Securities Services	Sanford C. Bernstein & Co LLP	White Plains, NY
JP Morgan Worldwide Securities Services	Standish Mellon	Boston, MA
JP Morgan Worldwide Securities Services	CSFB	New York, NY
JP Morgan Worldwide Securities Services	Morgan Stanley	Philadelphia, PA
JP Morgan Worldwide Securities Services	Goldman Sachs	New York, NY
JP Morgan Worldwide Securities Services	Blackrock Financial Management Inc	New York, NY
RBC Investor Services	BMO Asset Management Inc	Toronto, Ontario

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
01882C 10 4	ALLIANCE BERSTEIN US STRATEGIC VALLUE	88,794,425
464286 10 3	ISHARES AUSTRALIA ETF	38,243,250
464286 80 6	ISHARES GERMANY ETF	39,744,500
464287 23 4	ISHARES MSCI EMERGING MARKET INDEX ETF	21,216,600
61744J 30 9	MSIF INC SMALL COMPANY GROWTH	53,791,234
61744J 83 8	MORGAN STANLEY INTERNTIONAL SMALL CAP	52,287,320
78464A 69 8	SPDR S&P REGIONAL BANKING ETF	25,234,000
78464A 78 9	SPDR S&P INSURANCE ETF	6,669,000
78464A 87 0	SPDR S&P BIOTECH ETF	12,119,900
922042 71 8	VANGUARD INTL EQUITY ETF	11,437,200
922402 77 5	VANGUARD INTL EQIITY INDEX	18,744,000
922042 85 8	VANGUATD MSCI EMERGING MARKET ETF	9,204,600
922042 86 6	VANGUATD PACIFIC ETF	38,671,600
922042 87 4	VANGUATD EUROPEAN ETF	52,410,000
92204A 87 6	VANGUARD UTILITIES ETF	56,231,090
92647K 30 9	VICTORY MUNDER INT'L SMALL CAP FUND	168,890,390
L5458T 11 7	INVESCO US SENIOR LOADN-GX	94,281,478
29.2999. TOTAL		787,970,587

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation
ALLIANCE BERNSTEIN US STRATEGIC VALUE	HEWLETT-PACKARD	3,137,239	12/31/2014
ALLIANCE BERNSTEIN US STRATEGIC VALUE	ANTHEM	2,091,493	12/31/2014
ALLIANCE BERNSTEIN US STRATEGIC VALUE	MICROSOFT	2,091,493	12/31/2014
ALLIANCE BERNSTEIN US STRATEGIC VALUE	DELTA	2,091,493	12/31/2014
ALLIANCE BERNSTEIN US STRATEGIC VALUE	APPLE	2,091,493	12/31/2014
ISHARES AUSTRALIA ETF	COMMONWEALTH BANK OF AUSTRALIA	4,650,379	12/31/2014
ISHARES AUSTRALIA ETF	WESTPAC BANKING CORP	3,452,601	12/31/2014
ISHARES AUSTRALIA ETF	BHP BILLITON LTD	3,158,892	12/31/2014
ISHARES AUSTRALIA ETF	AUSTRALIA & NEW ZEALAND	2,962,322	12/31/2014
ISHARES AUSTRALIA ETF	NATIONAL AUSTRALIA BANK	2,662,113	12/31/2014
ISHARES GERMANY ETF	BAYER AG	3,938,283	12/31/2014
ISHARES GERMANY ETF	SIEMENS AG	3,132,661	12/31/2014
ISHARES GERMANY ETF	DAIMLER AG	2,798,808	12/31/2014
ISHARES GERMANY ETF	BASF SE	2,705,011	12/31/2014
ISHARES GERMANY ETF	ALLIANZ SE	2,642,612	12/31/2014
ISHARES MSCI EMRGING MARKET INDEX ETF	TENCENT HOLDINGS LTD	461,037	12/31/2014
ISHARES MSCI EMRGING MARKET INDEX ETF	CHINA MOBILE LTD	402,903	12/31/2014
ISHARES MSCI EMRGING MARKET INDEX ETF	TAIWAN SEMICONDUCTOR	385,506	12/31/2014
ISHARES MSCI EMRGING MARKET INDEX ETF	CHINA CONSTRUCTION BANK	343,497	12/31/2014
ISHARES MSCI EMRGING MARKET INDEX ETF	TAIWAN SEMICONDUCTOR	306,792	12/31/2014
MSIF INC SMALL COMPANY GROWTH	MINI MSCI EAFE	732,637	12/31/2014
MSIF INC SMALL COMPANY GROWTH	JAPAN ACIATION ELECTRONICS IND	702,514	12/31/2014
MSIF INC SMALL COMPANY GROWTH	ASHLEAD GROUP PLC	670,777	12/31/2014
MSIF INC SMALL COMPANY GROWTH	DUERR AG	667,011	12/31/2014
MSIF INC SMALL COMPANY GROWTH	AERCAP HOLDINGS NV	659,481	12/31/2014
MORGAN STANLEY INTERNATIONAL SMALL CAP	EURAZEO SA	5,420,626	12/31/2014
MORGAN STANLEY INTERNATIONAL SMALL CAP	MANDARIN ORIENTALL INTERANTIONAL	3,828,478	12/31/2014
MORGAN STANLEY INTERNATIONAL SMALL CAP	TAMBURI INVESTMENT PARTNER	3,009,658	12/31/2014
MORGAN STANLEY INTERNATIONAL SMALL CAP	L'OCCITANE INTERNATIONAL	2,792,143	12/31/2014
MORGAN STANLEY INTERNATIONAL SMALL CAP	JUST EAT PLC	2,234,237	12/31/2014
SPDR S&P REGIONAL BANKING ETF	UMB FINANCIAL CORP	365,388	12/31/2014
SPDR S&P REGIONAL BANKING ETF	SVB FINANCIAL GROUP	365,136	12/31/2014
SPDR S&P REGIONAL BANKING ETF	PRIVATE BANCORP INC	364,127	12/31/2014
SPDR S&P REGIONAL BANKING ETF	FNB CORP/PA	362,360	12/31/2014
SPDR S&P REGIONAL BANKING ETF	BANK OF THE OZARKS INC	361,856	12/31/2014
SPDR S&P INSURANCE ETF	UNUM GROUP	141,983	12/31/2014
SPDR S&P INSURANCE ETF	CNO FINANCIAL GROUP INC	141,449	12/31/2014
SPDR S&P INSURANCE ETF	STANCORP FINANCIAL GROUP	139,049	12/31/2014
SPDR S&P INSURANCE ETF	SUMETRA FINANCIAL CORP	138,649	12/31/2014
SPDR S&P INSURANCE ETF	GENWORTH FINANCIAL INC	138,382	12/31/2014
SPDR S&P BIOTECH ETF	RAPTOR PHARMACEUTICAL CO	175,981	12/31/2014
SPDR S&P BIOTECH ETF	ORGANOVO HOLDINGS INC	170,891	12/31/2014
SPDR S&P BIOTECH ETF	OPOKO HEALTH INC	534,124	12/31/2014
SPDR S&P BIOTECH ETF	BIOCRYST PHARMACEUTICAL	170,527	12/31/2014
SPDR S&P BIOTECH ETF	ENANTA PHARMACEUTICAL INC	167,497	12/31/2014
VANGUARD INTL EQUITY ETF	OPEN TEXT CORP	41,860	12/31/2014
VANGUARD INTL EQUITY ETF	GILDAN ACTIVEWEAR INC	41,174	12/31/2014
VANGUARD INTL EQUITY ETF	KEYERA CORP	36,256	12/31/2014
VANGUARD INTL EQUITY ETF	DIXONS CARPHONE PLC	36,142	12/31/2014
VANGUARD INTL EQUITY ETF	DOLLARAMA INC	31,910	12/31/2014
VANGUARD INTL EQUITY INDS	NESTLE SA	242,547	12/31/2014
VANGUARD INTL EQUITY INDS	NORVATIS AG	228,302	12/31/2014
VANGUARD INTL EQUITY INDS	ROCHE HOLDING AG	213,119	12/31/2014
VANGUARD INTL EQUITY INDS	HSBC HOLDING PLC	192,313	12/31/2014
VANGUARD INTL EQUITY INDS	TOYOTA MOTOR CORP	165,510	12/31/2014
VANGUARD MSCI EMERGING MARKET ETF	CHINA CONSTRUCTION BLANK	166,971	12/31/2014
VANGUARD MSCI EMERGING MARKET ETF	CHINA MOBILE LTD	160,344	12/31/2014
VANGUARD MSCI EMERGING MARKET ETF	TENECENT HOLDING LTD	151,324	12/31/2014
VANGUARD MSCI EMERGING MARKET ETF	INDUSTRIAL COMMERCIAL BANK	147,918	12/31/2014
VANGUARD MSCI EMERGING MARKET ETF	TAIWAN SEMICONDUCTOR	120,580	12/31/2014
VANGUARD PACIFIC ETF	TOYOTA MOTOR CORP	1,212,741	12/31/2014
VANGUARD PACIFIC ETF	SAMSUNG ELECTRONICS CO LTD	921,158	12/31/2014
VANGUARD PACIFIC ETF	COMOMWEALTH BANK OF AUSTRALIA	820,611	12/31/2014
VANGUARD PACIFIC ETF	WESTPAC BANKING CORP	633,441	12/31/2014
VANGUARD PACIFIC ETF	BHP BILLITON LTD	626,867	12/31/2014
VANGUARD EUROPEAN ETF	NESTLE SA	1,447,564	12/31/2014
VANGUARD EUROPEAN ETF	NOVARTIS AG	1,362,660	12/31/2014
VANGUARD EUROPEAN ETF	ROCHE HOLDING AG	1,273,563	12/31/2014
VANGUARD EUROPEAN ETF	HSBC HOKLDINGS PLC	1,148,827	12/31/2014
VANGUARD EUROPEAN ETF	BAYER AG	756,276	12/31/2014

PART 1 - COMMON INTERROGATORIES - INVESTMENT

VANGUARD UTILITIES ETF	DUKE ENERGY CORP	4,526,089	12/31/2014
VANGUARD UTILITIES ETF	NEXTERA ENERGY INC	3,603,327	12/31/2014
VANGUARD UTILITIES ETF	SOUTHERN CO/THE	3,360,406	12/31/2014
VANGUARD UTILITIES ETF	DOMINION RESOURCES INC	3,344,099	12/31/2014
VANGUARD UTILITIES ETF	EXELON CORP	2,458,449	12/31/2014
VICTORYI MUNDER INTL SMALL CAP FUND	EURZCO SA	17,508,867	12/31/2014
VICTORYI MUNDER INTL SMALL CAP FUND	MANDARIN ORIENTAL INTERNATIONAL	12,366,154	12/31/2014
VICTORYI MUNDER INTL SMALL CAP FUND	TAMBURI INVESTEMENT PARTNERS	9,721,331	12/31/2014
VICTORYI MUNDER INTL SMALL CAP FUND	L'OCCITANE INTERNATIONAL	9,018,747	12/31/2014
VICTORYI MUNDER INTL SMALL CAP FUND	JUST EAT PLC	7,216,686	12/31/2014
INVESCO US SENIOR LOAN GX	ASURION LLC	2,885,013	12/31/2014
INVESCO US SENIOR LOAN GX	REYNOLDS GROUP HOLDINGS INC	1,536,788	12/31/2014
INVESCO US SENIOR LOAN GX	FIRST DATA CORP	1,357,653	12/31/2014
INVESCO US SENIOR LOAN GX	KINETIC CONCEPTS INC	1,329,369	12/31/2014
INVESCO US SENIOR LOAN GX	GRIFOLS WORLDWIDE OPERATION	1,319,941	12/31/2014

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	3,878,746,397	4,019,986,032	141,239,635
30.2 Preferred stocks.....			0
30.3 Totals.....	3,878,746,397	4,019,986,032	141,239,635

30.4 Describe the sources or methods utilized in determining the fair values:

Bonds and preferred stocks are priced by the SVO when available. When the SVO pricing is not available, the securities are priced by our external pricing source, IDC.

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....146,443

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
AAIS Services Corporation	90,925

34.1 Amount of payments for legal expenses, if any? \$.....2,450,019

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
	0

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

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

1	2
Name	Amount Paid
	0

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only. \$.....0
 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
 1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned
 1.62 Total incurred claims
 1.63 Number of covered lives
 All years prior to most current three years:
 1.64 Total premium earned
 1.65 Total incurred claims
 1.66 Number of covered lives
 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned
 1.72 Total incurred claims
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned
 1.75 Total incurred claims
 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....		
2.2 Premium Denominator.....	\$.....2,732,761,511	\$.....2,774,239,460
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....		
2.5 Reserve Denominator.....	\$.....3,374,508,971	\$.....3,305,736,978
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
 4.1 Does the reporting entity issue assessable policies? Yes [] No [X]
 4.2 Does the reporting entity issue non-assessable policies? Yes [X] No []
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

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

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company does not issue Workers' Compensation contracts.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company uses the AIR Touchstone 2.0 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability we purchase risk and catastrophe reinsurance.

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
There are certain parts of the Company's catastrophe program in high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause was not required for those parts of the program.

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?
- Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?
- Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 - (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 - (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or
 - (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
 - (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.
- Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [X] No []
- 11.2 If yes, give full information:
- Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004. See Notes to the Financial Statements # 14 for further details.
- Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FMIC Holdings, Inc., the owner of all of the issued and outstanding common stock of Affiliated FM Insurance Company (AFM), entered into a Performance Guarantee agreement for the benefit of the policyholders of AFM. Specifically, Factory Mutual Insurance Company guarantees the full performance of AFM of its lawful obligations with respect to contracts of insurance and reinsurance issued by AFM on or after January 1, 2014. See Notes to the Financial Statements #14 for further details.
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From%
- 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit
- 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....427,068,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.4

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
The method of allocating and recording reinsurance with outside reinsurers is based proportionally on each company's share of occurrence and specific contract terms with respect to intercompany reinsurance agreements.

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

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

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

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

15.2 If yes, give full information:

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

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [X] No []

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....17,347,000
- 17.12 Unfunded portion of Interrogatory 17.11 \$.....17,347,000
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....0
- 17.14 Case reserves portion of Interrogatory 17.11 \$.....0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$.....17,347,000
- 17.16 Unearned premium portion of Interrogatory 17.11 \$.....0
- 17.17 Contingent commission portion of Interrogatory 17.11 \$.....0

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

- 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
- 17.19 Unfunded portion of Interrogatory 17.18 \$.....0
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....0
- 17.21 Case reserves portion of Interrogatory 17.18 \$.....0
- 17.22 Incurred but not reported portion of Interrogatory 17.18 \$.....0
- 17.23 Unearned premium portion of Interrogatory 17.18 \$.....0
- 17.24 Contingent commission portion of Interrogatory 17.18 \$.....0

18.1 Do you act as a custodian for health savings account? Yes [] No [X]

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

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2014	2 2013	3 2012	4 2011	5 2010
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,070,982,857	3,097,178,280	2,996,715,187	2,731,144,027	2,479,183,532
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	604,298,111	625,021,876	588,681,729	590,623,117	556,963,293
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	291,938,101	287,474,672	251,165,229	190,256,593	163,459,269
6. Total (Line 35).....	3,967,219,069	4,009,674,828	3,836,562,145	3,512,023,737	3,199,606,094
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,125,272,932	2,100,831,894	2,182,403,954	1,960,953,770	1,836,932,980
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	484,707,776	500,505,204	487,374,593	502,056,135	471,121,823
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	228,518,855	223,201,615	185,539,341	131,476,136	107,912,863
12. Total (Line 35).....	2,838,499,563	2,824,538,713	2,855,317,888	2,594,486,041	2,415,967,666
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	633,290,990	594,066,275	436,875,720	(531,757,453)	513,753,874
14. Net investment gain (loss) (Line 11).....	367,023,124	365,436,044	320,562,128	347,081,262	261,083,743
15. Total other income (Line 15).....	(18,704,732)	(2,398,826)	(5,775,246)	(462,392)	(20,229,493)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	310,785,002	294,617,242	139,602,810	(179,526,124)	87,243,507
18. Net income (Line 20).....	670,824,380	662,486,251	612,059,792	(5,612,459)	667,364,617
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	15,070,065,036	13,795,712,203	12,239,933,900	10,978,403,000	11,028,837,894
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	541,984,725	415,546,721	430,400,201	409,036,248	365,288,714
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	4,928,219,299	4,642,256,727	4,714,811,834	4,546,791,476	4,066,928,859
22. Losses (Page 3, Line 1).....	1,692,117,034	1,766,167,326	1,891,280,612	2,321,832,429	1,716,855,283
23. Loss adjustment expenses (Page 3, Line 3).....	158,858,474	158,359,867	186,832,025	193,900,282	201,493,428
24. Unearned premiums (Page 3, Line 9).....	1,417,758,943	1,312,020,891	1,261,721,638	1,249,571,093	1,182,245,943
25. Capital paid up (Page 3, Lines 30 & 31).....					
26. Surplus as regards policyholders (Page 3, Line 37).....	10,141,845,737	9,153,455,476	7,525,122,066	6,431,611,524	6,961,909,035
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	587,410,630	426,310,102	270,224,940	208,236,201	917,503,677
Risk-Based Capital Analysis					
28. Total adjusted capital.....	10,141,845,737	9,153,455,476	7,525,122,066	6,431,611,524	6,961,909,035
29. Authorized control level risk-based capital.....	1,117,514,713	1,041,576,678	881,984,126	786,993,648	829,554,485
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	25.1	27.3	29.6	30.5	29.6
31. Stocks (Lines 2.1 & 2.2).....	57.5	56.5	52.4	50.3	55.1
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0		0.1	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5).....	4.7	4.0	4.5	5.4	3.6
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....	12.4	11.8	12.7	12.8	11.0
38. Receivable for securities (Line 9).....	0.1	0.0	0.2	0.4	0.1
39. Securities lending reinvested collateral assets (Line 10).....	0.2	0.4	0.5	0.5	0.6
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	2,597,913,531	2,309,437,037	1,943,447,602	1,653,031,245	1,772,119,324
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	943,670,260	819,309,638	792,433,720	730,318,864	705,907,194
48. Total of above lines 42 to 47.....	3,541,583,791	3,128,746,675	2,735,881,322	2,383,350,109	2,478,026,518
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	34.9	25.2	36.4	37.1	25.5

Annual Statement for the year 2014 of the **FACTORY MUTUAL INSURANCE COMPANY**
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2014	2013	2012	2011	2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	378,973,160	932,692,210	508,857,064	(338,669,574)	292,153,185
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	988,390,261	1,628,333,410	1,093,510,542	(530,297,511)	758,263,299
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	26,005,142	19,099,435	28,402,145	32,657,187	30,986,059
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,185,499,720	1,571,799,881	2,126,000,173	1,858,718,644	865,413,934
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	263,220,123	297,046,626	275,689,311	278,350,599	244,789,593
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(43,293)	(108,793)	(54,614)	(78,216)	(92,800)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	220,535,156	166,553,606	428,039,355	38,866,509	180,654,926
59. Total (Line 35).....	1,695,216,848	2,054,390,755	2,858,076,370	2,208,514,723	1,321,751,712
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	6,673,061	4,023,716	9,396,888	7,459,512	7,798,548
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	921,106,657	1,028,676,871	1,432,507,809	1,527,680,632	757,068,963
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	230,408,075	253,186,348	220,562,833	238,253,407	199,963,811
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(43,293)	(108,793)	(54,614)	(78,216)	(92,800)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	187,061,761	159,579,811	381,903,108	(57,169,748)	149,671,958
65. Total (Line 35).....	1,345,206,261	1,445,357,953	2,044,316,024	1,716,145,587	1,114,410,480
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	46.5	47.6	56.8	91.8	47.1
68. Loss expenses incurred (Line 3).....	3.6	3.0	3.0	3.5	3.7
69. Other underwriting expenses incurred (Line 4).....	26.7	28.0	24.9	25.7	27.9
70. Net underwriting gain (loss) (Line 8).....	23.2	21.4	15.4	(21.0)	21.4
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	26.3	27.6	25.0	25.1	28.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	50.2	50.6	59.8	95.3	50.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	28.0	30.9	37.9	40.3	34.7
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(159,404)	166,153	(82,953)	(142,538)	(264,479)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(1.7)	2.2	(1.3)	(2.0)	(4.3)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	42,105	7,621	(215,317)	(352,689)	28,984
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	0.6	0.1	(3.1)	(5.7)	0.6

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?
If no, please explain:

Yes [] No []

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....59,960	.....32,887	.....7,491	.....3,917	.....(14)	.....(46)	.....9,229	.....30,679	.....XXX.....
2. 2005.....	.....2,919,631	.....682,747	.....2,236,884	.....1,784,830	.....766,739	.....61,212	.....1,047	.....105,985	.....4,720	.....129,767	.....1,179,520	.....XXX.....
3. 2006.....	.....3,118,218	.....779,538	.....2,338,680	.....1,140,350	.....175,840	.....6,468	.....116	.....61,347	.....3,534	.....8,763	.....1,028,676	.....XXX.....
4. 2007.....	.....3,147,998	.....791,285	.....2,356,713	.....1,013,850	.....142,860	.....1,291	.....654	.....54,911	.....4,297	.....13,790	.....922,241	.....XXX.....
5. 2008.....	.....3,043,700	.....719,342	.....2,324,358	.....2,725,933	.....766,845	.....24,948	.....2,285	.....74,229	.....9,800	.....12,488	.....2,046,180	.....XXX.....
6. 2009.....	.....3,358,963	.....757,262	.....2,601,701	.....786,245	.....131,230	.....23,494	.....129	.....89,366	.....2,439	.....6,961	.....765,307	.....XXX.....
7. 2010.....	.....3,230,937	.....829,057	.....2,401,879	.....1,495,331	.....198,159	.....2,498	.....3,941	.....63,722	.....19,076	.....10,305	.....1,340,375	.....XXX.....
8. 2011.....	.....3,374,597	.....847,435	.....2,527,162	.....3,397,661	.....1,009,801	.....6,134	.....498	.....83,746	.....8,137	.....2,357	.....2,469,105	.....XXX.....
9. 2012.....	.....3,803,061	.....959,893	.....2,843,168	.....2,082,653	.....478,075	.....9,960	.....1,218	.....73,231	.....5,755	.....2,136	.....1,680,796	.....XXX.....
10. 2013.....	.....3,870,242	.....1,096,002	.....2,774,240	.....1,054,641	.....164,902	.....10,627	.....976	.....70,730	.....3,671	.....1,983	.....966,449	.....XXX.....
11. 2014.....	.....3,881,845	.....1,149,084	.....2,732,761	.....704,584	.....95,166	.....5,344	.....104	.....57,282	.....1,611	.....(233)	.....670,329	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....16,246,038	.....3,962,504	.....159,468	.....14,885	.....734,534	.....62,995	.....197,546	.....13,099,656	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....256,297	.....93,504	.....673,539	.....310,682	.....19,624	.....9,654	.....24,923	.....	.....48,158	.....	.....608,701	.....XXX.....
2. 2005.....	.....479	.....	.....	.....	.....1	.....	.....	.....	.....	.....	.....480	.....XXX.....
3. 2006.....	.....352	.....1	.....	.....	.....1	.....	.....	.....	.....	.....	.....352	.....XXX.....
4. 2007.....	.....265	.....	.....	.....	.....1	.....	.....	.....	.....	.....	.....266	.....XXX.....
5. 2008.....	.....(6,347)	.....305	.....	.....	.....4	.....	.....	.....	.....	.....7,131	.....(6,648)	.....XXX.....
6. 2009.....	.....(4,560)	.....	.....5,277	.....	.....13	.....	.....	.....	.....	.....4,988	.....730	.....XXX.....
7. 2010.....	.....(5,506)	.....516	.....15,410	.....	.....21	.....	.....	.....	.....9	.....7,224	.....9,418	.....XXX.....
8. 2011.....	.....17,747	.....4,117	.....20,449	.....	.....71	.....	.....	.....	.....115	.....10,527	.....34,265	.....XXX.....
9. 2012.....	.....71,008	.....64,031	.....63,888	.....	.....2,313	.....	.....	.....	.....6,939	.....16,069	.....80,117	.....XXX.....
10. 2013.....	.....194,038	.....12,028	.....55,669	.....	.....4,718	.....	.....	.....	.....17,490	.....17,979	.....259,887	.....XXX.....
11. 2014.....	.....823,957	.....121,371	.....116,703	.....	.....9,892	.....	.....	.....	.....34,217	.....23,794	.....863,398	.....XXX.....
12. Totals.....1,347,730295,873950,935310,68236,6599,65424,9230106,928087,7121,850,966XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....525,650	.....83,051
2. 2005..	.....1,952,507	.....772,507	.....1,180,000	.....66.9	.....113.1	.....52.8	.....	.....	.....86.00	.....479	.....1
3. 2006..	.....1,208,518	.....179,490	.....1,029,028	.....38.8	.....23.0	.....44.0	.....	.....	.....86.00	.....351	.....1
4. 2007..	.....1,070,318	.....147,811	.....922,507	.....34.0	.....18.7	.....39.1	.....	.....	.....86.00	.....265	.....1
5. 2008..	.....2,818,767	.....779,235	.....2,039,532	.....92.6	.....108.3	.....87.7	.....	.....	.....86.00	.....(6,652)	.....4
6. 2009..	.....899,835	.....133,798	.....766,037	.....26.8	.....17.7	.....29.4	.....	.....	.....86.00	.....717	.....13
7. 2010..	.....1,571,485	.....221,692	.....1,349,793	.....48.6	.....26.7	.....56.2	.....	.....	.....86.00	.....9,388	.....30
8. 2011..	.....3,525,923	.....1,022,553	.....2,503,370	.....104.5	.....120.7	.....99.1	.....	.....	.....86.00	.....34,079	.....186
9. 2012..	.....2,309,992	.....549,079	.....1,760,913	.....60.7	.....57.2	.....61.9	.....	.....	.....86.00	.....70,865	.....9,252
10. 2013..	.....1,407,913	.....181,577	.....1,226,336	.....36.4	.....16.6	.....44.2	.....	.....	.....86.00	.....237,679	.....22,208
11. 2014..	.....1,751,979	.....218,252	.....1,533,727	.....45.1	.....19.0	.....56.1	.....	.....	.....86.00	.....819,289	.....44,109
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....1,692,110	.....158,856

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior.....	829,243	891,959	925,165	876,886	1,051,136	1,044,910	1,034,504	1,023,255	1,166,717	1,149,796	(16,921)	126,541
2. 2005.....	1,322,944	1,244,012	1,279,247	1,139,436	1,115,785	1,108,823	1,098,713	1,098,103	1,084,700	1,078,735	(5,965)	(19,368)
3. 2006.....	XXX	1,142,402	1,002,796	975,340	982,313	987,884	975,679	970,283	971,743	971,215	(528)	932
4. 2007.....	XXX	XXX	1,046,272	885,678	856,790	857,104	859,509	855,536	867,644	871,894	4,250	16,358
5. 2008.....	XXX	XXX	XXX	2,095,256	2,017,961	2,002,859	1,959,567	1,949,603	1,965,413	1,975,103	9,690	25,500
6. 2009.....	XXX	XXX	XXX	XXX	956,813	714,739	700,137	690,547	682,041	679,110	(2,931)	(11,437)
7. 2010.....	XXX	XXX	XXX	XXX	XXX	1,406,985	1,352,657	1,320,660	1,301,569	1,305,138	3,569	(15,522)
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	2,479,920	2,469,746	2,428,480	2,427,646	(834)	(42,100)
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,725,297	1,800,876	1,686,498	(114,378)	(38,799)
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,177,143	1,141,787	(35,356)	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,443,839	XXX	XXX
12. Totals.....											(159,404)	42,105

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....	000	206,669	328,032	359,901	397,775	460,170	513,638	548,899	558,606	589,253	XXX	XXX
2. 2005.....	315,203	833,204	1,050,199	1,130,723	1,110,925	1,110,855	1,101,912	1,099,718	1,084,249	1,078,255	XXX	XXX
3. 2006.....	XXX	376,923	839,862	951,651	975,777	978,335	977,348	974,861	971,810	970,863	XXX	XXX
4. 2007.....	XXX	XXX	273,750	711,315	828,502	850,613	853,318	857,220	872,668	871,628	XXX	XXX
5. 2008.....	XXX	XXX	XXX	809,114	1,655,559	1,806,101	1,882,171	1,920,965	1,913,816	1,981,751	XXX	XXX
6. 2009.....	XXX	XXX	XXX	XXX	248,998	561,340	654,992	669,541	676,518	678,380	XXX	XXX
7. 2010.....	XXX	XXX	XXX	XXX	XXX	570,851	1,160,032	1,243,217	1,285,493	1,295,729	XXX	XXX
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	932,506	2,007,368	2,329,682	2,393,496	XXX	XXX
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	825,034	1,483,598	1,613,320	XXX	XXX
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	445,342	899,390	XXX	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	614,658	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior.....	374,933	389,977	366,324	320,264	428,751	384,279	346,400	315,556	435,500	387,780
2. 2005.....	281,474	233,253	163,364	15,300	10,661	1,400				
3. 2006.....	XXX	151,282	47,348	20,000	12,825	14,800	1,100			
4. 2007.....	XXX	XXX	142,725	27,000	14,463	14,600	10,200	905		
5. 2008.....	XXX	XXX	XXX	218,816	95,581	69,585	45,397	36,994	4,000	
6. 2009.....	XXX	XXX	XXX	XXX	188,283	41,256	20,071	15,061	12,500	5,277
7. 2010.....	XXX	XXX	XXX	XXX	XXX	177,613	55,746	31,655	23,161	15,410
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	214,129	138,016	36,642	20,449
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	116,482	80,940	63,888
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	106,725	55,669
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	116,703

FACTORY MUTUAL INSURANCE COMPANY SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	32,999,616	32,508,075		23,332,420	13,107,155	7,022,534		
2. Alaska.....AK	L	12,670,136	10,786,813		419,597	586,650	167,054		
3. Arizona.....AZ	L	29,252,918	33,653,754		5,191,217	6,886,339	5,872,519		
4. Arkansas.....AR	L	24,305,975	22,001,570		7,428,794	8,847,041	7,586,772		
5. California.....CA	L	350,977,698	350,131,947		56,768,935	(22,294,806)	45,417,434		
6. Colorado.....CO	L	22,390,974	22,146,167		11,151,110	5,470,221	20,762,580		
7. Connecticut.....CT	L	47,425,337	42,418,215		4,582,527	(695,930)	715,491		
8. Delaware.....DE	L	2,553,104	3,128,911		1,449,055	(53,923)	216,703		
9. District of Columbia.....DC	L	12,784,312	11,436,951		2,954,714	473,123	511,518		
10. Florida.....FL	L	116,155,480	111,292,339		12,505,644	12,547,784	12,819,362		
11. Georgia.....GA	L	64,679,616	63,802,412		5,161,870	9,453,755	10,841,765		
12. Hawaii.....HI	L	8,707,094	7,874,819		13,097	64,914	85,109		
13. Idaho.....ID	L	9,935,278	8,054,737		100,520	2,071,256	2,225,067		
14. Illinois.....IL	L	88,561,780	79,265,290		14,620,815	33,186,131	52,310,900		
15. Indiana.....IN	L	37,555,286	47,372,099		31,071,558	28,296,825	17,241,032		
16. Iowa.....IA	L	27,785,993	27,711,251		7,225,926	8,096,415	3,552,483		
17. Kansas.....KS	L	16,811,416	15,711,877		4,454,048	9,354,561	7,976,325		
18. Kentucky.....KY	L	39,824,390	38,009,463		3,339,427	12,808,893	14,845,065		
19. Louisiana.....LA	L	36,704,269	35,817,615		37,785,378	4,221,258	21,645,733		
20. Maine.....ME	L	11,354,303	11,927,637		11,104,001	1,122,244	512,275		
21. Maryland.....MD	L	28,214,149	25,403,997		9,723,192	11,252,825	13,737,001		
22. Massachusetts.....MA	L	59,506,601	55,806,964		16,528,687	12,956,886	19,008,035		
23. Michigan.....MI	L	48,155,531	45,020,362		16,268,387	31,519,945	29,607,226		
24. Minnesota.....MN	L	36,346,301	35,372,331		31,839,985	29,911,795	14,819,222		
25. Mississippi.....MS	L	16,973,043	16,555,758		6,055,766	(3,413,727)	978,898		
26. Missouri.....MO	L	44,781,085	45,647,316		12,318,459	13,347,015	11,988,881		
27. Montana.....MT	L	5,024,437	4,994,966		7,302,821	3,418,734	2,729,949		
28. Nebraska.....NE	L	12,102,329	12,979,273		1,543,971	6,991,519	6,761,138		
29. Nevada.....NV	L	22,816,096	33,728,709		53,292,213	(1,192,075)	11,887,933		
30. New Hampshire.....NH	L	7,912,887	6,724,886		908,192	(10,957,599)	273,810		
31. New Jersey.....NJ	L	38,533,106	37,343,610		33,623,788	(939,946)	37,245,887		
32. New Mexico.....NM	L	10,034,090	13,517,891		2,379,963	7,722,840	6,260,029		
33. New York.....NY	L	106,873,944	99,288,788		94,402,125	49,284,675	283,800,576		
34. North Carolina.....NC	L	65,379,129	61,974,749		18,567,072	(9,581,163)	10,276,120		
35. North Dakota.....ND	L	17,010,932	16,677,594		13,623,333	29,765,933	20,175,989		
36. Ohio.....OH	L	66,130,616	62,301,403		23,621,237	48,778,347	52,706,740		
37. Oklahoma.....OK	L	19,812,010	18,589,543		27,855,491	15,893,501	8,513,758		
38. Oregon.....OR	L	38,265,483	38,215,188		7,081,408	5,862,581	2,487,082		
39. Pennsylvania.....PA	L	107,897,117	103,675,206		92,910,397	137,151,482	106,418,594		
40. Rhode Island.....RI	L	11,099,333	10,562,761		1,489,065	11,257,142	10,237,647		
41. South Carolina.....SC	L	39,554,618	37,201,438		13,488,534	26,691,846	19,043,692		
42. South Dakota.....SD	L	5,706,990	5,829,550		377,109	4,426,015	4,288,879		
43. Tennessee.....TN	L	56,806,834	56,583,278		28,944,766	35,807,439	17,117,992		
44. Texas.....TX	L	190,564,265	188,355,384		63,243,714	42,123,680	49,356,852		
45. Utah.....UT	L	18,169,451	17,590,958		5,444,977	2,672,640	1,234,414		
46. Vermont.....VT	L	6,200,726	5,230,733		933,023	4,246,403	4,268,214		
47. Virginia.....VA	L	46,026,086	42,635,856		9,880,372	23,932,963	19,951,866		
48. Washington.....WA	L	55,358,587	55,228,772		4,448,155	126,693	3,707,924		
49. West Virginia.....WV	L	4,694,727	6,801,977		70,679	703,087	632,407		
50. Wisconsin.....WI	L	43,943,245	38,499,246		9,923,831	8,168,158	13,629,076		
51. Wyoming.....WY	L	8,302,076	8,532,040		1,453,572	3,219,848	2,865,192		
52. American Samoa.....AS	N	198	109						
53. Guam.....GU	L	211,281	175,733						
54. Puerto Rico.....PR	L	25,822,622	24,381,922		1,665,095	(190,716)	733,334		
55. US Virgin Islands.....VI	L	190,468	191,463						
56. Northern Mariana Islands.....MP	L	8,129	7,994						
57. Canada.....CAN	L	246,100,697	254,916,339		141,946,236	251,463,775	194,611,675		
58. Aggregate Other Alien.....OT	XXX	114,489,332	80,010,518	0	2,629,455	(3,078,086)	16,792,729	0	0
59. Totals.....	(a). 55	2,618,453,527	2,541,606,544	0	996,445,723	922,894,363	1,230,476,481	0	0

DETAILS OF WRITE-INS

58001. ALB ALBANIA.....	XXX	9,649	1,393						
58002. DZA ALGERIA.....	XXX	105,557	107,170						
58003. AGO ANGOLA.....	XXX	59,405	50,824		769,626	(127,621)			
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	114,314,721	79,851,131	0	1,859,829	(2,950,465)	16,792,729	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	114,489,332	80,010,518	0	2,629,455	(3,078,086)	16,792,729	0	0

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

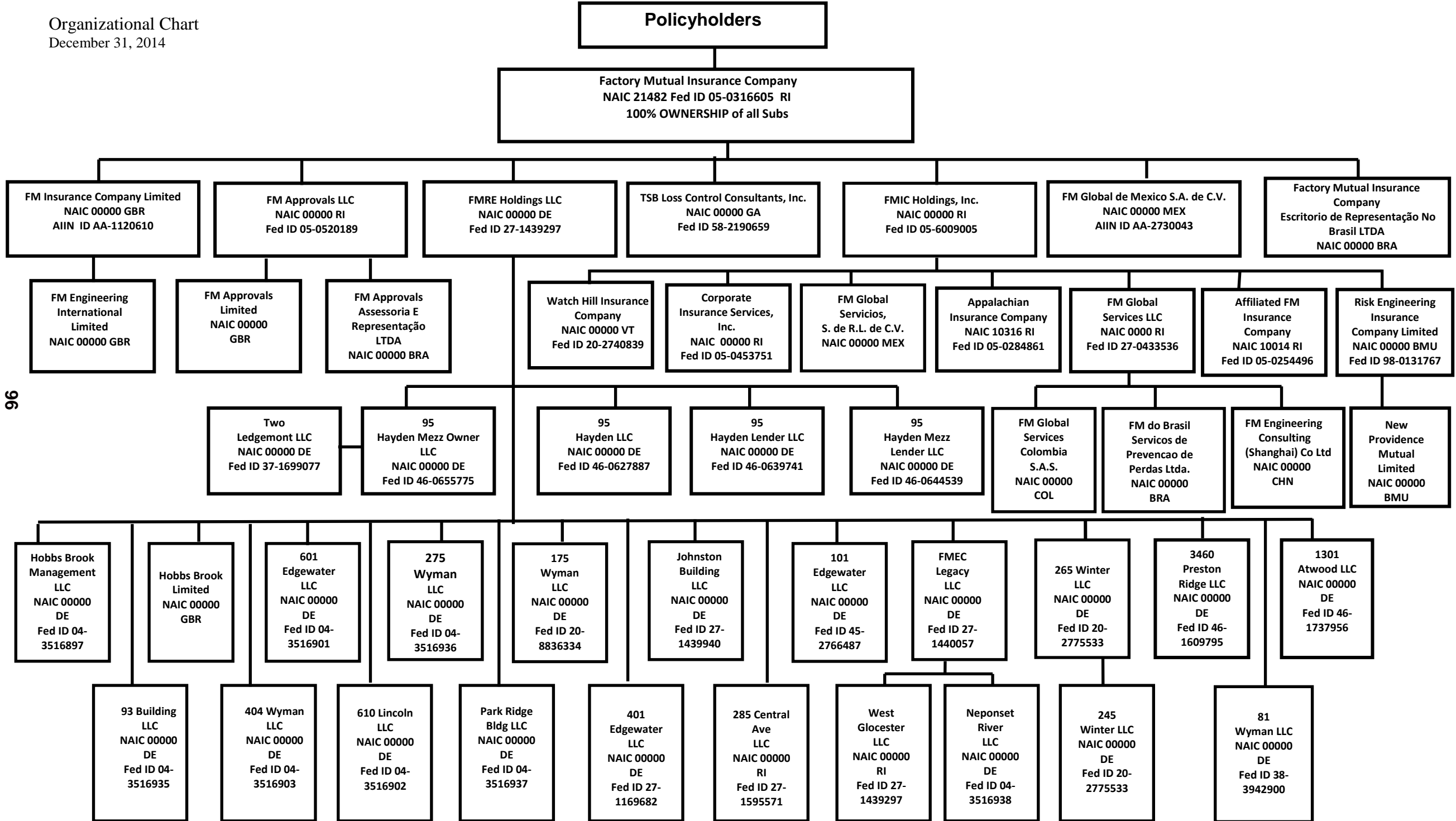
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

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

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

All premiums are allocated to the locations of the property

Organizational Chart
December 31, 2014



2014 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	59
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
General Interrogatories	15	Schedule P-Part 2M-International	59
Jurat Page	1	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	61
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1 -Medical Professional Liability-Occurrence	63
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 3	E13	Schedule P-Part 3M-International	64
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	66
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DL-Part 1	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DL-Part 2	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule E-Part 1-Cash	E26	Schedule P-Part 4M-International	69
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	71
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 6-Section 2	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 7	27	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule F-Part 8	28	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule F-Part 9	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1-Summary	33	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6M-International	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1M-International	49	Schedule P Interrogatories	93
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Statement of Income	4
Schedule P-Part 1T-Warranty	56	Summary Investment Schedule	SI01
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2A-Homeowners/Farmowners	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58		