

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information		
1a Name of plan LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BENEFIT PLAN	1b Three-digit plan number (PN) ▶ <u>001</u>	1c Effective date of plan <u>01/01/2011</u>	
	2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) LIBERTY MUTUAL AGENCY CORPORATION 175 BERKELEY STREET BOSTON, MA 02116		
	2b Employer Identification Number (EIN) <u>51-0290450</u>	2c Sponsor's telephone number <u>617-357-9500</u>	
	2d Business code (see instructions) <u>524290</u>		

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/04/2013	MARY CONNOLLY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☒ Same as Plan Sponsor Address LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BOARD		3b Administrator's EIN 51-0290450
		3c Administrator's telephone number 617-357-9500
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 10279
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	343
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1G 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BENEFIT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>LIBERTY MUTUAL AGENCY CORPORATION</u>	D Employer Identification Number (EIN) <u>51-0290450</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a <u>35722362</u>
b Actuarial value	2b <u>38553068</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>54</u> <u>631321</u>
b For terminated vested participants.....	3b <u>158</u> <u>297606</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>5143920</u>
(2) Vested benefits.....	3c(2) <u>19766781</u>
(3) Total active	3c(3) <u>10067</u> <u>24910701</u>
d Total	3d <u>10279</u> <u>25839628</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>7.21</u> %
6 Target normal cost.....	6 <u>25779905</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>08/29/2013</u>
<u>STEPHEN F. DOUCETTE</u>	Signature of actuary	Date
<u>AON HEWITT</u>	Type or print name of actuary	<u>11-05297</u>
<u>230 THIRD AVENUE</u> <u>WALTHAM, MA 02451-7528</u>	Firm name	Most recent enrollment number
	Address of the firm	<u>781-891-8600</u>
		Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>21.52</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		10300213
b	Interest on (a) using prior year's effective interest rate of <u>6.43</u> % except as otherwise provided (see instructions)		662304
c	Total available at beginning of current plan year to add to prefunding balance		10962517
d	Portion of (c) to be added to prefunding balance		10962517
12	Other reductions in balances due to elections or deemed elections	0	
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	10962517

Part III Funding Percentages			
14	Funding target attainment percentage	14	106.77 %
15	Adjusted funding target attainment percentage	15	149.20 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	100.00 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/13/2012	29000000				
			Totals ►	18(b)	29000000 18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 28428068
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	25779905	
b Excess assets, if applicable, but not greater than line 31a	31b	1750923	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	24028982	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	24028982	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	28428068	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	4399086	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <hr/> 2012 <hr/> This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BENEFIT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>LIBERTY MUTUAL AGENCY CORPORATION</u>	D Employer Identification Number (EIN) <u>51-0290450</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: LIBERTY MUTUAL RETIREMENT PLAN MT

b Name of sponsor of entity listed in (a): LIBERTY MUTUAL AGENCY CORPORATION

c EIN-PN <u>27-4064359-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 LIBERTY MUTUAL AGENCY CORPORATION	D Employer Identification Number (EIN) 51-0290450	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	11000000	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	24916750	0
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	35916750	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	26173	0
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	26173	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	35890577	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	29000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		29000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		4474146
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		33474146

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1321547	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1321547
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1321547

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		32152599
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		68043176

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DANIEL DENNIS & COMPANY

(2) EIN: 04-2734675

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☒ Yes ☐ No Amount: 0

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

LIBERTY MUTUAL RETIREMENT BENEFIT PLAN

5b(2) EIN(s)	5b(3) PN(s)
04-3583679	001

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>LIBERTY MUTUAL AGENCY CORPORATION RETIREMENT BENEFIT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>LIBERTY MUTUAL AGENCY CORPORATION</u>	D Employer Identification Number (EIN) <u>51-0290450</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>27-3801027</u> <u>25-1926855</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>383</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 92% Investment-Grade Debt: 0% High-Yield Debt: 0% Real Estate: 0% Other: 8%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

See audited financial statements for Accountant's Opinion.

Schedule SB Attachment (Form 5500)—2012 Plan Year
Liberty Mutual Agency Corporation Retirement Benefit Plan
EIN: 51-0290450 PN: 001

Schedule SB, line 19—Discounted Employer Contributions

Year applied for contributions: 2012

Date	Amount	Interest Rate	Months to Discount to January 1, 2012	Interest Adjusted
April 13, 2012	\$ 29,000,000	7.21%	3.43333	\$ 28,428,068

Schedule SB Attachment (Form 5500)—2012 Plan Year
 Liberty Mutual Agency Corporation Retirement Benefit Plan
 EIN: 51-0290450 PN: 001

Schedule SB, line 22—Description of Weighted Average Retirement Age

The average retirement age shown in line 22 has been calculated by assuming the following retirement rates and no decrements other than retirement for this calculation. All retirements are assumed to occur at beginning of year.

Participants with Less than 15 Years of Credited Service on 12/31/2011

Current Participants Born After 1964				All Other Current Participants			Active Participants on 12/31/2005 and Born Before 1956		
Retirement Age	Retirement Rate	Weighting	Result	Retirement Rate	Weighting	Result	Retirement Rate	Weighting	Result
55	7%	0.0700	3.85	7%	0.0700	3.85	7%	0.0700	3.85
56	7%	0.0651	3.65	7%	0.0651	3.65	7%	0.0651	3.65
57	7%	0.0605	3.45	7%	0.0605	3.45	7%	0.0605	3.45
58	7%	0.0563	3.27	7%	0.0563	3.27	8%	0.0643	3.73
59	7%	0.0524	3.09	8%	0.0598	3.53	8%	0.0592	3.49
60	8%	0.0557	3.34	8%	0.0551	3.30	10%	0.0681	4.08
61	8%	0.0512	3.12	10%	0.0633	3.86	10%	0.0613	3.74
62	10%	0.0589	3.65	10%	0.0570	3.53	17%	0.0937	5.81
63	10%	0.0530	3.34	17%	0.0872	5.49	14%	0.0641	4.04
64	17%	0.0811	5.19	14%	0.0596	3.81	14%	0.0551	3.53
65	17%	0.0673	4.37	21%	0.0769	5.00	28%	0.0948	6.16
66	21%	0.0690	4.55	28%	0.0810	5.34	40%	0.0975	6.43
67	28%	0.0727	4.87	40%	0.0833	5.58	25%	0.0366	2.45
68	40%	0.0748	5.08	25%	0.0312	2.12	25%	0.0274	1.86
69	25%	0.0280	1.93	25%	0.0234	1.62	25%	0.0206	1.42
70	100%	0.0841	5.89	100%	0.0703	4.92	100%	0.0617	4.32
Weighted Retirement Age			62.65				62.33		
							62.02		

Participants with 15+ Years of Credited Service on 12/31/2011

Current Participants Born After 1964				All Other Current Participants			Active Participants on 12/31/2005 and Born Before 1956		
Retirement Age	Retirement Rate	Weighting	Result	Retirement Rate	Weighting	Result	Retirement Rate	Weighting	Result
55	10%	0.1000	5.50	10%	0.1000	5.50	10%	0.1000	5.50
56	10%	0.0900	5.04	10%	0.0900	5.04	10%	0.0900	5.04
57	10%	0.0810	4.62	10%	0.0810	4.62	10%	0.0810	4.62
58	10%	0.0729	4.23	10%	0.0729	4.23	12%	0.0875	5.07
59	10%	0.0656	3.87	12%	0.0787	4.65	12%	0.0770	4.54
60	12%	0.0709	4.25	12%	0.0693	4.16	15%	0.0847	5.08
61	12%	0.0624	3.80	15%	0.0762	4.65	15%	0.0720	4.39
62	15%	0.0686	4.25	15%	0.0648	4.02	25%	0.1020	6.32
63	15%	0.0583	3.67	25%	0.0918	5.78	20%	0.0612	3.85
64	25%	0.0826	5.29	20%	0.0551	3.52	20%	0.0489	3.13
65	25%	0.0619	4.03	30%	0.0661	4.29	40%	0.0783	5.09
66	30%	0.0558	3.68	40%	0.0617	4.07	40%	0.0470	3.10
67	40%	0.0520	3.49	40%	0.0370	2.48	25%	0.0176	1.18
68	40%	0.0312	2.12	25%	0.0139	0.94	25%	0.0132	0.90
69	25%	0.0117	0.81	25%	0.0104	0.72	25%	0.0099	0.68
70	100%	0.0351	2.46	100%	0.0312	2.19	100%	0.0297	2.08
Weighted Retirement Age			61.11				60.85		
							60.59		

Service and Age Groups	Number of Active Participants	Weighted Retirement Age	Weighting	Result
Participants Born >1964, <15 Years	5,239	62.65	0.5204	32.60
Other Current Participants, <15 Years	3,284	62.33	0.3262	20.33
Active on 12/31/2005, <15 Years	737	62.02	0.0732	4.54
Participants Born >1964, 15+ Years	199	61.11	0.0198	1.21
Other Current Participants, 15+ Years	329	60.85	0.0327	1.99
Active on 12/31/2005, 15+ Years	236	60.59	0.0234	1.42
Long Term Disabled	43	65.00	0.0043	0.28
Total	10,067			
Composite Weighted Retirement Age				62.37

Schedule SB Attachment (Form 5500)—2012 Plan Year
 Liberty Mutual Agency Corporation Retirement Benefit Plan
 EIN: 51-0290450 PN: 001

Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month lookback (as of September 2011), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21.
1st Segment Rate	5.54%.
2nd Segment Rate	6.85%.
3rd Segment Rate	7.52%.
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month lookback (as of September 2011), without regard to the MAP-21 interest rate corridor.
1st Segment Rate	2.06%.
2nd Segment Rate	5.25%.
3rd Segment Rate	6.32%.
Salary Increases	
Minimum Funding Target Normal Cost	See Table 1.
Maximum Tax Expected Benefit Increase	See Table 1.
Social Security Wage Base Increases	Future wage indices are based on a national wage increase of 3.25% per year.
Social Security COLA Increases	2.50%.
Optional Payment Form Election Percentage	Joint and 50% survivor for married participants. Single life annuity for single participants.
	It is assumed that 90% of new retirees take their benefits immediately, while 10% defer to the unreduced age.
Retirement Age	
Active Participants	See Table 2.
Terminated Vested Participants	Age 63.
Mortality Rates	
Healthy and Disabled	Generational mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(d).
Withdrawal Rates	See Tables 3–4.
Disability Rates	See Table 5.

Schedule SB Attachment (Form 5500)—2012 Plan Year
Liberty Mutual Agency Corporation Retirement Benefit Plan
EIN: 51-0290450 PN: 001

Decrement Timing	Middle of year decrements, with 100% retirement occurring at beginning of year.
Surviving Spouse Benefit	It is assumed that 90% of males and 60% of females have an eligible spouse, and that males are three years older than their spouses.
Valuation Compensation	2011 highest base plus bonus for noncommissioned employees or 2011 Annual Compensation for commissioned employees, less deferred compensation.
Benefit and Compensation Limits	Projected benefits and compensation are limited by the current IRC section 415 maximum benefit of \$200,000 and the IRC section 401(a)(17) compensation limit of \$250,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets 2011 Plan Year	6.57%.
Trust Expenses Included in Target Normal Cost	\$1,000,000.
Actuarial Method	Standard unit credit cost method.
Valuation Date	January 1, 2012.

Schedule SB Attachment (Form 5500)—2012 Plan Year
 Liberty Mutual Agency Corporation Retirement Benefit Plan
 EIN: 51-0290450 PN: 001

Table 1

Salary Merit Increase Rates

Age	Rate	Age	Rate
15	9.40%	45	3.90%
16	9.40%	46	3.90%
17	9.40%	47	3.80%
18	9.40%	48	3.70%
19	9.40%	49	3.70%
20	9.10%	50	3.60%
21	8.80%	51	3.60%
22	8.60%	52	3.50%
23	8.40%	53	3.50%
24	8.30%	54	3.40%
25	8.20%	55	3.40%
26	8.10%	56	3.30%
27	8.00%	57	3.30%
28	7.70%	58	3.30%
29	7.30%	59	3.20%
30	6.80%	60	3.20%
31	6.30%	61	3.20%
32	5.90%	62	3.20%
33	5.60%	63	3.10%
34	5.30%	64	3.10%
35	5.10%	65	3.10%
36	4.90%	66	3.00%
37	4.70%	67	3.00%
38	4.50%	68	3.00%
39	4.40%	69	2.90%
40	4.30%	70	2.90%
41	4.20%	71	2.90%
42	4.10%	72	2.80%
43	4.00%	73	2.80%
44	4.00%	74	2.80%

Schedule SB Attachment (Form 5500)—2012 Plan Year
Liberty Mutual Agency Corporation Retirement Benefit Plan
EIN: 51-0290450 PN: 001

Table 2

Age at which Benefits Commence	Current Participants Born After 1964		All Other Current Participants		Active Participants on 12/31/2005 and Born Before 1956	
Credited Service on 12/31/2010	15 or more	Less than 15	15 or more	Less than 15	15 or more	Less than 15
55	10%	7%	10%	7%	10%	7%
56	10%	7%	10%	7%	10%	7%
57	10%	7%	10%	7%	10%	7%
58	10%	7%	10%	7%	12%	8%
59	10%	7%	12%	8%	12%	8%
60	12%	8%	12%	8%	15%	10%
61	12%	8%	15%	10%	15%	10%
62	15%	10%	15%	10%	25%	17%
63	15%	10%	25%	17%	20%	14%
64	25%	17%	20%	14%	20%	14%
65	25%	17%	30%	21%	40%	28%
66	30%	21%	40%	28%	40%	40%
67	40%	28%	40%	40%	25%	25%
68	40%	40%	25%	25%	25%	25%
69	25%	25%	25%	25%	25%	25%
70	100%	100%	100%	100%	100%	100%

Schedule SB Attachment (Form 5500)—2012 Plan Year
 Liberty Mutual Agency Corporation Retirement Benefit Plan
 EIN: 51-0290450 PN: 001

Table 3—Page 1 of 4

Age	Years of Service				
	0-1	2	3	4	5+
15	25.30%	21.40%	18.10%	15.30%	12.00%
16	25.30%	21.40%	18.10%	15.30%	12.00%
17	25.30%	21.40%	18.10%	15.30%	12.00%
18	25.30%	21.40%	18.10%	15.30%	12.00%
19	25.30%	21.40%	18.10%	15.30%	12.00%
20	25.30%	21.40%	18.10%	15.30%	12.00%
21	24.70%	20.90%	17.70%	15.00%	11.70%
22	24.20%	20.50%	17.30%	14.60%	11.50%
23	23.70%	20.00%	16.90%	14.30%	11.20%
24	23.20%	19.60%	16.60%	14.00%	11.00%
25	22.70%	19.20%	16.20%	13.70%	10.80%
26	22.20%	18.80%	15.90%	13.40%	10.50%
27	21.70%	18.40%	15.50%	13.10%	10.30%
28	21.60%	18.30%	15.50%	13.10%	10.20%
29	21.40%	18.20%	15.50%	13.10%	10.20%
30	21.20%	18.10%	15.40%	13.10%	10.10%
31	21.10%	18.00%	15.40%	13.10%	10.10%
32	20.90%	17.90%	15.30%	13.10%	10.00%
33	20.20%	17.20%	14.70%	12.50%	9.70%
34	19.50%	16.50%	14.00%	11.90%	9.40%
35	18.80%	15.90%	13.40%	11.30%	9.10%
36	18.20%	15.30%	12.80%	10.80%	8.90%
37	17.50%	14.70%	12.30%	10.30%	8.60%
38	17.80%	14.70%	12.10%	10.00%	8.30%
39	18.10%	14.70%	12.00%	9.80%	8.00%
40	18.30%	14.80%	11.90%	9.60%	7.60%
41	18.60%	14.80%	11.80%	9.40%	7.30%
42	18.90%	14.90%	11.70%	9.20%	7.10%
43	18.60%	14.50%	11.40%	8.90%	6.70%
44	18.30%	14.20%	11.10%	8.60%	6.50%

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Withdrawal Rates (Full-time Employees) — Male

Age	Years of Service				
	0-1	2	3	4	5+
45	18.00%	13.90%	10.70%	8.30%	6.20%
46	17.80%	13.60%	10.40%	8.00%	5.90%
47	17.50%	13.30%	10.20%	7.70%	5.60%
48	17.50%	13.40%	10.20%	7.80%	5.60%
49	17.60%	13.40%	10.30%	7.90%	5.60%
50	17.60%	13.50%	10.30%	7.90%	5.50%
51	17.60%	13.50%	10.40%	8.00%	5.50%
52	17.70%	13.60%	10.40%	8.00%	5.50%
53	17.70%	13.60%	10.50%	8.10%	5.50%
54	17.70%	13.70%	10.60%	8.10%	5.40%
55	17.70%	13.70%	10.60%	8.20%	0.00%
56+	17.80%	13.80%	10.70%	8.30%	0.00%

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Withdrawal Rates (Full-time Employees) — Female

Age	Years of Service				
	0-1	2	3	4	5+
15	24.70%	22.20%	19.90%	17.90%	15.60%
16	24.70%	22.20%	19.90%	17.90%	15.60%
17	24.70%	22.20%	19.90%	17.90%	15.60%
18	24.70%	22.20%	19.90%	17.90%	15.60%
19	24.70%	22.20%	19.90%	17.90%	15.60%
20	24.70%	22.20%	19.90%	17.90%	15.60%
21	24.00%	21.60%	19.40%	17.40%	15.20%
22	23.40%	21.00%	18.80%	16.90%	14.80%
23	22.70%	20.40%	18.30%	16.40%	14.30%
24	22.10%	19.80%	17.80%	16.00%	13.90%
25	21.40%	19.30%	17.30%	15.50%	13.60%
26	20.80%	18.70%	16.80%	15.10%	13.20%
27	20.30%	18.20%	16.30%	14.70%	12.80%
28	20.40%	18.20%	16.20%	14.50%	12.50%
29	20.50%	18.20%	16.20%	14.40%	12.20%
30	20.60%	18.20%	16.10%	14.20%	11.90%
31	20.70%	18.20%	16.00%	14.10%	11.60%
32	20.80%	18.20%	15.90%	13.90%	11.30%
33	20.70%	18.00%	15.60%	13.50%	10.80%
34	20.70%	17.70%	15.20%	13.10%	10.30%
35	20.60%	17.50%	14.90%	12.60%	9.80%
36	20.60%	17.30%	14.50%	12.20%	9.40%
37	20.50%	17.10%	14.20%	11.80%	9.00%
38	20.20%	16.70%	13.80%	11.40%	8.60%
39	19.90%	16.30%	13.40%	11.00%	8.30%
40	19.60%	16.00%	13.00%	10.60%	8.00%
41	19.30%	15.60%	12.60%	10.20%	7.70%
42	19.00%	15.30%	12.30%	9.80%	7.40%
43	18.50%	15.00%	12.10%	9.70%	7.40%
44	18.10%	14.70%	11.90%	9.70%	7.30%

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Withdrawal Rates (Full-time Employees) — Female

Age	Years of Service				
	0-1	2	3	4	5+
45	17.60%	14.40%	11.70%	9.60%	7.30%
46	17.20%	14.10%	11.60%	9.50%	7.20%
47	16.80%	13.80%	11.40%	9.40%	7.20%
48	16.70%	13.70%	11.30%	9.30%	7.00%
49	16.60%	13.60%	11.10%	9.10%	6.90%
50	16.50%	13.50%	11.00%	9.00%	6.80%
51	16.40%	13.40%	10.90%	8.90%	6.70%
52	16.40%	13.30%	10.80%	8.70%	6.60%
53	16.30%	13.20%	10.60%	8.60%	6.40%
54	16.20%	13.00%	10.50%	8.50%	6.30%
55	16.10%	12.90%	10.40%	8.30%	0.00%
56+	16.00%	12.80%	10.30%	8.20%	0.00%

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Withdrawal Rates (Part-time Employees) — Male

Age	Years of Service				
	0-1	2	3	4	5+
15	30.30%	23.50%	18.10%	15.30%	12.00%
16	30.30%	23.50%	18.10%	15.30%	12.00%
17	30.30%	23.50%	18.10%	15.30%	12.00%
18	30.30%	23.50%	18.10%	15.30%	12.00%
19	30.30%	23.50%	18.10%	15.30%	12.00%
20	30.30%	23.50%	18.10%	15.30%	12.00%
21	29.70%	23.00%	17.70%	15.00%	11.70%
22	29.00%	22.50%	17.30%	14.60%	11.50%
23	28.40%	22.00%	16.90%	14.30%	11.20%
24	27.80%	21.60%	16.60%	14.00%	11.00%
25	27.20%	21.10%	16.20%	13.70%	10.80%
26	26.60%	20.60%	15.90%	13.40%	10.50%
27	26.10%	20.20%	15.50%	13.10%	10.30%
28	25.90%	20.10%	15.50%	13.10%	10.20%
29	25.70%	20.00%	15.50%	13.10%	10.20%
30	25.50%	19.90%	15.40%	13.10%	10.10%
31	25.30%	19.80%	15.40%	13.10%	10.10%
32	25.10%	19.70%	15.30%	13.10%	10.00%
33	24.20%	18.90%	14.70%	12.50%	9.70%
34	23.40%	18.20%	14.00%	11.90%	9.40%
35	22.60%	17.50%	13.40%	11.30%	9.10%
36	21.80%	16.80%	12.80%	10.80%	8.90%
37	21.00%	16.10%	12.30%	10.30%	8.60%
38	21.30%	16.20%	12.10%	10.00%	8.30%
39	21.70%	16.20%	12.00%	9.80%	8.00%
40	22.00%	16.30%	11.90%	9.60%	7.60%
41	22.30%	16.30%	11.80%	9.40%	7.30%
42	22.70%	16.40%	11.70%	9.20%	7.10%
43	22.30%	16.00%	11.40%	8.90%	6.70%
44	22.00%	15.70%	11.10%	8.60%	6.50%

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Withdrawal Rates (Part-time Employees) — Male

Age	Years of Service				
	0-1	2	3	4	5+
45	21.70%	15.30%	10.70%	8.30%	6.20%
46	21.30%	15.00%	10.40%	8.00%	5.90%
47	21.00%	14.70%	10.20%	7.70%	5.60%
48	21.00%	14.70%	10.20%	7.80%	5.60%
49	21.10%	14.80%	10.30%	7.90%	5.60%
50	21.10%	14.80%	10.30%	7.90%	5.50%
51	21.10%	14.90%	10.40%	8.00%	5.50%
52	21.20%	14.90%	10.40%	8.00%	5.50%
53	21.20%	15.00%	10.50%	8.10%	5.50%
54	21.30%	15.00%	10.60%	8.10%	5.40%
55	21.30%	15.10%	10.60%	8.20%	0.00%
56+	21.30%	15.20%	10.70%	8.30%	0.00%

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Withdrawal Rates (Part-time Employees) — Female

Age	Years of Service				
	0-1	2	3	4	5+
15	29.70%	24.40%	19.90%	17.90%	15.60%
16	29.70%	24.40%	19.90%	17.90%	15.60%
17	29.70%	24.40%	19.90%	17.90%	15.60%
18	29.70%	24.40%	19.90%	17.90%	15.60%
19	29.70%	24.40%	19.90%	17.90%	15.60%
20	29.70%	24.40%	19.90%	17.90%	15.60%
21	28.80%	23.70%	19.40%	17.40%	15.20%
22	28.00%	23.10%	18.80%	16.90%	14.80%
23	27.20%	22.40%	18.30%	16.40%	14.30%
24	26.50%	21.80%	17.80%	16.00%	13.90%
25	25.70%	21.20%	17.30%	15.50%	13.60%
26	25.00%	20.60%	16.80%	15.10%	13.20%
27	24.30%	20.00%	16.30%	14.70%	12.80%
28	24.40%	20.00%	16.20%	14.50%	12.50%
29	24.60%	20.00%	16.20%	14.40%	12.20%
30	24.70%	20.00%	16.10%	14.20%	11.90%
31	24.80%	20.00%	16.00%	14.10%	11.60%
32	25.00%	20.00%	15.90%	13.90%	11.30%
33	24.90%	19.80%	15.60%	13.50%	10.80%
34	24.80%	19.50%	15.20%	13.10%	10.30%
35	24.70%	19.30%	14.90%	12.60%	9.80%
36	24.70%	19.00%	14.50%	12.20%	9.40%
37	24.60%	18.80%	14.20%	11.80%	9.00%
38	24.20%	18.40%	13.80%	11.40%	8.60%
39	23.90%	18.00%	13.40%	11.00%	8.30%
40	23.50%	17.60%	13.00%	10.60%	8.00%
41	23.20%	17.20%	12.60%	10.20%	7.70%
42	22.80%	16.80%	12.30%	9.80%	7.40%
43	22.30%	16.50%	12.10%	9.70%	7.40%
44	21.70%	16.10%	11.90%	9.70%	7.30%

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Withdrawal Rates (Part-time Employees) — Female

Age	Years of Service				
	0-1	2	3	4	5+
45	21.20%	15.80%	11.70%	9.60%	7.30%
46	20.60%	15.50%	11.60%	9.50%	7.20%
47	20.10%	15.20%	11.40%	9.40%	7.20%
48	20.00%	15.10%	11.30%	9.30%	7.00%
49	19.90%	15.00%	11.10%	9.10%	6.90%
50	19.80%	14.80%	11.00%	9.00%	6.80%
51	19.70%	14.70%	10.90%	8.90%	6.70%
52	19.60%	14.60%	10.80%	8.70%	6.60%
53	19.50%	14.50%	10.60%	8.60%	6.40%
54	19.40%	14.30%	10.50%	8.50%	6.30%
55	19.30%	14.20%	10.40%	8.30%	0.00%
56+	19.20%	14.10%	10.30%	8.20%	0.00%

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Table 5

Disability Rates

Age	Male	Female	Age	Male	Female
15	0.03%	0.03%	45	0.16%	0.24%
16	0.03%	0.03%	46	0.18%	0.27%
17	0.03%	0.03%	47	0.21%	0.30%
18	0.03%	0.03%	48	0.25%	0.33%
19	0.03%	0.03%	49	0.28%	0.36%
20	0.03%	0.03%	50	0.33%	0.40%
21	0.03%	0.03%	51	0.39%	0.44%
22	0.03%	0.03%	52	0.46%	0.49%
23	0.03%	0.03%	53	0.53%	0.54%
24	0.03%	0.03%	54	0.61%	0.59%
25	0.03%	0.03%	55	0.69%	0.64%
26	0.03%	0.03%	56	0.77%	0.69%
27	0.03%	0.03%	57	0.86%	0.74%
28	0.03%	0.04%	58	0.95%	0.80%
29	0.03%	0.04%	59	1.05%	0.85%
30	0.03%	0.04%	60	1.15%	0.90%
31	0.03%	0.05%	61	1.26%	0.96%
32	0.03%	0.05%	62	1.38%	1.01%
33	0.03%	0.06%	63	1.51%	1.05%
34	0.03%	0.06%	64	1.64%	1.09%
35	0.04%	0.07%	65+	0.00%	0.00%
36	0.04%	0.08%			
37	0.05%	0.09%			
38	0.06%	0.10%			
39	0.07%	0.12%			
40	0.08%	0.13%			
41	0.09%	0.15%			
42	0.10%	0.17%			
43	0.12%	0.19%			
44	0.14%	0.22%			

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Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2012

**Schedule SB, Line 26—Schedule of Active Participant Data
 As of January 1, 2012**

**Liberty Mutual Agency Corporation
 Retirement Benefit Plan**

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Number of Participants and Average Compensation

Attained Age	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25	107 \$47,889	44 \$53,176								
25-29	171 \$45,537	608 \$58,997	76 \$62,006							
30-34	157 \$51,240	816 \$65,747	225 \$73,500	27 \$64,473	3					
35-39	108 \$57,593	787 \$71,680	194 \$77,996	97 \$79,650	23 \$88,556	2				
40-44	101 \$64,012	848 \$79,059	205 \$87,535	123 \$77,621	71 \$86,491	36 \$80,099	3			
45-49	84 \$66,729	864 \$83,261	284 \$87,184	178 \$86,287	54 \$95,902	80 \$94,064	31 \$75,269	8		
50-54	64 \$68,262	735 \$81,073	353 \$78,589	174 \$80,564	55 \$86,616	52 \$88,974	43 \$96,251	28 \$80,208	4	
55-59	55 \$62,928	558 \$75,190	300 \$76,806	155 \$83,346	44 \$83,540	55 \$84,229	34 \$103,785	34 \$103,493	16	2
60-64	20 \$68,410	320 \$74,380	189 \$79,930	126 \$81,613	23 \$79,743	20 \$71,404	9	12	7	4
65-69	3	62 \$90,177	46 \$78,428	27 \$73,327	4	1	2	1	1	
70+		8		4	1			1		

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Schedule SB Attachment (Form 5500)—2012 Plan Year
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Schedule SB, Part V—Summary of Plan Provisions

Effective Date

January 1, 2011

Effective January 1, 2011 certain employees began accruing benefits under the newly established Liberty Mutual Agency Corporation (LMAC) Retirement Benefit Plan. Both the LMAC and LMGI Plans use the same Final Average Pay and Primary Social Security to determine benefits (i.e. pay and service from both companies are included in the determination of FAP and PIA). All service from both companies is considered to determine the Credited Service limit of 40 years. The intent is to provide a total benefit from both Plans as if a participant remained in only one plan throughout their entire career at Liberty Mutual.

Effective December 31, 2012 this plan merged into the Liberty Mutual Retirement Benefit Plan.

Eligibility

Age 21 and one year of service.

Normal Retirement

Eligibility

Age 65.

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Normal Retirement (continued)

Annual Benefit

The greatest of (a), (b), and (c), minus (d):

- (a) \$96 times years of credited service.
- (b) A career average pay benefit based on a schedule for years of service prior to June 1, 1973, and equal to 1.20% of the first \$6,000 of career average compensation plus 2.00% of career average compensation in excess of \$6,000 for years 1973 and later. Effective January 1, 2005, the career pay benefit formula no longer applies to employees hired on or after January 1, 2005. For existing employees under age 50 as of December 31, 2004, the career pay benefit is frozen. For existing employees over age 50, the career pay formula only applies to the first \$50,000 of career average compensation.
- (c) For service prior to 2011, 54% of Final Average Pay less 50% of primary Social Security, reduced by 1/35 for each year that credited service is less than 35;

For service after 2010, 35% of Final Average Pay less 35% of primary Social Security, reduced by 1/35 for each year that credited service is less than 35;

Plus 0.50% of final average compensation times years of credited service in excess of 35.
- (d) Benefit payable from the Liberty Mutual Retirement Benefit Plan.

Credited service with all Participating Employers is limited to 40 years.

Participants in the Nationwide Retirement Plan as of December 31, 1998 are entitled to a minimum benefit equal to their accrued benefit under the Nationwide Plan as of December 31, 1998. This benefit is fully vested.

Participants in the LIH Retirement Plan as of December 31, 2000 are entitled to a minimum benefit equal to their benefit under the LIH Plan as of December 31, 2000 adjusted for an increase in Final Average Pay.

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Normal Retirement (continued)

Annual Benefit (continued)

Participants in the Montgomery Mutual Insurance Company Pension Plan who were age 50 and had at least five years of vesting service as of December 31, 2000 are entitled to a minimum benefit equal to their benefit under the Montgomery Mutual Insurance Company Pension Plan as of December 31, 2000 adjusted for an increase in Final Average Pay.

Participants in the Ohio Casualty Employees Retirement Plan (ERP) are entitled to benefits determined as the sum of:

- (a) June 30, 2004 Ohio Casualty ERP accrued benefit,
- (b) A future service benefit from July 1, 2004 determined in accordance with the Liberty Mutual final average pay benefit formula

This benefit is subject to a minimum benefit equal to the sum of the December 31, 2007 Ohio Casualty ERP accrued benefit and a future service benefit from January 1, 2008 determined in accordance with the Liberty Mutual final average pay benefit formula.

Participants in the Safeco Employees' Cash Balance Plan who were actively employed as of January 1, 2009 are entitled to benefits determined in accordance with the Liberty Mutual final average pay benefit formula, with the exception of Vesting and Eligibility Service, which will be granted back to original date of hire at Safeco

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Early Retirement

Eligibility Age 55 and 5 years of continuous service from most recent hire date at time of severance from service.

Benefit The accrued normal retirement benefit is reduced by the following schedule:

Age at Which Benefits Commence	Percentage of Normal Retirement Benefits		
	Current Participants Born After 1964	All Other Current Participants	Active Participants on 12/31/2005 and Born Before 1956
64	100	100	100
63	95	100	100
62	90	95	100
61	85	90	95
60	81	85	90
59	77	81	85
58	73	77	81
57	69	73	77
56	66	69	73
55	63	66	69

Participants in the Nationwide Insurance Enterprise Retirement Plan as of December 31, 1998 receive a minimum benefit equal to their accrued benefit as of this date, calculated using the early retirement reductions in effect at this date.

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Vested Retirement

Eligibility	100% vested after 5 years of service.
Benefit	<p>Accrued normal retirement benefit payable at normal retirement date or as early as age 55 on an actuarially reduced basis.</p> <p>Special provisions apply if pre-1973 contributions are withdrawn.</p> <p>Participants in the Nationwide Insurance Enterprise Retirement Plan as of December 31, 1998 receive a minimum benefit equal to their accrued benefit as of this date. This benefit is fully vested.</p>

**Spouse's Death Benefit—
Liberty Mutual Employees Only**

Eligibility	Spouses of active participants who die while employed on or after age 50 or after completing 25 years of service.
Benefit	50% of the accrued normal retirement benefit payable immediately and continuing for life; actuarially adjusted if the spouse is more than 5 years younger than the participant.

Preretirement Spouse's Benefit

Eligibility	Spouses of active participants who die after becoming vested but before meeting the requirements for the spouse's death benefit (above) and spouses of vested terminated participants who die before benefits commence.
Benefit	<p>If death occurs on or after earliest retirement age, an annual benefit equal to 50% of the benefit the participant would have received had he retired on the day preceding his death having elected a 50% joint and survivor annuity.</p> <p>If death occurs prior to earliest retirement age, an annual benefit equal to 50% of the benefit the participant would have received had he terminated his employment on the day preceding his death, survived to earliest retirement age, and elected a 50% joint and survivor annuity.</p>

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Disability Retirement

Eligibility	Any participant not yet retired who qualified to receive Company LTD benefits.
Benefit	Credited service continues while LTD benefits are being paid.

Small Cash Outs

Participant whose accrued benefits have a present value at the time of termination of \$5,000 or less will be cashed out per the Plan Provisions.

Voluntary Cash Outs

Participants whose accrued benefits have a present value at the time of termination (on or after 1/1/2012) greater than \$5,000 but not more than \$50,000 will be given the one-time option to cash out their benefit.

Participants who terminated prior to 1/1/2012 will be given a one-time option to cash out their benefit if the lump sum value at 9/1/2012 is not more than \$50,000.

Normal Form of Benefit

Retirees	Life annuity, if single. Unreduced 50% joint and survivor annuity, if married.
Terminees	Life annuity, if single. Actuarially reduced 50% joint and survivor annuity, if married.

Definitions

Annual Compensation ¹	Total compensation before reducing for any Section 125, Section 132, or 401(k) deferrals, disregarding imputed income, contributions to nonqualified deferred compensation plans, and certain other incentive awards.
----------------------------------	---

¹ Includes Pay and Service with all Participating Employers (LMAC and LMGI)
Aon Hewitt
Consulting | Retirement
Proprietary & Confidential | 001_LMAC_SB_PARTV SUMMARY PLAN PROVISIONS/26-K1-80238 08/2013

Schedule SB Attachment (Form 5500)—2012 Plan Year
Liberty Mutual Agency Corporation Retirement Benefit Plan
EIN: 51-0290450 PN: 001

Definitions (continued)

Final Average Compensation¹

For any Plan Year prior to 2013, Final Average Compensation is the greater of the participant's highest rate of base salary plus any pensionable short-term incentive bonuses paid in the Plan Year or the participant's Annual Compensation in the immediately preceding Plan Year.

For any Plan Year after 2012, other than the year of termination, Final Average Compensation is equal to the Annual Compensation during Plan Year. In the year of termination, Final Average Compensation is equal to the greater of participant's highest rate of base pay plus any pensionable short-term incentive bonuses paid in the Plan Year or participant's Annual Compensation in the Plan Year.

Final Average Pay

Average of the participant's Final Average Compensation for the highest 5 consecutive calendar years out of the 10 years immediately preceding termination.

Primary Social Security

The estimated annual benefit payable to a participant based on the laws in effect at the time of termination, determined on the basis of actual or assumed earnings up to the date of termination. With respect to a participant who retires on or after age 62, the amount is reduced to reflect the benefit the participant is entitled to receive in the month containing the participant's Early Retirement Date. With respect to a participant who retires prior to age 62, it is reduced to reflect age 62 commencement.

Credited Service

All years of service while a participant, limited to 40 years.

- Part-time

A full year is granted if the participant has 1,900 or more hours in a year. Pro rata service is granted if hours are between 1,000 and 1,900 hours.

- Full-time

A year of service is granted for each 12 full calendar months of service. Fractional years of service are credited on the basis of full calendar months divided by 12.

Plan Changes Since the Prior Year

- A change in the definition of Final Average Compensation (effective January 1, 2013)
- An introduction of a voluntary cash out provision (effective January 1, 2012)

Schedule SB Attachment (Form 5500)—2012 Plan Year
Liberty Mutual Agency Corporation Retirement Benefit Plan
EIN: 51-0290450 PN: 001

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

► **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2012**This Form is Open to Public
Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► **Round off amounts to nearest dollar.**► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Liberty Mutual Agency Corporation Retirement Plan		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Liberty Mutual Agency Corporation		D Employer Identification Number (EIN) 51-0290450
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a 35,722,362
b Actuarial value	2b 38,553,068
3 Funding target/participant count breakdown:	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 54 631,321
b For terminated vested participants.....	3b 158 297,606
c For active participants:	
(1) Non-vested benefits	3c(1) 5,143,920
(2) Vested benefits	3c(2) 19,766,781
(3) Total active.....	3c(3) 10,067 24,910,701
d Total.....	3d 10,279 25,839,628
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 7.21 %
6 Target normal cost	6 25,779,905

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

STEPHEN F DOUCETTE (SFD)

Signature of actuary

08/29/2013

Date

Stephen F. Doucette

Type or print name of actuary

11-05297

Most recent enrollment number

Aon Hewitt

Firm name

(781) 891-8600

Telephone number (including area code)

230 Third Avenue

Waltham

MA 02451-7528

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>21.52</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		10,300,213
b Interest on (a) using prior year's effective interest rate of <u>6.43</u> % except as otherwise provided (see instructions)		662,304
c Total available at beginning of current plan year to add to prefunding balance		10,962,517
d Portion of (c) to be added to prefunding balance		10,962,517
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	10,962,517

Part III Funding Percentages

14 Funding target attainment percentage	14	106.77 %
15 Adjusted funding target attainment percentage	15	149.20 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	100.00 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/13/2012	29,000,000				
Totals ▶			18(b)	29,000,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	28,428,068

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	25,779,905	
b Excess assets, if applicable, but not greater than line 31a	31b	1,750,923	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	24,028,982	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	24,028,982	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	28,428,068	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	4,399,086	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

**Liberty Mutual Agency Corporation
Retirement Benefit Plan**

Financial Statements
and Independent Auditors' Report

December 31, 2012 and 2011



Daniel Dennis & Company LLP
Certified Public Accountants

990 Washington Street, Suite 308A
Dedham, MA 02116
(617) 262-9898
FAX: (617) 437-9937

Web Site: <http://www.danieldennis.com>



Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

To the Retirement Board of
Liberty Mutual Agency Corporation
Retirement Benefit Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Liberty Mutual Agency Corporation Retirement Benefit Plan (the Plan), which comprise the statements of net assets in liquidation available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets in liquidation available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Liberty Mutual Agency Corporation Retirement Benefit Plan's net assets in liquidation available for benefits as of December 31, 2012 and 2011, and changes therein for the years then ended and its financial status as of December 31, 2011, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Daniel Dennis + Company LLP

October 2, 2013

Liberty Mutual Agency Corporation Retirement Benefit Plan
Statement of Net Assets in Liquidation
Available for Benefits
December 31, 2012 and 2011

	2012	2011
Assets		
Investments at fair value:		
Plan interest in Liberty Mutual Retirement Plan		
Master Trust	\$ -	\$ 24,916,750
Employer contribution receivable	<u>-</u>	<u>11,000,000</u>
Total assets	<u>-</u>	<u>35,916,750</u>
Liabilities		
Operating payables	<u>-</u>	<u>26,173</u>
Net assets in liquidation available for plan benefits	<u><u>\$ -</u></u>	<u><u>\$ 35,890,577</u></u>

See accompanying notes to financial statements.

Liberty Mutual Agency Corporation Retirement Benefit Plan
Statement of Changes in Net Assets in Liquidation
Available for Benefits
Years Ended December 31, 2012 and 2011

Additions	2012	2011
Investment income/(loss):		
Plan interest in Liberty Mutual Retirement		
Plan Master Trust investment income/(loss)	\$ 4,968,442	\$ (4,383,009)
Total investment income/(loss)	4,968,442	(4,383,009)
Employer contributions	29,000,000	41,000,000
Total additions	33,968,442	36,616,991
Deductions		
Plan fees	494,296	246,498
Benefit payments	1,321,547	479,916
Total deductions	1,815,843	726,414
Other changes in net assets		
Transfers out	56,403	-
Transfer of net assets due to plan merger	67,986,773	-
Total other changes in net assets	68,043,176	-
Net (decrease)/increase in net assets	(35,890,577)	35,890,577
Net assets in liquidation available for plan benefits at beginning of year	35,890,577	-
Net assets in liquidation available for plan benefits at end of year	\$ -	\$ 35,890,577

See accompanying notes to financial statements.

Liberty Mutual Agency Corporation Retirement Benefit Plan

Notes to Financial Statements

December 31, 2012 and 2011

1. Description of Plan

The following brief description of the Liberty Mutual Agency Corporation Retirement Benefit Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan instrument for more detailed information.

General

The Plan is a defined benefit pension plan sponsored by Liberty Mutual Agency Corporation (the Company). The Company established the Plan on January 1, 2011 to provide retirement income to employees of "Participating Employers", including the Company and any other affiliated employers that adopt the Plan with approval of the Company. Employees become eligible for membership at age 21 after completion of one year of service and are 100% vested after five years of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits

Plan participants (including employees who elect early retirement and employees who terminate with vested benefits) are entitled to monthly benefit payments upon reaching age 55 and completing five years of employment. Normal retirement date is the first day of the month in which the Plan member attains age 65. In determining the monthly benefit payment, a member may receive credit for all completed years and months of service in the Plan, subject to the break in service rules. Surviving spouse benefits and lump sum benefits for specified groups are also provided for in the Plan.

Under no circumstances will an individual earn years of credited service under the Plan while earning years of credited service under the Liberty Mutual Retirement Benefit Plan (the LMGI Plan).

Voluntary Lump Sum Payments

Effective January 1, 2012, Plan participants may elect a lump sum payout at termination if the net present value of their accrued vested benefit at termination is greater than \$5,000 but less than \$50,000. The voluntary lump sum payment option was implemented on a retrospective basis.

Plan Merger

The Board of Directors of the Compensation Committee of Liberty Mutual Holding Company, Inc. voted to merge the Plan into the Liberty Mutual Retirement Benefit Plan (LMGI) effective December 31, 2012 (merger date). Plan net assets totaling \$67,986,773 were transferred to the LMGI plan at this date. As a result of the merger, benefits previously accrued under both plans were combined and effective January 1, 2013, future benefits will now accrue under the LMGI plan.

Liberty Mutual Agency Corporation Retirement Benefit Plan
Notes to Financial Statements - *Continued*
December 31, 2012 and 2011

2. *Summary of Significant Accounting Policies*

Basis of Presentation

As a result of the Plan merger, the accompanying financial statements have been prepared on the liquidation basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated benefits at the date of the financial statements. Actual results could differ from those estimates.

Administrative Expenses

Administrative expenses are paid by the Company to the extent not paid by the Plan.

Benefit Payments

Benefit payments to participants are recorded upon distribution

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump sum distributions, which are attributable under the Plan's provisions to the service that employees have already rendered. Accumulated plan benefits included benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on the greatest of three formulas: (1) a percentage of an employee's average annual compensation, reduced by a percentage of primary Social Security benefits; (2) percentage of an employee's compensation on an annual basis for each year of credited service in the Plan (subject to certain limitations); and (3) a flat dollar amount times years of credited service. The accumulated plan benefits as of January 1, 2012 represent those benefits that are associated with employees' service and earnings to those dates.

Liberty Mutual Agency Corporation Retirement Benefit Plan
Notes to Financial Statements - *Continued*
December 31, 2012 and 2011

2. Summary of Significant Accounting Policies - Continued

The actuarial present value of accumulated plan benefits is determined by an actuary from Aon Hewitt, a party in interest, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between valuation date and the expected date of payment. Accumulated plan benefits are based on the participant census at January 1, 2012.

The significant actuarial assumptions used in the valuations as of January 1, 2012 were:

Mortality	Generational Morality Table for Annuitants and Non-Annuitant for health and disabled lives
Rate of interest	6.75%
Retirement age	Varying rates of retirement beginning at age 55 through age 70
Actuarial cost method	Projected unit credit actuarial cost method

No changes were made to Plan reporting methods as of January 1, 2012. Assumptions changes as of January 1, 2012 included a change in the discount rate from 6.50% to 6.30%.

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated retirement plan benefits.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in accounting principles generally accepted in the U.S. (GAAP) and the International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosure. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. ASU 2011-04 did not have a significant impact on the Plan's financial statements.

Subsequent Events

The Plan has evaluated subsequent events through October 2, 2013, which is the date the financial statements were available to be issued. There are no other recognized subsequent events, which are events that provide additional evidence about conditions that existed at the financial statement date, or non-recognized subsequent events, which are events that provide evidence about conditions that did not exist at the financial statement date, but are necessary to disclose to keep the financial statements from being misleading.

Liberty Mutual Agency Corporation Retirement Benefit Plan

Notes to Financial Statements - *Continued*

December 31, 2012 and 2011

3. Interest in Liberty Mutual Retirement Plan Master Trust

The Plan's investments are in the Liberty Mutual Retirement Plan Master Trust (the Master Trust). The Master Trust was established effective January 1, 2011 for the investment of assets of the Plan and LMGI plan. The assets of the Master Trust are held by The Bank of New York Mellon (Trustee).

The value of the Plan's interest in the Master Trust is based on beginning of year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At December 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 0% and 100%, respectively. Investment income and nondirect expenses relating to the Master Trust are allocated to the individual plans on a daily basis based upon each plan's master trust pooled units. Direct expenses are allocated to the plan that incurs the expense.

The following table presents the net assets of the Master Trust at December 31, 2011 (* denotes individual investments that represent 5 percent or more of the Master Trust's net assets at December 31, 2011):

Cash	\$ 796,454
Dreyfus Cash Management Fund	1,130,895
* Ishares Russell 2000 Index Fund	2,979,500
* Ishares MSCI All Country Asia	8,842,280
* SPDR S&P 500 ETF Trust	2,653,070
* SPDR S&P Midcap 400 ETF Trust	6,260,780
* Vanguard MSCI European ETF	<u>2,217,665</u>
Total investments	24,880,644
Investment income receivable	<u>37,102</u>
Total assets	24,917,746
Total liabilities	<u>-</u>
Total net assets	<u><u>24,917,746</u></u>
Plan interest in Liberty Mutual Retirement Plan Master Trust	<u><u>\$ 24,916,750</u></u>

The following table presents the investment income for the Master Trust for the years ending December 31, 2012 and 2011:

	2012	2011
Realized gains on sale of investments	\$ 16,609,085	\$ -
Unrealized gain/(losses) on investments	346,976,596	(4,752,800)
Interest income earned	-	2,159
Dividend Income earned	<u>-</u>	<u>367,632</u>
Total	<u><u>\$ 363,585,681</u></u>	<u><u>\$ (4,383,009)</u></u>

Liberty Mutual Agency Corporation Retirement Benefit Plan

Notes to Financial Statements - *Continued*

December 31, 2012 and 2011

3. Interest in Liberty Mutual Retirement Plan Master Trust - Continued

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2011 based on the valuation methodologies described in Note 7:

<i>Assets at Fair Value as of December 31, 2011</i>				
<i>Description</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Cash, cash equivalents and short-term investments	\$ 1,964,451	\$ -	\$ -	\$ 1,964,451
Common Stocks:				
U.S S&P 500 equities	2,653,070	-	-	2,653,070
U.S. mid cap equities	6,260,780	-	-	6,260,780
U.S. small cap equities	2,979,500	-	-	2,979,500
Asian equities	8,842,280	-	-	8,842,280
European Equities	2,217,665	-	-	2,217,665
Total	<u>\$ 24,917,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,917,746</u>

4. Federal Income Taxes

The Company requested a favorable determination letter from the Internal Revenue Service on January 31, 2011, and has not received a response to date. However, the plan administrator and the plan's legal counsel believe the Plan is designed and is currently being operated in accordance with the applicable regulations. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

5. Funding Policy

The Company's funding policy is to make annual contributions to the Plan sufficient to provide the Plan with assets with which to pay benefits to members or eligible spouses of members. Such contributions are generally designed to fund on a current basis the Plan's target normal costs and any unfunded prior service costs over a period of no longer than seven years. They are based upon amounts required to be funded in accordance with ERISA as amended by the Pension Protection Act.

The funding for the year ended December 31, 2012 and 2011 was \$29,000,000 and \$41,000,000, respectively, which fulfilled the minimum funding requirements of ERISA.

Liberty Mutual Agency Corporation Retirement Benefit Plan

Notes to Financial Statements - *Continued*

December 31, 2012 and 2011

6. *Actuarial Present Value of Accumulated Plan Benefits*

The actuarial present value of accumulated plan benefits at January 1, 2012 is as follows:

Vested benefits:	
Participants and beneficiaries currently receiving payments	\$ 523,941
Other participants	<u>19,757,889</u>
Subtotal	20,281,830
Nonvested benefits	<u>5,939,066</u>
Total	<u><u>\$ 26,220,896</u></u>

The change in actuarial present value of accumulated plan benefits at January 1, 2012 is as follows:

Actuarial present value of accumulated plan benefits, beginning of year	\$ -
Increase (decrease) during year due to:	
Interest accumulated	-
Benefits paid	(479,916)
Assumption change	-
Demographic and other changes	<u>26,700,812</u>
Actuarial present value of accumulated plan benefits, end of year	<u><u>\$ 26,220,896</u></u>

7. *Fair Value Measurement*

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

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Notes to Financial Statements - *Continued*

December 31, 2012 and 2011

7. Fair Value Measurement - Continued

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance on the overall reasonableness and consistent application of valuation methodologies and inputs and compliance with accounting standards through the execution of various processes and controls designed to ensure that the Plan's assets and liabilities are appropriately valued. For fair values received from third parties or internally estimated, the Company's processes are designed to determine that the valuation methodologies and inputs are appropriate and consistently applied, the assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, on a continuing basis, the Company assesses the reasonableness of individual fair values that have stale security prices or that exceed certain thresholds as compared to previous fair values received from valuation service providers or brokers or derived from internal models. The Company performs procedures to understand and assess the methodologies, processes and controls of valuation service providers. In addition, the Company may validate the reasonableness of fair values by comparing information obtained from valuation service providers or brokers to other third party valuation sources for selected securities.

The Plan's overall investment strategy is to achieve a mix of approximately 65% of investments for near-term benefit payments and 35% for long-term growth with a wide diversification of asset types, fund strategies, and fund managers. The goal is to achieve a total return in the range of 6%-8% annually with sufficient liquidity to meet the Plan's benefit needs.

During the Plan's 2011 transition period, the Plan assets were managed by Mellon Capital Management Corporation using exchange traded funds traded on a U.S. Stock Exchange. The transition investment strategy is 90% to 100% public equity and 0% to 10% cash. Fair value of common stocks is based on quoted prices in active markets.

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Notes to Financial Statements - *Continued*

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7. *Fair Value Measurement - Continued*

The Plan merged into the LMGI plan effective December 31, 2012. As a result, there are no Plan assets at December 31, 2012. At December 31, 2011, the Plan's only investments were within the Master Trust. See Note 3 for further information on levels, within the fair value hierarchy, of the Plan's assets.

8. *Risk and Uncertainties*

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.