

MULTISTATE FORM A

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER
WITH A DOMESTIC INSURER**

OF

THE PERSONAL AUTO GROUP INSURERS OF

**AMERICAN INTERNATIONAL GROUP, INC.
(the "Domestic Insurers" as set forth in Item 1)**

BY

**FARMERS GROUP, INC., A SUBSIDIARY OF
ZURICH FINANCIAL SERVICES LTD.,**

FARMERS INSURANCE EXCHANGE,

FIRE INSURANCE EXCHANGE

and

TRUCK INSURANCE EXCHANGE

(Each an "Applicant" and together the "Applicants")

**Filed with the Insurance Departments of the States of California, Colorado,
Delaware, Hawaii, Minnesota, New Jersey, New York, Pennsylvania and Texas**

Dated: April 28, 2009

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INTRODUCTION AND OVERVIEW OF PROPOSED TRANSACTION

Sale and Purchase of the Domestic Insurer

As set forth in detail below, Farmers Group, Inc. ("Farmers"), a Nevada corporation that is an indirect, wholly owned subsidiary of Zurich Financial Services Ltd. ("Zurich"), will purchase the personal lines automobile insurance business ("PAG Business") of American International Group, Inc. ("AIG"). The sale will be effected through (i) the purchase of 100% of the shares (the "Shares") of various insurance companies, directly or indirectly owned by AIG, that comprise the AIG personal auto group ("PAG Insurers") and of certain non-insurance companies used in connection with the management of the PAG Business (collectively, with the PAG Insurers, the "Acquired Companies") (the "Farmers Purchase") and (ii) certain reinsurance and other transactions, as described herein, necessary to align the PAG Business being sold by AIG with the PAG Insurers (the "Separation Transactions").

Immediately following the completion of the Farmers Purchase, Farmers will sell the Acquired Companies to Farmers Insurance Exchange ("Farmers Exchange"), Fire Insurance Exchange ("Fire Exchange") and Truck Insurance Exchange ("Truck Exchange", and collectively with Farmers Exchange and Fire Exchange, the "Exchanges"), (the "Exchange Purchase", and together with the Farmers Purchase and the Separation Transactions, the "Proposed Transaction").

As a result of the Proposed Transaction, Zurich and Farmers Exchange will become the "ultimate controlling persons" of the PAG Insurers, which consist of the insurers listed below (the "Domestic Insurers"):

Insurer	State of Domicile
AIG Advantage Insurance Company	Minnesota; commercially domiciled in Texas
AIG Auto Insurance Company of New Jersey	New Jersey
AIG Centennial Insurance Company	Pennsylvania
AIG Hawaii Insurance Company, Inc.	Hawaii
AIG Indemnity Insurance Company	Pennsylvania
AIG National Insurance Company, Inc.	New York
AIG Preferred Insurance Company	Pennsylvania
AIG Premier Insurance Company	Pennsylvania
American International Insurance Company	New York
American International Insurance Company of California, Inc.	California
American International Insurance Company of Delaware	Delaware

Insurer	State of Domicile
American International Insurance Company of New Jersey	New Jersey
American International Pacific Insurance Company	Colorado
American Pacific Insurance Company, Inc.	Hawaii
New Hampshire Indemnity Company, Inc.	Pennsylvania
21st Century Casualty Company	California
21st Century Insurance Company	California
21st Century Insurance Company of the Southwest	Texas

Separation Transactions

A number of transactions necessary to separate businesses being sold by AIG from those being retained by AIG are an integral part of the Proposed Transaction and will occur immediately prior to or at the time of the closing of the Farmers Purchase.

Currently, four AIG business segments operate through the PAG Insurers: AIG Direct, AIG Agency Auto, AIG Hawaii and the AIG Private Client Group ("PCG"). AIG Direct offers coverage for private passenger automobile, motorcycle, personal umbrella liability and, through a marketing venture with a third party, homeowners risks. AIG Direct operates in 49 states and the District of Columbia and markets direct to consumers through its internet platform and call centers and sponsoring affinity groups. AIG Agency Auto offers private passenger automobile, commercial automobile, motorcycle, recreational vehicle and flood insurance coverages, distributed through approximately 20,000 independent agents and brokers in 38 states. AIG Hawaii markets personal lines and small commercial lines coverage in Hawaii (private passenger automobile, motorcycle, commercial automobile, homeowners, Hawaii joint underwriting plan, temporary disability, personal umbrella liability and workers compensation coverages) through independent agents in Hawaii via two dedicated PAG Insurers. PCG provides an array of insurance products and risk management services to high net worth individuals. The AIG Direct, AIG Agency Auto and AIG Hawaii businesses are being purchased by Farmers as part of the Proposed Transaction; PCG business is not part of the businesses being sold by AIG as part of the Proposed Transaction and will be retained by AIG.

Some AIG Direct and AIG Agency Auto policies are currently issued by the PAG Insurers and by other insurers controlled by AIG that are part of the AIG Commercial Insurance Group ("CIG"). The CIG insurers are not being sold to Farmers as part of the Proposed Transaction. In addition, certain PCG policies are currently issued by PAG Insurers that are being sold to Farmers. Consequently, as part of the Proposed Transaction, it is necessary to separate the business being sold by AIG from the business remaining with AIG. This will be accomplished by indemnity reinsurance and administration agreements to become effective immediately before the closing of the Farmers Purchase. Pursuant to these agreements, (1) the various CIG insurers will cede to American International Insurance Company ("AIIC"), the lead insurance company for the PAG Insurers' intercompany pool, all premiums and losses with respect to the PAG Business being sold by AIG and, in connection with such reinsurance, AIIC will perform all policy administration and claims handling functions with respect to such PAG Business (the "PLD Reinsurance Agreement"), and (2) various PAG Insurers will cede to AIIC and AIIC, in turn, will cede to National Union Fire Insurance Company of Pittsburgh, Pa. ("NUFI"), the lead insurer for AIG's National Union intercompany pool, all premiums and losses with respect to all businesses of the PAG Insurers other than the PAG Business, which will be retained by AIG and, in connection with such reinsurance, NUFI will perform all policy administration and claims handling functions with respect to such PCG business (the "PCG Reinsurance Agreement"). Each reinsurance and administration agreement will provide for a two year transition period (or longer if required by applicable state law), during which the reinsurer thereunder will be given authority to renew existing policies and issue new policies in the name of the applicable ceding insurers while it is taking appropriate steps to transition the business to a replacement insurer. In addition, in order to align the flow of business and related third party reinsurance to the AIG-retained companies or the PAG Insurers, as appropriate, a number of existing reinsurance agreements to which current AIG affiliates are parties will be commuted, assigned, novated or amended at or prior to the closing. AIG and/or its applicable affiliates will be making all required regulatory filings and will seek all required regulatory approvals necessary to enter into the PCG Reinsurance Agreement and the PLD Reinsurance Agreement and to effect any such commutations, assignments, novations and amendments.

Approvals

The Boards of Directors of AIG and its applicable subsidiaries and Farmers have approved the Farmers Purchase, and the Boards of Governors of each of the Exchanges have approved the Exchange Purchase. No shareholder approvals are required.

The Proposed Transaction is subject to various customary conditions to closing, including the receipt of all required regulatory approvals. This includes Form A approvals of the state insurance commissioners in the following states: California, Colorado, Delaware, Hawaii, Minnesota, New Jersey, New York, Pennsylvania and Texas (collectively, the "Domestic Regulators"), as well as the non-objection to the Proposed Transaction of the Swiss Financial Market Supervisory Authority FINMA, the insurance regulator of Zurich Insurance Company, Ltd., a Swiss insurance company controlled by Zurich ("ZIC"). State insurance regulatory approvals also will be required for the Separation Transactions by the Domestic Regulators and insurance regulators in other states.

Item 1. Insurer and Method of Acquisition

(a) The Domestic Insurers

This Multistate Form A Statement Regarding the Acquisition of Control of or Merger with certain Domestic Insurers (the "Statement") seeks the prior approval of the insurance regulators in the States of California, Colorado, Delaware, Hawaii, Minnesota, New Jersey, New York, Pennsylvania and Texas of the acquisition of control of the Domestic Insurers by the Applicants and Zurich. The name and address of each of the Domestic Insurers to which this Statement relates are as follows:

Insurer	State of Domicile
AIG Advantage Insurance Company 380 Jackson Street Suite 700 St. Paul, MN 55101-3899	Minnesota; commercially domiciled in Texas
AIG Auto Insurance Company of New Jersey 830 Bear Tavern Drive West Trenton, NJ 08628	New Jersey
AIG Centennial Insurance Company 2704 Commerce Drive, Suite B Harrisburg, PA 17110-9380	Pennsylvania
AIG Hawaii Insurance Company, Inc. 500 Ala Moana Blvd., #6-300 Honolulu, HI 96813-4920	Hawaii
AIG Indemnity Insurance Company 2704 Commerce Drive, Suite B Harrisburg, PA 17110-9380	Pennsylvania
AIG National Insurance Company, Inc. 70 Pine St New York, NY 10270	New York
AIG Preferred Insurance Company 2704 Commerce Drive, Suite B Harrisburg, PA 17110-9380	Pennsylvania

Insurer	State of Domicile
AIG Premier Insurance Company 2704 Commerce Drive, Suite B Harrisburg, PA 17110-9380	Pennsylvania
American International Insurance Company 70 Pine St New York, NY 10270	New York
American International Insurance Company of California, Inc. 2730 Gateway Oaks Drive, Suite 100 Sacramento, California 95833	California
American International Insurance Company of Delaware One AIG Center Wilmington, DE 19803-1115	Delaware
American International Insurance Company of New Jersey 830 Bear Tavern Drive West Trenton, NJ 08628	New Jersey
American International Pacific Insurance Company 1560 Broadway, Suite 2090 Denver, Colorado 80202	Colorado
American Pacific Insurance Company, Inc. 500 Ala Moana Blvd., #6-300 Honolulu, HI 96813-4920	Hawaii
New Hampshire Indemnity Company, Inc. 2704 Commerce Drive, Suite B Harrisburg, PA 17110-9380	Pennsylvania

Insurer	State of Domicile
21st Century Casualty Company 6301 Owensmouth Avenue Woodland Hills, California 91367	California
21st Century Insurance Company 6301 Owensmouth Avenue Woodland Hills, California 91367	California
21st Century Insurance Company of the Southwest 701 Brazos Street, Suite 1050 Austin, TX 78701	Texas

(b) **Method of Acquisition**

1. **Farmers Purchase.** Pursuant to the Purchase Agreement, dated as of April 16, 2009 (the "**Farmers Purchase Agreement**"), attached hereto as **Exhibit 1**, by and among AIG, AIU Holdings, Inc., New Hampshire Insurance Company, NUFI, Lexington Insurance Company, Commerce and Industry Insurance Company, American Home Assurance Company, AIG Casualty Company, The Insurance Company of the State of Pennsylvania (collectively, the "**AIG Sellers**") and Farmers, and subject to the terms and conditions therein, the AIG Sellers will transfer, directly or indirectly, to Farmers all of the AIG Sellers' right, title and interest in the Shares of the Acquired Companies.

Consideration for the Shares will consist of cash and securities (as described below). Total consideration (the "**Purchase Price**") will consist of (i) cash in an amount equal to \$1,500,000,000, **plus** (ii) hybrid notes (the "**Cloverie Notes**") with an aggregate principal amount, denominated in Euros, equal to \$400,000,000 multiplied by an agreed upon exchange rate as of the closing date, subject to upward or downward adjustment as described below. As set forth in greater detail in Exhibit O to the Farmers Purchase Agreement, the Cloverie Notes are perpetual fixed to floating rate notes to be issued by Cloverie PLC, a special purpose vehicle incorporated with limited liability in Ireland ("**Cloverie**"), and secured by capital notes issued by ZIC to Cloverie through its Euro Medium Term Note facility (the "**Capital Notes**"). The Cloverie Notes will be issued with the same aggregate face amount and substantially the same terms as the Capital Notes issued by ZIC. The Cloverie Notes and Capital Notes will pay interest at a fixed rate of 12% per annum until 2014, and thereafter will pay a floating rate at a specified percentage above 3 Month EURIBOR. The Cloverie Notes and Capital Notes will be perpetual, subject to redemption exercisable by ZIC at any time after the fifth anniversary of the date of issuance of the notes.

The Purchase Price to be paid to the AIG Sellers is subject to upward or downward adjustment depending upon the amount by which the adjusted tangible net worth of the Acquired Companies, as determined using the valuation methodologies set forth in the Farmers Purchase Agreement, which take into account, among other things, the Separation Transactions, exceeds or is less than \$1,893,996,000, the agreed upon tangible net worth of the Acquired Companies as of June 30, 2008. Any increase in the Purchase Price determined at closing will increase the cash portion of the consideration; any decrease determined at closing will reduce the portion of consideration paid in Cloverie Notes.

At the closing of the Farmers Purchase, Farmers will deposit in escrow a portion of the Purchase Price in Cloverie Notes with an aggregate principal amount equal to (i) \$67,000,000 multiplied by (ii) the agreed closing day exchange rate (the "Escrowed Notes"). The Escrowed Notes shall be held in escrow to satisfy any negative post-closing adjustments payable to Farmers, as set forth in greater detail in Section 2.06 and Section 6.01(q) of the Farmers Purchase Agreement. Any increase in the Purchase Price pursuant to a post-closing adjustment will be paid in cash; any post-closing decrease may be paid in cash or Cloverie Notes, at the AIG Sellers' option.

2. Exchange Purchase. The Exchange Purchase will be effected pursuant to the Purchase and Sale Agreement dated as of April 16, 2009 among Farmers and the Exchanges (the "Exchange Purchase Agreement"), attached as Exhibit 2.

Pursuant to the Exchange Purchase Agreement, Farmers will transfer, directly or indirectly, to the Exchanges the Shares of the Acquired Companies as set forth in Schedule 2(b) of the Exchange Purchase Agreement. Farmers will retain ownership of certain non-insurance assets used in the management of the PAG Business acquired from the AIG Sellers as set forth on Schedule 2(a) of the Exchange Purchase Agreement ("Excluded Assets").

The purchase price for the Exchange Purchase will be \$1.38 billion (the "Exchange Purchase Price"), subject to upward or downward adjustment corresponding to the portion of the adjustment in the Purchase Price under the Farmers Purchase Agreement that is allocated to the Acquired Companies, excluding the Excluded Assets. As set forth in Schedule 2(d)(i) of the Exchange Purchase Agreement, the portion of the Exchange Purchase Price payable by each of the Exchanges is: Farmers Exchange, 80%; Fire Exchange, 10%; Truck Exchange, 10%. The Exchanges will utilize cash on hand to fund the payment of consideration for the Exchange Purchase. As part of the Exchange Purchase, Farmers will assume liabilities of the Acquired Companies to the extent such liabilities (1) arise from the Excluded Assets, (2) are assumed by Farmers under the Farmers Purchase Agreement and are not liabilities of an Acquired Company, or (3) are liabilities that the parties' mutually agree prior to the closing shall be retained by Farmers (the "Excluded Liabilities"). The Exchanges will assume liabilities of Farmers that arise from the Acquired Companies and are not Excluded Liabilities.

Item 2. Identity and Background of the Applicant

(a) Name and Business Address

The name and principal business address of each Applicant is:

1. Farmers Group, Inc.
4680 Wilshire Blvd.
Los Angeles, CA 90010
2. Farmers Insurance Exchange
4680 Wilshire Blvd.
Los Angeles, CA 90010
3. Fire Insurance Exchange
4680 Wilshire Blvd.
Los Angeles, CA 90010
4. Truck Insurance Exchange
4680 Wilshire Blvd.
Los Angeles, CA 90010

(b) The Applicants' Business Operations

(i) Farmers Group, Inc.

Farmers, the Exchanges, and their respective subsidiaries (the "Farmers Group") collectively form one of the nation's largest personal lines property and casualty insurance groups. Headquartered in Los Angeles, the insurers comprising the Farmers Group provide homeowners, auto, recreational vehicle, business and life insurance and financial services to more than 10 million households through 18,000 exclusive agents and district managers, and 45,000 independent agents through its affiliates, including the Foremost Insurance Group ("Foremost") and Bristol West Insurance Group, which are wholly owned subsidiaries of the Exchanges. As of December 31, 2008, the Exchanges had a combined surplus as regards policyholders of \$5.035 billion and combined gross written premium of \$17.135 billion.

Farmers has served as the attorney-in-fact for Farmers Exchange since 1928. Together with its subsidiaries, Truck Underwriters Association and Fire Underwriters Association, which serve as the attorneys-in-fact for the Truck and Fire Exchanges, respectively, Farmers provides certain underwriting and non-claims related management services to the Exchanges and their various subsidiaries.

Farmers is a wholly owned indirect subsidiary of Zurich, which is the ultimate holding company of the Zurich group of companies (the "Zurich Group"). The Zurich Group is an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe as well as in Asia Pacific, Latin America and other markets. Founded in 1872, the Zurich Group is headquartered in Zurich, Switzerland. It employs

approximately 60,000 people serving customers in more than 170 countries. To Zurich's knowledge, no person controls 10% or more of the voting securities of Zurich.

(ii) **Farmers Insurance Exchange**

Farmers Exchange is a reciprocal insurance exchange organized under the law of California. Farmers Exchange has been authorized in its domestic state since April 6, 1928 and has continuously conducted an insurance business since then.

(iii) **Fire Insurance Exchange**

Fire Exchange is a reciprocal insurance exchange organized under the law of California. Fire Exchange has been authorized in its domestic state since November 20, 1942 and has continuously conducted an insurance business since then.

(iv) **Truck Insurance Exchange**

Truck Exchange is a reciprocal insurance exchange organized under the law of California. Truck Exchange has been authorized in its domestic state since February 5, 1935 and has continuously conducted an insurance business since then.

The Applicants bring complementary skills and resources of potential benefit to the Domestic Insurers. The Farmers Group offers expertise in underwriting private passenger automobile policies and brings significant size, distribution and financial strength to the combination to support continued growth by the personal auto business it is acquiring from AIG.

Attached hereto as Exhibit 3 are annual financial statements of the Applicants. Exhibit 3 includes the audited annual financial statements for Farmers and annual statutory financial statements for the Exchanges for the previous five years. Also included are unaudited statutory financial statements for the first quarter of 2009 for the Exchanges. In addition, Exhibit 3 includes annual financial statements for Zurich for the previous five years.

(c) **Organizational Chart**

For the current organizational structure of the Zurich Group, please refer to the chart attached hereto as Exhibit 4: "Pre-Acquisition Organizational Chart of the Zurich Group". This chart presents the identities and interrelationships of entities within the Zurich Group over which ownership and control is maintained by ownership of a majority of voting securities. For the current organizational structure of the Applicants, please refer to the chart attached hereto as Exhibit 5: "Abbreviated Pre-Acquisition Organizational Chart of the Acquiring Parties". The chart presents the identities of and interrelationships among the Applicants and a depiction of the chain of control from Zurich to Farmers. Unless otherwise indicated, the entities identified in Exhibit 5 own or control 100% of the voting securities of their respective subsidiaries as identified therein. As to each person specified on Exhibit 5, the state or other jurisdiction of domicile are set forth.

There are currently no proceedings pending involving a reorganization or liquidation of the Applicants.

For an overview of the current organizational structure of AIG Sellers, please refer to Exhibit 6: "Abbreviated Pre-Acquisition Organizational Chart of the Domestic Insurers".

For an abbreviated organizational structure of the Applicants following completion of the Proposed Transaction, please refer to Exhibit 7: "Abbreviated Post-Acquisition Organizational Chart of the Acquiring Parties".

Item 3. Identity and Background of Individuals Associated With the Applicant

A list of all current directors and executive officers of each of the Applicants and Zurich is attached hereto as Exhibit 8. No changes to the directors and executive officers of the Applicants or Zurich are anticipated as a result of the Proposed Transaction. Biographical Affidavits for the executive officers and directors of the Applicants and Zurich and proposed new directors and executive officers of the Domestic Insurers whose affidavits are not on file with the CDI are provided as Exhibit 9. A list of the current and proposed new directors and executive officers of the Domestic Insurers is attached hereto at Exhibit 10. Completed Biographical Affidavit forms executed by the current directors and executive officers of the Applicants and Zurich and proposed new directors and executive officers of the Domestic Insurers whose names are indicated by an asterisk (*) on Exhibit 8 or Exhibit 10 are on file with the California Department of Insurance (the "CDI"). Biographical Affidavits have not been provided for certain directors of Zurich who are not standing for reelection and who will cease to be directors as of the time of the closing of the Proposed Transaction (the names of these directors are indicated by a caret (^) on Exhibit 8).

To Zurich's knowledge, no person owns 10% or more of the voting securities of Zurich. To the best of Applicants' knowledge, none of the individuals who have filed or are filing Biographical Affidavits has been convicted in the last ten years in a criminal proceeding (excluding minor traffic violations).

Item 4. Nature, Source and Amount of Consideration

(a) Consideration

Farmers Purchase. Farmers will pay the cash components of the Purchase Price from cash on hand and cash proceeds it will receive in connection with the Exchange Purchase. The Cloverie Notes will be issued by Cloverie, but the Cloverie Notes will be secured by Capital Notes issued by ZIC, and the Cloverie Notes will be issued in the same amounts and on substantially the same terms and conditions as the Capital Notes.

Exchange Purchase. The Exchanges will utilize cash on hand to fund the payment of consideration for the Exchange Purchase.

(b) Criteria Used in Determining Consideration

The nature and amount of the consideration to be paid in connection with the Proposed Transaction were determined by arms' length negotiation among the parties to the Farmers Purchase Agreement and the Exchange Purchase Agreement.

(c) Source of Consideration

Although not necessary to complete the Farmers Purchase, Zurich has raised \$1.1 billion in equity capital through the sale of authorized capital and treasury shares. These funds will be contributed to the capital of ZIC to enhance ZIC's risk based capital following the acquisition following implementation of the post-closing reinsurance arrangements described below.

As noted above, ZIC will issue Capital Notes in connection with the Farmers Purchase, and Cloverie in turn will issue the Cloverie Notes in parallel terms and amounts. Other than the Cloverie Notes and the Capital Notes, no new loans will be made and no new debt incurred by Zurich, Farmers, the Exchanges or their respective affiliates to finance the Proposed Transaction. No shares of the stock of the Domestic Insurers or Zurich, the Applicants or any of their affiliates will be pledged in connection with the Capital Notes.

Item 5. Future Plans of Insurer

(a) Applicants' Plans With Respect to the Domestic Insurers

1. Operations. Other than the transfers of Excluded Assets and Excluded Liabilities as contemplated by the Exchange Purchase and the reinsurance described in Item 5(a)2, or as otherwise set forth herein, the Applicants have no present plans or proposals to: (i) cause the Domestic Insurers to declare any dividends (other than dividends in the ordinary course of business); (ii) liquidate the Domestic Insurers; (iii) sell any assets of the Domestic Insurers (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurers' business); (iv) merge the Domestic Insurers with any person or persons; (v) make any other change in the Domestic Insurers' business operations, corporate structure or management, or (vi) cause the Domestic Insurers to enter into material contracts, agreements, arrangements, understandings or transactions of any kind with any party.

The Farmers Group and the PAG Insurers largely operate in complementary segments of the auto insurance market. As noted above, PAG Insurers operate through the AIG Direct platform and through the AIG Agency Auto distribution network. The Farmers Group operates primarily through its own distribution network of exclusive Farmers Group agents. The Farmers Group also markets certain products through independent agents. In addition, Farmers Group products are distributed through a distribution network developed by the Bristol West Insurance Group, which Farmers Group acquired in 2007. However, while the Farmers' independent agency operations have a greater West Coast weighting, the AIG Agency Auto distribution has a greater East Coast emphasis.

Farmers anticipates that the AIG Agency Auto distribution system will be integrated into the legacy Bristol West distribution system for a national network more evenly weighted towards the East and West coasts. In addition, Farmers intends to continue the rebranding of the AIG Direct distribution system to the "21st Century" brand and to develop it into a direct marketing and distribution platform under that brand that will complement the exclusive agent and independent distribution operations. A plan of operations, together with pro forma financial projections for the Domestic Insurers, will be submitted under separate cover.

2. Reinsurance Arrangements. Upon completion of the Exchange Purchase, AIIC, as cedent, will enter into a 100% Quota Share Reinsurance Agreement with Farmers Exchange, as reinsurer, pursuant to which AIIC will cede to Farmers Exchange 100% of the pooled premiums for the acquired personal lines business earned after the closing date of the Exchange Purchase and 100% of the policy obligations for losses incurred on such business after the closing date (the "AIIC/FIE Reinsurance Agreement"). In connection with the AIIC/FIE Reinsurance Agreement, AIIC and FIE will enter into a related services agreement. Pursuant to this service agreement, Farmers Exchange will manage and administer the ceded business, using its own personnel and that of Farmers, as its attorney-in-fact.

In addition, Farmers Exchange will enter into a new reinsurance arrangement with Farmers Reinsurance Company ("Farmers Re") and ZIC, as reinsurers, effective as of the closing date of the Exchange Purchase, pursuant to which Farmers Exchange will cede approximately 40% of its in-force, new and renewal business, whether direct or assumed, including the personal lines business acquired from the AIG Sellers (the "2009 Farmers All Lines Quota Share"). The 2009 Farmers All Lines Quota Share replaces the 2003 Farmers All Lines Quota Share Agreement of Reinsurance, which was approved by the domestic regulator of Farmers Exchange, under which Farmers Exchange currently cedes 25% of its in-force, new and renewal business to Farmers Re and ZIC. Together, the AIIC/FIE Reinsurance Agreement and the 2009 Farmers All Lines Quota Share will supply underwriting capacity necessary to replace an existing quota share reinsurance agreement between AIIC and an AIG affiliate (NUFI), which will be commuted at closing.

(b) **Phases of the Acquisition**

As set forth above, the Proposed Transaction will take place in two phases: (1) the Farmers Purchase, followed immediately by (2) the Exchange Purchase.

(c) **Financial and Legal Positions, Equities, Rights and Relationships of the Domestic Insurers**

Other than as described herein and in the plan of operations, there will be no change in the financial and legal positions, equities, rights and relationships of the Domestic Insurers immediately following the consummation of the Proposed Transaction.

(d) **Executive Officers and Directors of the Domestic Insurers**

Except for the resignation of certain current directors and the addition of certain Farmers Group officers, no changes are planned for the composition of the board of directors of any of the Domestic Insurers and no changes in any of the officers of the Domestic Insurers are planned.

Item 6. Voting Securities to be Acquired

The aggregate total of common shares of each of the Domestic Insurers currently issued and outstanding is set forth on Exhibit 11. As set forth in the Farmers Purchase Agreement, as a result of the Farmers Purchase, Farmers will acquire directly or indirectly all of

the Shares of the Domestic Insurers. As a result of the Exchange Purchase, as set forth in the Exchange Purchase Agreement, the shares of the Domestic Insurers will be sold to the Exchanges, who collectively will directly or indirectly acquire all the Shares of the Domestic Insurers.

Item 7. Ownership of Voting Securities

Except as set forth in this Form A and except for *de minimis* amounts which may be held by certain persons listed in Item 3, none of the Applicants, any person controlling, controlled by or under common control with the Applicants, or any persons listed in Item 3 beneficially owns or has a right to acquire beneficially any voting securities of the Domestic Insurers or AIG Sellers or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time.

Item 8. Contracts, Arrangements, or Understandings With Respect to Voting Securities of the Insurer

Except as set forth in this Form A, there are no contracts, arrangements or understandings, whether oral or in writing, directly or indirectly relating to any voting securities of the Domestic Insurers or AIG Sellers or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time involving the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

Item 9. Recent Purchases of Voting Securities

To the knowledge of the Applicants, except as set forth in this Form A and except for *de minimis* amounts that may have been purchased by certain persons listed in Item 3, there have been no purchases of any voting securities of AIG Sellers or the Domestic Insurers or AIG by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

Item 10. Recent Recommendation to Purchase

Except as described in this Form A, there have been no recommendations to purchase any voting security of AIG Sellers or the Domestic Insurers or AIG made by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

Item 11. Agreements With Broker-Dealers/Third Parties

No agreement, contract or understanding has been made by the Applicants with any broker-dealer as to solicitation of voting securities of the Domestic Insurers for tender.

Item 12. Financial Statements and Exhibits

This Statement and all exhibits are provided in electronic format on the accompanying CD ROM. If an exhibit is on file with the state insurance department, no hard copy is attached.

Exhibits

The financial statements and exhibits attached to this Form A are as follows:

- Exhibit 1. Purchase Agreement dated as of April 16, 2009 by and among AIG Sellers and Farmers.
- Exhibit 2. Purchase and Sale Agreement dated as of April 16, 2009 by and among Farmers and the Exchanges.
- Exhibit 3. Annual Financial Statements of the Applicants. *(As Annual Statements for each of the Exchanges are already on file with each Domestic Regulator, only electronic copies are being provided herewith).*
- Exhibit 4. Pre-Acquisition Organizational Chart of the Zurich Group.
- Exhibit 5. Abbreviated Pre-Acquisition Organizational Chart of the Acquiring Parties.
- Exhibit 6. Abbreviated Pre-Acquisition Organizational Chart of the Domestic Insurers.
- Exhibit 7. Abbreviated Post-Acquisition Organizational Chart of the Acquiring Parties.
- Exhibit 8. List of Executive Officers and Directors of the Applicants and Zurich.
- Exhibit 9. Biographical Affidavits of Current Directors and Executive Officers of the Applicants and Zurich and Proposed Directors and Executive Officers of the Domestic Insurers.
- Exhibit 10. List of Current and Proposed Directors and Executive Officers of the Domestic Insurers.

Exhibit 11. Issued and Outstanding Shares of the Domestic Insurers.

Exhibit 12. Competitive Impact Statement.

Exhibit 13. State Page with individual state requirements

Item 13. Other Information

(a) Other Regulatory Filings.

Other than Form D and bulk reinsurance filings that will be made, as applicable, in connection with the AIIC/FIE Reinsurance Agreement and the 2009 Farmers All Lines Quota Share and any required Forms E, there are no other regulatory filings of any acquiring party in connection with the proposed acquisition of control or merger with any other U.S. Federal or state regulatory body or commission:

(b) Competitive Impact Statement.

Attached hereto as Exhibit 12 is a Competitive Impact Statement demonstrating that the Proposed Transaction will not substantially lessen competition in the Domestic Insurers' respective states of domicile or tend to create a monopoly therein.

(c) State specific information included at Exhibit 13.

[Signature pages follow]

SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of the statutes of the states first listed above, Farmers Group, Inc., a subsidiary of Zurich Financial Services Group, has caused this application to be duly signed on its behalf in the City of Los Angeles and State of California on the 28th day of April, 2009.

(SEAL)

FARMERS GROUP, INC.

BY: 

F. Robert Woudstra
Chief Executive Officer

Attest:



Doren E. Hohl
Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated April 28, 2009, for and on behalf of Farmers Group, Inc., a subsidiary of Zurich Financial Services Group; that he is the Chief Executive Officer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



F. Robert Woudstra

SIGNATURE AND CERTIFICATION

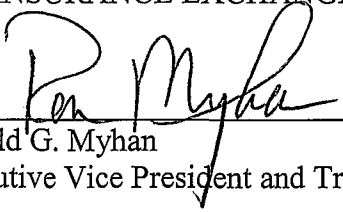
SIGNATURE

Pursuant to the requirements of the statutes of the states first listed above, Farmers Insurance Exchange has caused this application to be duly signed on its behalf in the City of Los Angeles and State of California on the 28th day of April, 2009.

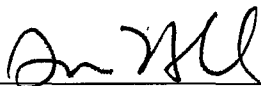
(SEAL)

FARMERS INSURANCE EXCHANGE

BY: _____


Ronald G. Myhan
Executive Vice President and Treasurer

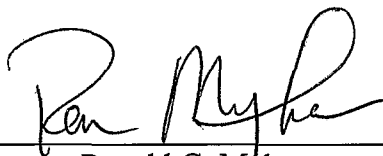
Attest:



Doren E. Hohl
Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated April 28, 2009, for and on behalf of Farmers Insurance Exchange; that he is the Executive Vice President and Treasurer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Ronald G. Myhan

SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of the statutes of the states first listed above, Fire Insurance Exchange has caused this application to be duly signed on its behalf in the City of Los Angeles and State of California on the 28th day of April, 2009.

(SEAL)

FIRE INSURANCE EXCHANGE

BY: 

Ronald G. Myhan
Executive Vice President and Treasurer

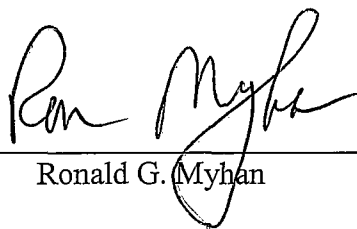
Attest:



Doren E. Hohl
Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated April 28, 2009, for and on behalf of Fire Insurance Exchange; that he is the Executive Vice President and Treasurer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Ronald G. Myhan

SIGNATURE AND CERTIFICATION

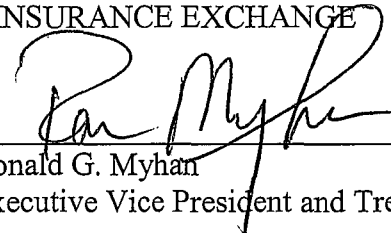
SIGNATURE

Pursuant to the requirements of the statutes of the states first listed above, Truck Insurance Exchange has caused this application to be duly signed on its behalf in the City of Los Angeles and State of California on the 28th day of April, 2009.

(SEAL)

TRUCK INSURANCE EXCHANGE

BY: _____

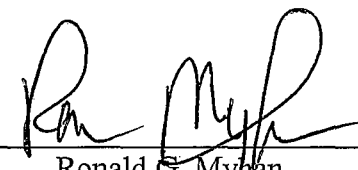

Ronald G. Myhan
Executive Vice President and Treasurer

Attest:


Doren E. Hohl
Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated April 28, 2009, for and on behalf of Truck Insurance Exchange; that he is the Executive Vice President and Treasurer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Ronald G. Myhan