

ANNUAL STATEMENT

OF THE

AMERICAN FIRE AND CASUALTY COMPANY

of **FAIRFIELD**

in the state of **OHIO**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

ANNUAL STATEMENT

For the Year Ended December 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

American Fire and Casualty Company



24066200920100100

NAIC Group Code	0111 (Current Period)	0111 (Prior Period)	NAIC Company Code	24066	Employer's ID Number	59-0141790	
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio	
Country of Domicile	United States of America						
Incorporated/Organized:	January 1, 1906			Commenced Business:			January 3, 1933
Statutory Home Office:	9450 Seward Road (Street and Number)			Fairfield, OH 45014 (City or Town, State and Zip Code)			
Main Administrative Office:	9450 Seward Road (Street and Number)			Fairfield, OH 45014 (City or Town, State and Zip Code)			
				513-603-2400 (Area Code) (Telephone Number)			
Mail Address:	175 Berkeley Street (Street and Number or P.O. Box)			Boston, MA 02116 (City or Town, State and Zip Code)			
Primary Location of Books and Records:	175 Berkeley Street (Street and Number)			Boston, MA 02116 (City or Town, State and Zip Code)			
				617-357-9500 (Area Code) (Telephone Number)			
Internet Web Site Address:	www.LibertyMutualAgencyMarkets.com						
Statutory Statement Contact:	Joanne Connolly (Name)			617-357-9500 x44393 (Area Code) (Telephone Number) (Extension)			
	Statutory.Compliance@LibertyMutual.com (E-Mail Address)			617-574-5955 (Fax Number)			

OFFICERS

Chairman of the Board

Gary Richard Gregg

	Name	Title
1.	Gary Richard Gregg	President and Chief Executive Officer
2.	Dexter Robert Legg	Secretary
3.	Michael Joseph Fallon	Treasurer and Chief Financial Officer

VICE-PRESIDENTS

Name	Title	Name	Title
Anthony Alexander Fontanes	EVP and Chief Investment Officer	Joseph Anthony Gilles	Executive Vice President
Scott Rhodes Goodby	EVP and Chief Operating Officer		

DIRECTORS OR TRUSTEES

Gary Richard Gregg	Michael Joseph Fallon	John Derek Doyle	Joseph Anthony Gilles
Scott Rhodes Goodby	Christopher Charles Mansfield		

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
Gary Richard Gregg	Dexter Robert Legg	Michael Joseph Fallon
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Secretary	Treasurer and Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
1st day of February, 2010, by

a. Is this an original filing? [X] Yes [] No

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	116,775,431		116,775,431	104,237,440
2. Stocks (Schedule D):				
2.1 Preferred stocks	1,223,450		1,223,450	1,009,400
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 790,224, Schedule E - Part 1), cash equivalents (\$ 305,458, Schedule E - Part 2), and short-term investments (\$ 7,836,215, Schedule DA)	8,931,897		8,931,897	14,074,065
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	126,930,778		126,930,778	119,320,905
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	1,023,644		1,023,644	979,349
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	2,754,429	377,270	2,377,159	2,063,477
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ (425,583) earned but unbilled premiums)	16,868,518	(10,474)	16,878,992	15,926,912
13.3 Accrued retrospective premiums	111,373	13,395	97,978	306,525
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	7,993,544		7,993,544	9,304,843
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				813,468
16.2 Net deferred tax asset	3,689,270	32,570	3,656,700	2,736,661
17. Guaranty funds receivable or on deposit	111,082		111,082	79,171
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	5,810,775		5,810,775	4,720,965
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	653,525	148,612	504,913	979,107
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	165,946,938	561,373	165,385,565	157,231,383
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	165,946,938	561,373	165,385,565	157,231,383

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Cash Surrender Value Life insurance	340,011		340,011	552,795
2302. Other assets	171,080	148,612	22,468	3,858
2303. Equities and deposits in pools and associations	142,434		142,434	422,454
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	653,525	148,612	504,913	979,107

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	56,401,789	59,102,119
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	3,636,185	3,090,740
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	13,428,273	13,533,773
4. Commissions payable, contingent commissions and other similar charges	1,598,253	1,608,569
5. Other expenses (excluding taxes, licenses and fees)	1,897,350	1,973,686
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	575,163	1,222,525
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	896,324	
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 79,600,692 and including warranty reserves of \$ 0)	27,606,805	25,294,731
10. Advance premium	196,507	165,072
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	50,940	35,904
12. Ceded reinsurance premiums payable (net of ceding commissions)	11,684,671	12,555,501
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	(16,892)	112,398
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,971,556	362,658
19. Payable to parent, subsidiaries and affiliates	1,007,818	772,014
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	2,617,762	1,624,568
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	123,552,504	121,454,258
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	123,552,504	121,454,258
27. Aggregate write-ins for special surplus funds	847,291	
28. Common capital stock	3,374,043	3,374,043
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	13,648,270	13,648,270
33. Unassigned funds (surplus)	23,963,457	18,754,812
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	41,833,061	35,777,125
36. Totals (Page 2, Line 26, Col. 3)	165,385,565	157,231,383

DETAILS OF WRITE-IN LINES		
2301. Collateral held for securities loaned	1,107,498	
2302. Retroactive reinsurance reserves	540,411	1,254,337
2303. Other liabilities	450,593	370,231
2398. Summary of remaining write-ins for Line 23 from overflow page	519,260	
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,617,762	1,624,568
2701. SSAP 10R incremental change	727,675	
2702. Special surplus from retroactive reinsurance	119,616	
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	847,291	
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	62,859,179	59,812,748
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	31,879,119	31,323,043
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	7,463,273	6,483,333
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	20,866,982	20,220,499
5. Aggregate write-ins for underwriting deductions	9,807	
6. Total underwriting deductions (Lines 2 through 5)	60,219,181	58,026,875
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	2,639,998	1,785,873
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,530,868	5,888,812
10. Net realized capital gains (losses) less capital gains tax of \$ (62,587) (Exhibit of Capital Gains (Losses))	(116,234)	
11. Net investment gain (loss) (Lines 9 + 10)	5,414,634	5,888,812
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,815 amount charged off \$ 281,060)	(278,244)	(235,655)
13. Finance and service charges not included in premiums	535,920	49,317
14. Aggregate write-ins for miscellaneous income	(365,245)	(658,051)
15. Total other income (Lines 12 through 14)	(107,569)	(844,389)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	7,947,063	6,830,296
17. Dividends to policyholders	268,950	390,474
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	7,678,113	6,439,822
19. Federal and foreign income taxes incurred	2,750,937	6,478,560
20. Net income (Line 18 minus Line 19) (to Line 22)	4,927,176	(38,738)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	35,777,125	35,688,074
22. Net income (from Line 20)	4,927,176	(38,738)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 74,918	139,133	(130,530)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	780,188	3,945,680
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(682,646)	(606,352)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		68,349
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		(3,568,807)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	892,085	419,449
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,055,936	89,051
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	41,833,061	35,777,125

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	9,807	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	9,807	
1401. Retroactive reinsurance gain/(loss)	(8,104)	11,012
1402. Other income/(expense)	(357,141)	(669,063)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(365,245)	(658,051)
3701. SSAP 10R incremental change	727,675	
3702. Other changes in surplus	164,410	419,449
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	892,085	419,449

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	63,322,019	79,040,209
2. Net investment income	5,798,924	5,615,197
3. Miscellaneous income	464,439	(1,165,975)
4. Total (Lines 1 through 3)	69,585,382	83,489,431
5. Benefit and loss related payments	31,113,807	(22,196,927)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	29,178,212	9,758,084
8. Dividends paid to policyholders	253,915	354,570
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	978,558	6,642,271
10. Total (Lines 5 through 9)	61,524,492	(5,442,002)
11. Net cash from operations (Line 4 minus Line 10)	8,060,890	88,931,433
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	17,613,337	8,561,319
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	17,613,337	8,561,319
13. Cost of investments acquired (long-term only):		
13.1 Bonds	30,642,583	80,098,065
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	30,642,583	80,098,065
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(13,029,246)	(71,536,746)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		3,568,807
16.6 Other cash provided (applied)	(173,812)	(1,276,357)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(173,812)	(4,845,164)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(5,142,168)	12,549,523
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	14,074,065	1,524,542
19.2 End of year (Line 18 plus Line 19.1)	8,931,897	14,074,065

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,334,789	268,654	570,126	1,033,317
2. Allied lines	1,060,237	251,930	458,649	853,518
3. Farmowners multiple peril	445,292	209,505	222,485	432,312
4. Homeowners multiple peril	8,207,997	1,851,667	4,503,333	5,556,331
5. Commercial multiple peril	10,340,569	6,902,824	5,857,750	11,385,643
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	1,016,351	570,278	499,411	1,087,218
10. Financial guaranty				
11.1 Medical professional liability—occurrence	9,413		2,426	6,987
11.2 Medical professional liability—claims-made	834		236	598
12. Earthquake	274,488	54,573	107,826	221,235
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	43,077		478	42,599
16. Workers' compensation	7,547,328	2,880,530	2,265,461	8,162,397
17.1 Other liability—occurrence	3,246,170	1,759,754	1,677,019	3,328,905
17.2 Other liability—claims-made	200,019	389	59,533	140,875
17.3 Excess Workers' Compensation	3,916	4,745	2,947	5,714
18.1 Products liability—occurrence	84,654	70,790	57,963	97,481
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	12,534,926	2,274,662	3,410,527	11,399,061
19.3,19.4 Commercial auto liability	5,034,119	3,033,701	2,580,080	5,487,740
21. Auto physical damage	9,612,933	2,513,758	3,007,676	9,119,015
22. Aircraft (all perils)				
23. Fidelity	22,266	50,586	32,890	39,962
24. Surety	4,826,215	2,218,454	2,591,515	4,453,154
26. Burglary and theft	3,450	1,189	1,148	3,491
27. Boiler and machinery	851	980	203	1,628
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	1			1
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	65,849,895	24,918,969	27,909,682	62,859,182

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	570,126				570,126
2. Allied lines	458,647	2			458,649
3. Farmowners multiple peril	222,485				222,485
4. Homeowners multiple peril	4,503,333				4,503,333
5. Commercial multiple peril	5,712,319		145,095	338	5,857,752
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	496,284	3,126			499,410
10. Financial guaranty					
11.1 Medical professional liability—occurrence	2,426				2,426
11.2 Medical professional liability—claims-made	236				236
12. Earthquake	107,826				107,826
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	478				478
16. Workers' compensation	2,144,893	662	115,512	4,394	2,265,461
17.1 Other liability—occurrence	1,640,341	8,343	27,681	655	1,677,020
17.2 Other liability—claims-made	59,348	115	70		59,533
17.3 Excess Workers' Compensation	2,947				2,947
18.1 Products liability—occurrence	48,623		9,340		57,963
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	3,410,527				3,410,527
19.3,19.4 Commercial auto liability	2,550,505	29,781		(208)	2,580,078
21. Auto physical damage	3,000,890	6,786			3,007,676
22. Aircraft (all perils)					
23. Fidelity	12,062	20,828			32,890
24. Surety	1,131,307	1,460,208			2,591,515
26. Burglary and theft	1,148				1,148
27. Boiler and machinery	203				203
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	26,076,954	1,529,851	297,698	5,179	27,909,682
36. Accrued retrospective premiums based on experience					(5,179)
37. Earned but unbilled premiums					(297,698)
38. Balance (Sum of Lines 35 through 37)					27,606,805

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case Daily pro rata

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	2,559,000	371,793	2,559,000	371,793	185,649	108,059	449,383	43.489
2. Allied lines	100,984	497,241	100,984	497,241	155,169	66,843	585,567	68.606
3. Farmowners multiple peril		306,072		306,072	146,419	149,165	303,326	70.164
4. Homeowners multiple peril	10,923,723	3,074,804	10,923,723	3,074,804	1,746,704	1,360,910	3,460,598	62.282
5. Commercial multiple peril	29,083,151	8,015,509	29,083,151	8,015,509	9,684,571	11,915,639	5,784,441	50.805
6. Mortgage guaranty								
8. Ocean marine		(774)		(774)	87		(687)	
9. Inland marine	94,246	441,401	94,246	441,401	158,891	188,988	411,304	37.831
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(9,677)		(9,677)	13,053		3,376	48.318
11.2 Medical professional liability—claims-made		(3,675)		(3,675)	2,907		(768)	(128.428)
12. Earthquake		1,095		1,095	361	3,033	(1,577)	(0.713)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		(36,330)		(36,330)	46,171		9,841	23.101
16. Workers' compensation	16,664,171	12,293,488	16,664,171	12,293,488	20,570,812	27,316,917	5,547,383	67.963
17.1 Other liability—occurrence	1,441,086	1,206,459	1,441,086	1,206,459	5,335,015	6,106,226	435,248	13.075
17.2 Other liability—claims-made		(182,666)		(182,666)	169,528	480	(13,618)	(9.667)
17.3 Excess Workers' Compensation	77,805	9,688	77,805	9,688	2,621	8,172	4,137	72.401
18.1 Products liability—occurrence	1,343,195	27,346	1,343,195	27,346	174,221	208,144	(6,577)	(6.747)
18.2 Products liability—claims-made		(9)		(9)	5		(4)	
19.1,19.2 Private passenger auto liability	10,962,536	873,946	10,962,536	873,946	8,818,615	3,650,027	6,042,534	53.009
19.3,19.4 Commercial auto liability	18,860,927	3,136,197	18,860,927	3,136,197	5,822,125	6,137,484	2,820,838	51.403
21. Auto physical damage	10,389,760	4,949,409	10,389,760	4,949,409	430,925	290,264	5,090,070	55.818
22. Aircraft (all perils)		(4,838)		(4,838)	(4,070)		(8,908)	
23. Fidelity	(250)	15,532	(250)	15,532	13,513	20,225	8,820	22.071
24. Surety	274,574	712,244	274,574	712,244	1,801,512	1,561,662	952,094	21.380
26. Burglary and theft		629		629	971	722	878	25.150
27. Boiler and machinery		517		517	312	2,026	(1,197)	(73.526)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X	(1,115,953)		(1,115,953)	1,125,700	7,134	2,613	261300.000
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	102,774,908	34,579,448	102,774,908	34,579,448	56,401,787	59,102,120	31,879,115	50.715

DETAILS OF WRITE-IN LINES								
3401.								
3402.								
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)								

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	55,498	132,734	55,498	132,734	8,065	52,915	8,065	185,649	22,979
2. Allied lines	29,195	137,023	29,195	137,023	8,628	18,145	8,628	155,168	15,529
3. Farmowners multiple peril		123,967		123,967		22,452		146,419	33,491
4. Homeowners multiple peril	2,846,216	1,321,072	2,846,216	1,321,072	1,348,568	425,632	1,348,568	1,746,704	368,670
5. Commercial multiple peril	34,211,617	5,889,900	34,211,617	5,889,900	20,651,816	3,794,671	20,651,816	9,684,571	4,829,975
6. Mortgage guaranty									
8. Ocean marine		88		88				88	
9. Inland marine		67,017		67,017	9,850	91,874	9,850	158,891	21,098
10. Financial guaranty									
11.1 Medical professional liability—occurrence		5,350		5,350		7,703		13,053	5,806
11.2 Medical professional liability—claims-made		2,490		2,490		417		2,907	705
12. Earthquake		361		361				361	(44)
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health		46,171		46,171				(a)	46,171
16. Workers' compensation	66,928,299	11,349,420	66,928,299	11,349,420	41,242,133	9,221,393	41,242,133	20,570,813	2,830,227
17.1 Other liability—occurrence	5,656,165	1,969,529	5,656,165	1,969,529	3,283,792	3,365,486	3,283,792	5,335,015	1,811,570
17.2 Other liability—claims-made		89,535		89,535		79,993		169,528	108,282
17.3 Excess Workers' Compensation	302,075	3,583	302,075	3,583		(962)		2,621	(713)
18.1 Products liability—occurrence	323,266	111,549	323,266	111,549	1,302,218	62,672	1,302,218	174,221	85,745
18.2 Products liability—claims-made						5		5	
19.1,19.2 Private passenger auto liability	10,286,075	7,226,034	10,286,075	7,226,034	1,061,542	1,592,581	1,061,542	8,818,615	1,770,837
19.3,19.4 Commercial auto liability	14,038,176	3,460,191	14,038,176	3,460,191	13,946,852	2,361,934	13,946,852	5,822,125	895,429
21. Auto physical damage	1,436,018	245,467	1,436,018	245,467	138,682	185,459	138,682	430,926	127,121
22. Aircraft (all perils)		643		643		(4,712)		(4,069)	
23. Fidelity		3,176		3,176		10,337		13,513	2,765
24. Surety	73,045	(313,297)	73,045	(313,297)	438,428	2,114,809	438,428	1,801,512	497,222
26. Burglary and theft		928		928		43		971	380
27. Boiler and machinery						312		312	556
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	611,582		611,582	X X X	514,118		1,125,700	643
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	136,185,645	32,484,513	136,185,645	32,484,513	83,440,574	23,917,277	83,440,574	56,401,790	13,428,273

DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	7,870,176			7,870,176
1.2 Reinsurance assumed	2,128,397			2,128,397
1.3 Reinsurance ceded	7,870,176			7,870,176
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,128,397			2,128,397
2. Commission and brokerage:				
2.1 Direct, excluding contingent		22,263,223		22,263,223
2.2 Reinsurance assumed, excluding contingent		9,045,428		9,045,428
2.3 Reinsurance ceded, excluding contingent		22,263,223		22,263,223
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		984,338		984,338
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		10,029,766		10,029,766
3. Allowances to manager and agents		5,012		5,012
4. Advertising	72,472	338,329	154	410,955
5. Boards, bureaus and associations	6,231	151,994	5	158,230
6. Surveys and underwriting reports	1,140	331,994	160	333,294
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	2,543,428	4,037,012	28,824	6,609,264
8.2 Payroll taxes	152,641	357,302	1,654	511,597
9. Employee relations and welfare	512,838	1,265,666	1,604	1,780,108
10. Insurance	301,985	40,821	335	343,141
11. Directors' fees		160		160
12. Travel and travel items	135,432	260,222	527	396,181
13. Rent and rent items	298,886	491,785	524	791,195
14. Equipment	177,624	335,048	463	513,135
15. Cost or depreciation of EDP equipment and software	104,425	175,633	238	280,296
16. Printing and stationery	24,250	82,825	76	107,151
17. Postage, telephone and telegraph, exchange and express	104,367	336,098	951	441,416
18. Legal and auditing	19,504	80,081	954	100,539
19. Totals (Lines 3 to 18)	4,455,223	8,289,982	36,469	12,781,674
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 22,114		1,516,113		1,516,113
20.2 Insurance department licenses and fees		130,809		130,809
20.3 Gross guaranty association assessments		(8,574)		(8,574)
20.4 All other (excluding federal and foreign income and real estate)		52,553		52,553
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,690,901		1,690,901
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	879,653	856,331	5,185	1,741,169
25. Total expenses incurred	7,463,273	20,866,980	41,654	(a) 28,371,907
26. Less unpaid expenses—current year	13,428,273	4,070,766		17,499,039
27. Add unpaid expenses—prior year	13,533,773	4,804,780		18,338,553
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	7,568,773	21,600,994	41,654	29,211,421

DETAILS OF WRITE-IN LINES				
2401. Other expenses	331,218	856,331	5,185	1,192,734
2402. Change in unallocated expense reserves	548,435			548,435
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	879,653	856,331	5,185	1,741,169

(a) Includes management fees of \$ 41,736 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 1,299,458	1,480,385
1.1 Bonds exempt from U.S. tax	(a) 408,372	383,191
1.2 Other bonds (unaffiliated)	(a) 3,585,705	3,497,199
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 78,125	78,125
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 104,014	81,068
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	52,554	52,554
10. Total gross investment income	5,528,228	5,572,522
11. Investment expenses		(g) 41,654
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		41,654
17. Net investment income (Line 10 minus Line 16)		5,530,868

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		52,554	52,554
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		52,554	52,554
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 50,860 accrual of discount less \$ 363,294 amortization of premium and less \$ 102,847 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	23,181		23,181		
1.2 Other bonds (unaffiliated)	70,000	(272,002)	(202,002)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				214,050	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	93,181	(272,002)	(178,821)	214,050	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	377,270	257,768	(119,502)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	(10,474)	65,080	75,554
13.3 Accrued retrospective premiums	13,395	30,283	16,888
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	32,570	247,339	214,769
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	148,612	5,932	(142,680)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	561,373	606,402	45,029
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	561,373	606,402	45,029

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	148,612	5,932	(142,680)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	148,612	5,932	(142,680)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Ohio, the accompanying financial statements of American Fire and Casualty Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual* (“APP Manual”).

B. Use of Estimates in the Preparation of the Financial Statements

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. The Company does not own common stocks.
4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled or affiliated entities.
8. The Company does not own any joint ventures, partnerships, and limited liability companies.
9. Derivative Securities, refer to Note 8.
10. Refer to Note 29.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2009.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

- A. Effective December 31, 2009, the Company elected to admit Deferred Tax Assets (DTA's) pursuant to SSAP No. 10R, Income Taxes-Revised, a temporary replacement of SSAP No. 10. The change in DTA's resulting from adopting SSAP No. 10R, is disclosed as an aggregate write-in for gains and losses in surplus under the caption SSAP 10R incremental change. (Refer to Note 9.A)

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not enter into any statutory purchases during the year.

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in Mortgage Loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

- 1. Not used.
- 2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- 3. Not used.
- 4. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2009 as of December 31, 2009: None.
- 5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009: None.
- 6. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2009:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(41,570)	0

- 7. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders’ equity. If the decline is believed to be “other-than-temporary,” and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

- 8. Not used.

E. Repurchase Agreements

- 1. The Company did not enter into any repurchase agreements during the year.
- 2. The Company maintained collateral for loaned securities.
 - a) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral.
 - b) The Company has not pledged any of its assets as collateral.
- 3. Aggregate amount of contractually obligated open collateral positions for which the borrower may request the return of on demand:

NOTES TO FINANCIAL STATEMENTS

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	331,763	350,822	288,039	136,877	1,107,500

4. Sources of collateral are cash and securities. Cash collateral is reinvested by the lending agent in short-term securities. The Company does not reinvest securities received as collateral.

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

The Company does not hold investments in low-income housing tax credits.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.
- B. Impairments on joint ventures, partnerships and limited liability companies
- Not applicable

Note 7- Investment Income

- A. Accrued Investment Income
- The Company does not admit investment income due and accrued if amounts are over 90 days past due.
- B. Amounts Nonadmitted
- No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

- A. The components of the net deferred tax assets (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	5,502,828	60,392	5,563,220	5,343,000	220,220
Total gross DTLs	(1,873,950)	0	(1,873,950)	(2,359,000)	485,050
Net DTA (DTL)	3,628,878	60,392	3,689,270	2,984,000	705,270
Net DTA non-admitted			(32,570)	(247,000)	214,430
Net Admitted DTA (DTL)			3,656,700	2,737,000	919,700

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election was not available at December 31, 2008. A statutory valuation allowance adjustment, as described in SSAP No. 10R, paragraph 6e, is not required. Accordingly, total adjusted gross DTAs equal total gross DTAs.

The increased amount, by tax character, of net admitted DTAs resulting from paragraph 10e:

Ordinary	727,675
Capital	0
Total increase in net admitted DTAs	727,675

The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii., 10c.:

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	2,862,000	0	2,862,000	2,737,000
Lesser of:				
Expected to be recognized within one year (10bi.)	6,633	60,392	67,025	0
10% of adjusted capital and surplus (10bii.)			3,755,256	3,398,000
Adj. gross DTAs offset against existing DTLs (10c.)	1,873,950	0	1,873,950	2,359,000

NOTES TO FINANCIAL STATEMENTS

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eia., 10eib., and 10eii.:

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	3,299,000	0	3,299,000
Lesser of:			
Expected to be recognized within three years (10eia.)	297,308	60,392	357,700
15% of adjusted capital and surplus (10eib.)			5,632,884
Adj. gross DTAs offset against existing DTLs (10eii.)	1,873,950	0	1,873,950

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	41,105,386
Authorized control level	5,833,197

The following amounts result from the calculation in paragraphs 10a., 10b., and 10c.:

	December 31, 2009
Admitted DTA	2,929,025
Admitted assets	164,657,890
Statutory surplus	41,105,386
Total adjust capital	41,105,386

Admitted DTA, admitted assets and statutory surplus increased by \$727,675 resulting from the use of paragraph 10e.

- B. The Company does not have any DTLs described in SSAP No. 10R, Income Taxes, paragraph 6d.
- C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2009	2008
Federal	2,750,937	6,478,560
Foreign	0	0
Realized capital gains	(62,587)	0
Federal and foreign income taxes incurred	2,688,350	6,478,560

The Company’s DTAs and DTLs result primarily from limits on unearned premium reserve deduction, discounting of unpaid losses and LAE reserves, and basis differences on investment assets.

The change in deferred income taxes is comprised of the following:

	2009
Change in net deferred income tax (without unrealized gain or loss)	780,188
Change in tax effect of unrealized (gains) losses	(74,918)
Total change in net deferred income tax	705,270

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt interest, discounting of unpaid losses and LAE reserves, and limits on unearned premium reserve deduction.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$2,338,350 from the current year and \$6,885,550 from the preceding year.

At December 31, 2009, the Company did not have any unused net operating loss carryforwards available to offset against future net income.

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Services Code.

- F. The Company's Federal income tax return is consolidated with the following entities:

Access Insurance Services, Co.	Liberty Insurance Holdings, Inc.
AMBCO Capital Corporation	Liberty Insurance Underwriters, Inc.
America First Insurance Company	Liberty International Europe Inc.*
America First Lloyds Insurance Company	Liberty International Holdings Inc.
American Ambassador Casualty Company	Liberty Life Assurance Company of Boston
(merged 10/21/2009)	Liberty Life Holdings, Inc.
American Economy Insurance Company	Liberty Lloyds of Texas Insurance Company
American Fire & Casualty Company	Liberty Management Services, Inc.
American States Insurance Company	Liberty Mexico Holdings, Inc.
American States Insurance Company of Texas	Liberty Mutual Fire Insurance Company
American States Lloyds Insurance Company	Liberty Mutual Group Inc.
American States Preferred Insurance Company	Liberty Mutual Holding Company Inc.
Avomark Insurance Company	Liberty Mutual Insurance Company
Barrier Ridge LLC	Liberty Mutual Personal Insurance Company
Berkeley Holding Company Associates, Inc.	Liberty Northwest Insurance Corporation

NOTES TO FINANCIAL STATEMENTS

Berkeley Management Corporation	Liberty Personal Insurance Company
Bridgefield Casualty Insurance Company	Liberty RE (Bermuda) Limited
Bridgefield Employers Insurance Company	Liberty Sponsored Insurance (Vermont) Inc.
Capitol Court Corporation	Liberty Surplus Insurance Corporation
Capitol Agency, Inc., The (Arizona corporation)	LIH U.S. P&C Corporation
Capitol Agency, Inc., The (Ohio corporation)	LIH-RE of America Corporation
Capitol Agency, Inc., The (Tennessee corporation)	LIU Specialty Insurance Agency Inc.
Cascade Disability Management, Inc.	LM General Insurance Company
Colorado Casualty Insurance Company	LM Insurance Corporation
Commercial Aviation Insurance, Inc.	LM Personal Insurance Company
Companies Agency of New York, Inc.	LM Property & Casualty Insurance Company
Companies Agency of Pennsylvania, Inc.	LMHC Massachusetts Holdings Inc.
Consolidated Insurance Company	LRE Properties, Inc.
Copley Venture Capital, Inc.	Mid-American Agency, Inc.
Diversified Settlements, Inc.	Mid-American Fire & Casualty Company
Emerald City Insurance Agency, Inc.	North Pacific Insurance Company
Employers Insurance Company of Wausau	OCASCO Budget, Inc.
Excelsior Insurance Company	OCI Printing, Inc.
F.B. Beattie & Company, Inc.	Ohio Casualty Corporation
First National Insurance Company of America	Ohio Casualty of New Jersey, Inc. (merged 9/30/2009)
First State Agency Inc.	Ohio Security Insurance Company
Florida State Agency, Inc.	Open Seas Solutions, Inc.
General America Corporation	Oregon Automobile Insurance Company
General America Corporation of Texas	Peerless Indemnity Insurance Company
General Insurance Company of America	Peerless Insurance Company
Globe American Casualty Company (merged 12/30/2009)	Pilot Insurance Services, Inc.
Golden Eagle Insurance Corporation	Rianoc Research Corporation
Gulf States AIF, Inc.	S.C. Bellevue, Inc.
Hawkeye-Security Insurance Company	Safecare Company, Inc.
Heritage-Summit HealthCare, Inc.	Safeco Corporation
Indiana Insurance Company	Safeco General Agency, Inc.
Insurance Company of Illinois	Safeco Insurance Company of America
LEXCO Limited	Safeco Insurance Company of Illinois
Liberty - USA Corporation	Safeco Insurance Company of Indiana
Liberty Assignment Corporation	Safeco Insurance Company of Oregon
Liberty Energy Canada, Inc.	Safeco Lloyds Insurance Company
Liberty Financial Services, Inc.	Safeco National Insurance Company
Liberty Hospitality Group, Inc.	Safeco Properties, Inc.
Liberty Insurance Company of America (merged 9/17/2009)	Safeco Surplus Lines Insurance Company
Liberty Insurance Corporation	San Diego Insurance Company
SCIT, Inc.	The Ohio Casualty Insurance Company
St. James Insurance Company Ltd.	The Ohio Life Brokerage Services, Inc.
State Agency, Inc. (Indiana corporation)	Wausau Business Insurance Company
State Agency, Inc. (Wisconsin corporation)	Wausau General Insurance Company
Summit Consulting, Inc.	Wausau Service Corporation
Summit Consulting, Inc. of Louisiana	(dissolved 10/21/2009)
Summit Holding Southeast, Inc.	Wausau Underwriters Insurance Company
The First Liberty Insurance Corporation	West American Insurance Company
The Midwestern Indemnity Company	Winmar Company, Inc.
The National Corporation	Winmar of the Desert, Inc.
The Netherlands Insurance Company	Winmar Oregon, Inc.
	Winmar-Metro, Inc

* This company joined the consolidated group in 2009 and its activity from the date it joined the group is included in the consolidated return.

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by The Ohio Casualty Insurance Company (“OCIC”), an Ohio insurance company. OCIC is wholly owned by Ohio Casualty Corporation, an Ohio insurance holding company. Ohio Casualty Corporation is owned by Liberty Mutual Insurance Company (“LMIC” 78%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company (“LMFIC” 6%), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW” 8%), a Wisconsin insurance company; and Peerless Insurance Company (“PIC” 8%), a New Hampshire insurance company. The ultimate parent of LMIC, LMFIC, EICOW and PIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. Refer to Notes 10F, 22 and 25.
- D. At December 31, 2009, the Company reported \$4,802,957 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

NOTES TO FINANCIAL STATEMENTS

- E. The Company has made no guarantee or initiated an undertaking for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. Refer to Note 25 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

The Company is a party to a services agreement (the “Agreement”) with PIC and other affiliates. The Agreement allows PIC to provide services related to common management function including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resource services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

The Company is a party to an investment management agreement with LMIC, an investment management agreement with Liberty Mutual Investment Advisors (“LMIA”) and a cash management agreement with LMIA. Under these agreements, LMIA and LMIC provide services to the Company.

The Company is a party to a management services agreement with LMIC. Under the agreement, LMIC may provide services related to common management functions including, but not limited to, accounting, financial, tax and auditing, information technology and support, purchasing, payroll and employee benefits, policy administration, real estate management, legal, general administration, as well as consulting and other services as the parties may request.

The Company is party to a Federal Tax Sharing Agreement between LMIC and affiliates (Refer to Note 9F).

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company has no investments in subsidiary, controlled or affiliated companies.

- J. Impairment of subsidiaries

Refer to 10 I

- K. Investment in foreign insurance subsidiaries.

Refer to 10 I

- L. Investment in downstream noninsurance holding companies.

Refer to 10 I

Note 11- Debt

- A. Capital Notes

Not applicable

- B. All Other Debt

The Company has not entered into Federal Home Loan Bank Agreements.

Note 12- Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

As the Company does not have direct employees, the Company does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements as described in Note 10 F.

As a result of, Liberty Mutual’s acquisition of Safeco Corporation, the ultimate parent of fifteen property and casualty insurance companies (Safeco Companies), the Safeco Companies eligible U.S. employees became employees of Liberty Mutual and began participating in the Liberty Mutual benefit plans. The Safeco Corporation continues to sponsor a cash balance defined benefit pension plan (CBP) covering a wide range of former Safeco Company employees. Safeco Corporation terminated the CBP effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The CBP pension costs are subject to the inter-company pooling agreement described in Note 25. These costs amounted to \$8,556 and \$3,624 in 2009 and 2008, respectively. Also, a CBP additional minimum liability of \$29,784 and \$58,628, also subject to the inter-company pooling agreement, was recognized in 2009 and 2008 respectively in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The Company has no legal obligation for benefits under this plan.

NOTES TO FINANCIAL STATEMENTS

Note 13- Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1. Common Stock

The Company has 2,000,000 shares authorized, and 1,124,681 shares issued and outstanding as of December 31, 2009. All shares have a stated par value of \$3.
- 2. Preferred Stock

Not applicable
- 3. Dividend Restrictions

Not applicable
- 4. The Company did not pay a dividend to its parent during 2009.
- 5. The maximum amount of dividends that can be paid by Ohio-domiciled insurance companies to shareholders without prior approval of the Insurance Director is the greater of (a) 10% of surplus, or (b) net income. The maximum dividend payout that may be made without prior approval in 2010 is \$4,927,178.
- 6. As of December 31, 2009, the Company has restricted surplus of \$727,675, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of \$119,616 resulting from retroactive reinsurance contracts.
- 7. The Company had no advances to surplus.
- 8. The Company did not hold stock for special purposes.
- 9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2009 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.
- 10. The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is \$(17,258) after applicable deferred taxes of \$9,293.
- 11. Surplus Notes

Not applicable
- 12. Quasi re-organization (dollar impact)

Not applicable
- 13. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

- A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates as indicated in Note 10 E. The Company has made no guarantees on behalf of affiliates.
- B. Assessments

The Company is subject to guaranty funds and other assessments by the states in which it writes business. Guaranty funds assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty funds and other assessments of \$478,421 that is offset by future premium tax credits of \$79,912. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

During 2009 there were no material insolvencies to report. The company continues to remit payments relating to prior year insolvencies.
- C. Gain Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

The Company did not have claims related extra contractual obligation losses and bad faith losses stemming from lawsuits in the current period.

E. All other Contingencies

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

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. ("LMGI"). LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

Pursuant to North Carolina General Statute #58-36-25, the potential interest payable to policyholders for the 2009 Private Passenger Automobile Escrow was \$75.

Note 15- Leases

A. Aside from certain sale-leaseback transactions disclosed below, the Company is not involved in material lease arrangements.

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The Company’s minimum lease obligations under these agreements are as follows:

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2010	\$34,035	\$297,226
2011	34,035	295,479
2012	34,035	260,282
2013	34,035	96,000
2014	2,836	81,525
2015 & thereafter	0	192,902
Total	\$138,976	\$1,223,414

B. Leasing as a significant part of lessor’s business activities

Not applicable

Note 16- Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company is not exposed to financial instruments with off-balance sheet risk or with concentrations of credit risk.

Note 17- Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as sales

The Company did not have any transfers of receivables reported as sales during the year.

B. Transfers and servicing of financial assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company’s portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2009 the total fair value of securities on loan was \$2,029,766 with corresponding collateral value of \$2,099,820 of which \$1,107,500 represents cash collateral.

C. Wash Sales

NOTES TO FINANCIAL STATEMENTS

The Company did not have any wash sale transactions during the year.

Note 18-Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, the Company’s affiliate, Safeco Insurance Company of America and other members of the Peerless Amended and Restated Reinsurance Pooling Agreement (refer to note 25) agreed to become participating insurers of the California Earthquake Authority (“CEA”), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as a third party administrator and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2009, the Company recorded CEA administrative fees of \$6,240.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19- Direct Premium Written/Produced by Managing General Agents/ Third Party Administrators

The Company has no direct premiums written through managing general agents or third party administrators.

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

- 1) Assets in the amount of \$34,665,212 and \$24,102,349 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.
- 2) 2009 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the company was \$4,562 at December 31, 2009.

- 3) During the current year, certain members of the Peerless Pool, of which the Company is a member, changed the nature of their cash disbursement accounts, so that disbursement transactions reflect the characteristics of drafts. In prior years, cash disbursement transactions were accounted for as checks. The Company’s cash accounts were not changed. The Company’s year end drafts outstanding balance increased by \$1,786,590, which represents the Company’s pool share of the Peerless Pool’s increase in drafts outstanding. (Refer to Note 25)
- 4) Interrogatory 6.1

In 2009, as a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of Workers' Compensation Catastrophe reinsurance with limits of \$1,038,000 part of \$1,175,000 xs \$25,000,000 purchased by Peerless Insurance Company, the lead company of the inter-company reinsurance pool, individually or with affiliates within the Liberty Mutual Group covering workers' compensation business ceded to the pool.

Interrogatory 6.3

As a member of the inter-company pooling arrangement in which Peerless Insurance Company is the lead company, the Company has the benefit of \$825,000,000 xs \$500,000,000 of traditional XOL reinsurance covering its business ceded to the pool. In December 2008, Peerless Insurance Company purchased a 31.725% QS treaty for its direct and assumed from affiliates US Homeowners portfolio, which includes business assumed from the Company.

D. The Company routinely assesses the collectability of its premium receivable. Based upon Company experience, amounts in excess of non-admitted amounts are not believed to be material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

NOTES TO FINANCIAL STATEMENTS

The Company does not hold state transferable tax credits.

G. The Company does not have exposure to sub-prime mortgage related risk.

Note 21- Events Subsequent

A. The Company evaluated subsequent events through February 24, 2010, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2009 that would require disclosure.

Note 22- Reinsurance

- A. Excluding amounts arising pursuant to the inter-company Reinsurance Agreement, as described in Note 25, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.
- B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceed 5% of the Company’s surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company’s surplus.
- C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company’s assumed and ceded reinsurance were canceled as of December 31, 2009.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	27,606,805	3,864,953	79,600,692	11,144,097	(51,993,887)	(7,279,144)
All Other	-	-	-	-	-	-
Total	27,606,805	3,864,953	79,600,692	11,144,097	(51,993,887)	(7,279,144)

Direct Unearned Premium
Reserve of 79,600,692

2. There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business. The following are the contingent commissions for direct, assumed and ceded business.

Direct	\$0
Assumed	1,541,859
Ceded	0
Net	\$1,541,859

- D. The Company did not write off any uncollectible balances in 2009.
- E. The Company did not commute any reinsurance treaties in the current year.
- F. The Company has one assumed retroactive contract that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	2,848,900	
	2. Adjustment – Prior Year(s)	(2,219,206)	
	3. Adjustment – Current Year	(89,283)	
	4. Total	540,411	
b.	Consideration Paid or Received:		
	1. Initial Reserves	3,094,334	
	2. Adjustment – Prior Year(s)	89,358	
	3. Adjustment – Current Year	-	
	4. Total	3,183,692	
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	0	
	2. Adjustment – Prior Year(s)	2,732,097	
	3. Adjustment – Current Year	160,518	
	4. Total	2,892,615	
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	157,603	

NOTES TO FINANCIAL STATEMENTS

	2. Adjustment – Prior Year(s)	(490,105)	
	3. Adjustment – Current Year	(12,515)	
	4. Total	119,616	
	5. Cumulative Total Transferred to Unassigned Funds	(225,400)	
e.	Other insurers included in the above transactions:		
	Peerless Insurance Company	540,411	

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

G. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2009.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	\$111,373
Less: Non-admitted amount	13,395
Admitted amount	\$97,978

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased \$4,627,678 during 2009. This decrease was primarily the result of improving loss trends in the Other Liability \$1,715,317, Private Passenger Auto Liability \$935,713, Commercial Multit-Peril \$712,942, Workers' Compensation \$537,568, Fidelity/Surety \$347,290 and Commercial Auto Liability \$247,224 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 25- Intercompany Pooling Arrangements

The Company is a member of the PIC Amended and Restated Reinsurance Pooling Agreement consisting of the following affiliated companies:

		NAIC Company Number	2009 Pooling Percentage
Lead Company	Peerless Insurance Company (“PIC”)	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company (“OCIC”)	24074	20.40%
	Safeco Insurance Company of America (“SICOA”)	24740	15.20%
	General Insurance Company of America (“GICA”)	24732	9.20%
	American States Insurance Company (“ASIC”)	19704	7.60%
	American Economy Insurance Company (“AEIC”)	19690	5.60%
	Indiana Insurance Company (“IIC”)	22659	4.80%
	Golden Eagle Insurance Corporation (“GEIC”)	10836	3.00%
	Peerless Indemnity Insurance Company (“PIIC”)	18333	3.00%
	Safeco Insurance Company of Illinois (“SICIL”)	39012	2.00%
	The Netherlands Insurance Company (“NIC”)	24171	1.80%
	American States Preferred Insurance Company (“ASPCO”)	37214	0.80%
	First National Insurance Company of America (“FNICA”)	24724	0.80%
	American Fire and Casualty Company (“AFCIC”)	24066	0.60%
	America First Insurance Company (“AFIC”)	12696	0.00%
	America First Lloyd’s Insurance Company (“AFLIC”)	11526	0.00%
	American States Insurance Company of Texas (“ASICT”)	19712	0.00%
	American States Lloyds Insurance Company (“ASLCO”)	31933	0.00%
	Avomark Insurance Company (“AVOIC”)	10792	0.00%
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%
	Consolidated Insurance Company (“CIC”)	22640	0.00%
	Excelsior Insurance Company (“EIC”)	11045	0.00%
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%
	Insurance Company of Illinois (“ICIL”)	26700	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%

NOTES TO FINANCIAL STATEMENTS

	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%
	National Insurance Association ("NIA")	27944	0.00%
	Ohio Security Insurance Company ("OSIC")	24082	0.00%
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%
	Safeco National Insurance Company ("SNIC")	24759	0.00%
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%
	West American Insurance Company ("WAIC")	44393	0.00%
			100.00%
100% Quota	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%
Share	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%
Affiliated	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%
Companies	North Pacific Insurance Company ("NPIC")	23892	0.00%
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- (a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company.
- (b) Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.
- (c) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance.
- (h) Amount due to affiliated entity participating in the Peerless inter-company pool as at December 31, 2009:

Affiliate:	Amount:
Peerless Insurance Company	(\$2,114,282)

During 2009, American Ambassador Insurance Company, Globe American Insurance Company and Ohio Casualty of New Jersey merged with Peerless Indemnity Insurance Company, The Midwestern Indemnity Company, and Ohio Casualty Insurance Company, respectively. Peerless Indemnity Insurance Company, The Midwestern Indemnity Company and Ohio Casualty Insurance Company were the surviving entities

During 2009, ICIL merged with an affiliate, Liberty Insurance Company of America (LICA). ICIL became the surviving entity. Concurrent with the merger, ICIL entered into a Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (LMIC), covering the business written by LICA. ICIL continued as a participant in the Peerless Amended and Restated Reinsurance Agreement. Effective January 1, 2010, ICIL terminated the Quota Share Reinsurance Agreement with LMIC and became a participant in the Liberty Mutual inter-company Pool, with a 0.00% participation in the Pool. As a participant in the Liberty Mutual inter-company Reinsurance Agreement, ICIL cedes the business of LICA to the Pool. Concurrent with entering into the Liberty Mutual inter-company Reinsurance Agreement, ICIL terminated its participation in the Peerless Amended and Restated Reinsurance Agreement and entered into a Quota Share Reinsurance Agreement with PIC, covering the business written by ICIL.

Effective January 1, 2010, Bridgefield Casualty Insurance Company and Bridgefield Employers Insurance Company canceled their 100% Quota Share Reinsurance Agreements with PIC and entered into 100% Reinsurance Agreements with Liberty Mutual Insurance Company.

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2010, the Peerless Insurance Company Pool structure was revised as follows:

NOTES TO FINANCIAL STATEMENTS

		Company Number	Pooling Percentage
Lead Company	Peerless Insurance Company ("PIC")	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%
	Safeco Insurance Company of America ("SICOA")	24740	15.20%
	General Insurance Company of America ("GICA")	24732	9.20%
	American States Insurance Company ("ASIC")	19704	7.60%
	American Economy Insurance Company ("AEIC")	19690	5.60%
	Indiana Insurance Company ("IIC")	22659	4.80%
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%
	The Netherlands Insurance Company ("NIC")	24171	1.80%
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%
	First National Insurance Company of America ("FNICA")	24724	0.80%
	American Fire and Casualty Company ("AFCIC")	24066	0.60%
	America First Insurance Company ("AFIC")	12696	0.00%
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%
	American States Insurance Company of Texas ("ASICT")	19712	0.00%
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%
	Avomark Insurance Company ("AVOIC")	10792	0.00%
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%
	Consolidated Insurance Company ("CIC")	22640	0.00%
	Excelsior Insurance Company ("EIC")	11045	0.00%
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%
	National Insurance Association ("NIA")	27944	0.00%
	Ohio Security Insurance Company ("OSIC")	24082	0.00%
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%
	Safeco National Insurance Company ("SNIC")	24759	0.00%
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%
	West American Insurance Company ("WAIC")	44393	0.00%
			100.00%
100% Quota Share	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%
	North Pacific Insurance Company ("NPIC")	23892	0.00%
Affiliated Companies	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%

Note 26- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$702,346 after applying Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$702,346 as of December 31, 2009.
- B. Not applicable

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

As of December 31, 2009, the Company had no liabilities related to premium deficiency reserves.

Note 30- High Dollar Deductible Policies

The Company does not have any high deductible policies.

Note 31- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as

NOTES TO FINANCIAL STATEMENTS

approved by the respective states at an annual discount rate of 4.0%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of \$902,860 net of all reinsurance.

Note 32 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from general liability policies written prior to the mid-1980's. In establishing the Company's asbestos and environmental reserves, the Company estimates case basis reserves for anticipated losses and bulk reserves for loss adjustment expenses and incurred but not reported losses. The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of expected recoveries from reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insured's with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental losses and loss adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

In the last few years the Company, as well as the industry generally, has seen decreases in the number of asbestos claims being filed. This turn to a more favorable trend is due to a number of factors. Screening activity used by some lawyers to find new plaintiffs has been as a result of questionable practices discovered in the Federal Silica Multi District Litigation. Court decisions in several key states have been favorable to defendants. More importantly, several states have enacted legislation in the past few years that contain medical criteria provisions aimed at reducing the number of lawsuits filed by unimpaired plaintiffs and providing prompt and fair compensation to those who meet the criteria.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

As a direct result of the significant uncertainties associated with estimating its asbestos and environmental exposures and establishing appropriate levels of reserves, the ultimate liability of the Company for asbestos and environmental exposures may vary materially from the reserves currently recorded. The Company and other industry members have and will continue to litigate the broadening judicial interpretation of policy coverage and the liability issues. If the courts continue to expand the scope of the coverage provided, additional liabilities could emerge for amounts in excess of reserves held. This emergence, as well as the other uncertainties noted above, cannot now be reasonably estimated, but could have a material impact on the Company's future operating results, and financial condition.

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are representative of the companies included in note 25. Net reserves for asbestos and environmental are allocated based on the Company's Inter-company Reinsurance Agreement, as discussed in Note 25.

Asbestos:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	716,760	889,896	1,028,885	970,641	1,004,294
Incurred losses and LAE	244,978	211,711	56,197	147,992	12,826
Calendar year payments	71,842	72,722	102,440	114,339	77,519
Ending Reserves	889,896	1,028,885	982,642	1,004,294	939,601

Assumed Reinsurance Basis

NOTES TO FINANCIAL STATEMENTS

Beginning Reserves	648,593	655,044	646,157	798,033	683,111
Incurred losses and LAE	44,166	28,303	183,873	(27,116)	337,676
Calendar year payments	37,715	37,190	61,906	87,806	69,139
Ending Reserves	655,044	646,157	768,124	683,111	951,648
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,114,067	1,272,226	1,353,139	1,433,141	1,374,823
Incurred losses and LAE	262,533	180,744	198,522	72,253	381,258
Calendar year payments	104,374	99,831	136,832	130,571	137,243
Ending Reserves	1,272,226	1,353,139	1,414,829	1,374,823	1,618,838
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					532,625
Assumed Reinsurance Basis					535,618
Net of Ceded Reinsurance Basis					985,379
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					320,931
Assumed Reinsurance Basis					1,745
Net of Ceded Reinsurance Basis					270,626
Environmental:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Basis					
Beginning Reserves	1,078,405	1,204,339	1,173,354	1,115,601	953,081
Incurred losses and LAE	263,702	110,795	308,704	24,563	(41,371)
Calendar year payments	137,768	141,780	223,085	187,083	99,843
Ending Reserves	1,204,339	1,173,354	1,258,973	953,081	811,867
Assumed Reinsurance Basis					
Beginning Reserves	334,230	244,129	220,379	214,197	205,965
Incurred losses and LAE	(74,564)	4,856	3,219	12	(52,492)
Calendar year payments	15,537	28,606	5,620	8,244	5,214
Ending Reserves	244,129	220,379	217,978	205,965	148,259
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,334,178	1,318,154	1,227,371	1,227,309	1,046,725
Incurred losses and LAE	113,966	65,767	340,608	(21,611)	(110,611)
Calendar year payments	129,990	156,550	189,298	158,973	98,756
Ending Reserves	1,318,154	1,227,371	1,378,681	1,046,725	837,358
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					539,940
Assumed Reinsurance Basis					93,380
Net of Ceded Reinsurance Basis					552,600
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					275,790
Assumed Reinsurance Basis					668
Net of Ceded Reinsurance Basis					268,722

NOTES TO FINANCIAL STATEMENTS

Upon entering the PIC Pool, effective January 1, 2008 (refer to Note 25), the Ohio Casualty Companies’ asbestos and environmental claims coding was revised to reflect the definition employed by the Peerless “Pool”, which is consistent with industry practice. As a result, the 2007 ending balances for asbestos and environmental reserves, which is the sum of the former PIC Pool’s amounts and the Ohio Casualty Companies’ Pool amounts, differ from the 2008 beginning balances, which reflect a single common definition.

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3 State Regulating?

Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/05/2006

3.4 By what department or departments?
Ohio Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes ☐ No ☐ N/A ☒

3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☐ N/A ☒

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

.....

.....

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. _____

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

.....

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
.....
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP

200 Clarendon Street

Boston, MA 02116

.....

.....

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

William M Finn, FCAS, MAAA

62 Maple Avenue Keene, NH 03431

Vice President & Chief Actuary of Liberty Mutual Agency Markets

.....

.....

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

11.11 Name of real estate holding company	_____
11.12 Number of parcels involved	0
11.13 Total book/adjusted carrying value	\$ 0

11.2 If yes, provide explanation:

.....

.....

.....

GENERAL INTERROGATORIES

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

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

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes ☐ No ☒

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes ☐ No ☒

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes ☐ No ☐ N/A ☒

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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

Yes ☒ No ☐

13.11 If the response to 13.1 is no, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes ☐ No ☒

13.21 If the response to 13.2 is yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒

13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes ☒ No ☐

15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes ☒ No ☐

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes ☒ No ☐

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes ☐ No ☒

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

18.11 To directors or other officers	\$	0
18.12 To stockholders not officers	\$	0
18.13 Trustees, supreme or grand (Fraternal only)	\$	0

GENERAL INTERROGATORIES

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

18.21 To directors or other officers

18.22 To stockholders not officers

18.23 Trustees, supreme or grand (Fraternal only)

\$

0

\$

0

\$

0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes ☐ No ☒

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

19.21 Rented from others

19.22 Borrowed from others

19.23 Leased from others

19.24 Other

\$

0

\$

0

\$

0

\$

0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes ☐ No ☒

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

20.22 Amount paid as expenses

20.23 Other amounts paid

\$

0

\$

0

\$

0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☒ No ☐

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

0

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes ☒ No ☐

22.2 If no, give full and complete information relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)
Please reference Note 17B.

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes ☒ No ☐ N/A ☐

22.5 If answer to 22.4 is yes, report amount of collateral.

\$

2,099,820

22.6 If answer to 22.4 is no, report amount of collateral.

\$

0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.)

Yes ☒ No ☐

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

23.21 Subject to repurchase agreements

23.22 Subject to reverse repurchase agreements

23.23 Subject to dollar repurchase agreements

23.24 Subject to reverse dollar repurchase agreements

23.25 Pledged as collateral

23.26 Placed under option agreements

23.27 Letter stock or securities restricted as to sale

23.28 On deposit with state or other regulatory body

23.29 Other

\$

0

\$

0

\$

0

\$

0

\$

0

\$

0

\$

34,665,212

\$

0

15.3

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

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

25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	3 Chase Metro Tech Center, Brooklyn, NY 11245

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Insurance Company	175 Berkeley St. Boston, MA 02116
N/A	Liberty Mutual Investment Advisors LL	175 Berkeley St. Boston, MA 02116

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
		0
		0
		0
27.2999 TOTAL		0

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
		0	
		0	
		0	

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	124,917,104	129,911,824	4,994,720
28.2 Preferred stocks	1,223,450	1,223,450	0
28.3 Totals	126,140,554	131,135,274	4,994,720

28.4 Describe the sources or methods utilized in determining the fair values:
The primary source is published unit prices from the NAIC Securities Valuation Office. The secondary source is the pricing vendor, Interactive Data Corporation, followed by backfill from Bloomberg. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

The Company reviews the pricing methodology of its vendors on an annual basis. The company has also established acceptable price change and tolerance guidelines. Vendor prices falling outside the guidelines are furthered reviewed by management on a monthly basis. All prices determined internally by the insurer are reviewed and signed off by the Chief Investment Officer.

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 0

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

32.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

0

2. Health Test:

1

2

Current Year

Prior Year

2.1 Premium Numerator

\$ 42,599

\$ 161

2.2 Premium Denominator

\$ 62,859,179

\$ 59,812,748

2.3 Premium Ratio (2.1/2.2)

0.00

0.00

2.4 Reserve Numerator

\$ 46,649

\$ 0

2.5 Reserve Denominator

\$ 101,073,052

\$ 101,021,363

2.6 Reserve Ratio (2.4/2.5)

0.00

0.00

3.1 Does the reporting entity issue both participating and non-participating policies?

Yes [X] No []

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies

\$ 1,884,274

3.22 Non-participating policies

\$ 170,579,050

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies?

Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies?

Yes [] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

0

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents?

Yes [] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation

Yes [] No [] N/A [X]

5.22 As a direct expense of the exchange

Yes [] No [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No [X]

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:

See Note 20C

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GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v9.0 from RMS and AIR Clasic/2 v11.0. For WC, Liberty Mutual utilizes RiskLink v9.0 from RMS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 20C

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes ☒ No ☐

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

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

Yes ☒ No ☐

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

1

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes ☒ No ☐

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes ☐ No ☒

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes ☐ No ☒

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes ☐ No ☒

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes ☐ No ☒

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes ☐ No ☒

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes ☒ No ☐ N/A ☐

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes ☐ No ☒

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses

\$ 302,168

12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$ 33,572

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$ 93,263

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes ☒ No ☐ N/A ☐

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From

0.00

12.42 To

9.00

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes ☒ No ☐

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

12.61 Letters of Credit

\$ 227,078

12.62 Collateral and other funds

\$ 2,159,373

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$ 2,580,528

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes ☐ No ☒

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

1

14.1 Is the company a cedant in a multiple cedant reinsurance contract?

Yes ☐ No ☒

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes ☐ No ☒

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

Yes ☒ No ☐

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

15.1 Has the reporting entity guaranteed any financed premium accounts?

Yes ☐ No ☒

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business?

Yes ☐ No ☒

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.14 Other*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1

Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.

Yes [☐] No [☒]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

17.11

Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5

\$ 0

17.12

Unfunded portion of Interrogatory 17.11

\$ 0

17.13

Paid losses and loss adjustment expenses portion of Interrogatory 17.11

\$ 0

17.14

Case reserves portion of Interrogatory 17.11

\$ 0

17.15

Incurred but not reported portion of Interrogatory 17.11

\$ 0

17.16

Unearned premium portion of Interrogatory 17.11

\$ 0

17.17

Contingent commission portion of Interrogatory 17.11

\$ 0

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

17.18

Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5

\$ 0

17.19

Unfunded portion of Interrogatory 17.18

\$ 0

17.20

Paid losses and loss adjustment expenses portion of Interrogatory 17.18

\$ 0

17.21

Case reserves portion of Interrogatory 17.18

\$ 0

17.22

Incurred but not reported portion of Interrogatory 17.18

\$ 0

17.23

Unearned premium portion of Interrogatory 17.18

\$ 0

17.24

Contingent commission portion of Interrogatory 17.18

\$ 0

18.1

Do you act as a custodian for health savings accounts?

Yes [☐] No [☒]

18.2

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

\$ 0

18.3

Do you act as an administrator for health savings accounts?

Yes [☐] No [☒]

18.4

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

\$ 0

16.3

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2009	2008	2007	2006	2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	100,841,461	120,535,300	79,550,516	69,701,262	55,445,032
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	30,705,014	31,285,924	22,553,289	21,279,639	20,174,471
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	99,678,782	116,464,513	85,823,504	72,964,713	62,596,942
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,087,960	8,255,687	860,358	772,836	1,177
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1				
6. Total (Line 35)	238,313,218	276,541,424	188,787,667	164,718,450	138,217,622
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	28,661,379	39,478,417			(13,633,037)
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	13,302,248	11,247,162			(4,417,211)
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	18,994,709	28,137,038			(12,771,940)
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,891,558	5,869,099			(1,664,834)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1				
12. Total (Line 35)	65,849,895	84,731,716			(32,487,022)
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	2,639,998	1,785,873	(300)	(300)	
14. Net investment gain (loss) (Line 11)	5,414,634	5,888,812	1,857,302	1,614,041	5,361,328
15. Total other income (Line 15)	(107,569)	(844,389)			
16. Dividends to policyholders (Line 17)	268,950	390,474			
17. Federal and foreign income taxes incurred (Line 19)	2,750,937	6,478,560	490,623	597,302	(9,173,034)
18. Net income (Line 20)	4,927,176	(38,738)	1,366,379	1,016,439	14,534,362
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	165,385,565	157,231,383	37,032,712	38,961,733	38,659,055
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	2,377,159	2,063,477			
20.2 Deferred and not yet due (Line 13.2)	16,878,992	15,926,912			
20.3 Accrued retrospective premiums (Line 13.3)	97,978	306,525			
21. Total liabilities excluding protected cell business (Page 3, Line 24)	123,552,504	121,454,258	1,344,639	1,138,819	3,170,088
22. Losses (Page 3, Line 1)	56,401,789	59,102,119			
23. Loss adjustment expenses (Page 3, Line 3)	13,428,273	13,533,773			
24. Unearned premiums (Page 3, Line 9)	27,606,805	25,294,731			
25. Capital paid up (Page 3, Lines 28 & 29)	3,374,043	3,374,043	3,374,043	3,374,043	3,374,043
26. Surplus as regards policyholders (Page 3, Line 35)	41,833,061	35,777,125	35,688,072	37,822,913	35,488,966
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	8,060,890	88,931,433	1,396,392	(1,056,313)	(138,038,412)
Risk-Based Capital Analysis					
28. Total adjusted capital	41,833,061	35,777,125	35,688,072	37,822,913	35,488,966
29. Authorized control level risk-based capital	5,833,995	5,802,527	2,853,849	2,831,532	2,809,393
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	92.0	87.4	92.3	88.1	92.6
31. Stocks (Lines 2.1 & 2.2)	1.0	0.8	3.5	3.3	
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	7.0	11.8	4.3	8.6	7.1
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)					0.2
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2009	2008	2007	2006	2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	139,133	(130,530)	(12,188)		(1,989,876)
49. Dividends to stockholders (Line 35)		(3,568,807)	(3,500,000)		(61,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	6,055,936	89,051	(2,134,841)	2,333,947	(80,148,954)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	66,700,817	22,687,435	43,729,915	37,441,246	36,495,659
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	19,405,558	15,845,829	11,621,541	10,687,307	10,190,936
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	51,398,164	41,565,137	12,283,009	29,741,157	29,472,664
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	965,770	(784,028)	20,460,752	(1,895)	(1,579)
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(1,115,953)	(7,387)			
56. Total (Line 35)	137,354,356	79,306,986	88,095,217	77,867,815	76,157,680
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	17,351,097	(28,833,158)			77,657,158
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,261,568	3,620,346			407,613
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	11,391,290	(1,776,424)			19,669,386
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	691,446	(782,453)			456,058
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(1,115,953)	(7,387)			
62. Total (Line 35)	34,579,448	(27,779,076)			98,190,215
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	50.7	52.4			
65. Loss expenses incurred (Line 3)	11.9	10.8			
66. Other underwriting expenses incurred (Line 4)	33.2	33.8			
67. Net underwriting gain (loss) (Line 8)	4.2	3.0			
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	31.9	24.9			
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.6	63.2			
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	157.4	236.8			(91.5)
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(4,629)	(5,329)			
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	(12.9)	(14.9)			
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(6,669)	(9,200)			
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(18.7)	(24.3)			

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

If no, please explain:
Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported - Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	697	264	218	18	64	3	25	694	X X X
2. 2000	51,455	3,144	48,311	35,316	2,227	2,406	159	3,866	113	1,870	39,089	X X X
3. 2001	51,727	3,123	48,604	32,947	2,229	2,385	124	3,983	123	1,777	36,839	X X X
4. 2002	56,709	5,378	51,331	30,951	2,964	2,252	206	3,918	189	1,768	33,762	X X X
5. 2003	62,158	4,988	57,170	30,166	2,505	2,059	147	4,407	200	1,774	33,780	X X X
6. 2004	67,561	3,546	64,015	30,895	1,193	1,872	66	4,397	89	2,233	35,816	X X X
7. 2005	71,193	2,712	68,481	31,245	1,188	1,916	69	4,569	65	2,055	36,408	X X X
8. 2006	71,775	2,986	68,789	30,204	642	1,640	81	4,529	96	1,747	35,554	X X X
9. 2007	72,501	3,333	69,168	28,861	599	1,282	70	4,414	58	1,678	33,830	X X X
10. 2008	71,598	2,532	69,066	29,272	812	876	35	4,778	41	1,442	34,038	X X X
11. 2009	66,856	3,997	62,859	17,355	1,206	290	55	3,406	20	764	19,770	X X X
12. Totals	X X X	X X X	X X X	297,909	15,829	17,196	1,030	42,331	997	17,133	339,580	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	6,315	1,818	3,601	431	279	26	913	91	585	17	122	9,310	X X X
2. 2000	830	240	347	84	8	4	123	14	73	6	12	1,033	X X X
3. 2001	865	236	401	83	17	4	143	10	94	5	31	1,182	X X X
4. 2002	906	164	444	80	19	1	170	11	82	2	23	1,363	X X X
5. 2003	732	99	584	86	23		214	10	92		52	1,450	X X X
6. 2004	999	177	732	101	29		266	13	118		127	1,853	X X X
7. 2005	1,604	133	1,045	140	53		395	21	198		83	3,001	X X X
8. 2006	2,785	206	1,531	204	92		647	30	309		224	4,924	X X X
9. 2007	4,775	200	2,414	285	148		1,114	45	503		216	8,424	X X X
10. 2008	6,763	166	5,057	657	178	1	1,768	87	859	1	510	13,713	X X X
11. 2009	9,749	400	10,151	239	123	1	2,180	27	2,039		1,490	23,575	X X X
12. Totals	36,323	3,839	26,307	2,390	969	37	7,933	359	4,952	31	2,890	69,828	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	7,667	1,643
2. 2000	42,969	2,847	40,122	83.508	90.553	83.049			0.600	853	180
3. 2001	40,835	2,814	38,021	78.943	90.106	78.226			0.600	947	235
4. 2002	38,742	3,617	35,125	68.317	67.255	68.428			0.600	1,106	257
5. 2003	38,277	3,047	35,230	61.580	61.087	61.623			0.600	1,131	319
6. 2004	39,308	1,639	37,669	58.181	46.221	58.844			0.600	1,453	400
7. 2005	41,025	1,616	39,409	57.625	59.587	57.547			0.600	2,376	625
8. 2006	41,737	1,259	40,478	58.150	42.163	58.844			0.600	3,906	1,018
9. 2007	43,511	1,257	42,254	60.014	37.714	61.089			0.600	6,704	1,720
10. 2008	49,551	1,800	47,751	69.207	71.090	69.138			0.600	10,997	2,716
11. 2009	45,293	1,948	43,345	67.747	48.737	68.956			0.600	19,261	4,314
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	56,401	13,427

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	28,449	29,635	30,582	31,918	32,242	33,235	33,764	34,122	34,145	35,272	1,127	1,150
2. 2000	34,105	35,359	35,729	36,343	36,301	36,384	36,344	36,375	36,205	36,361	156	(14)
3. 2001	X X X	33,871	33,705	33,933	34,073	34,138	33,951	34,114	33,888	34,127	239	13
4. 2002	X X X	X X X	32,819	32,595	32,292	31,615	31,562	31,330	31,196	31,365	169	35
5. 2003	X X X	X X X	X X X	32,735	32,062	31,268	31,131	31,302	31,061	30,973	(88)	(329)
6. 2004	X X X	X X X	X X X	X X X	37,231	36,077	35,538	34,009	33,683	33,295	(388)	(714)
7. 2005	X X X	X X X	X X X	X X X	X X X	39,035	37,595	35,589	35,174	34,753	(421)	(836)
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	38,911	37,771	36,587	35,792	(795)	(1,979)
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	41,442	39,987	37,447	(2,540)	(3,995)
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	44,298	42,210	(2,088)	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	37,955	X X X	X X X
12. Totals											(4,629)	(6,669)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	8,530	14,298	17,883	20,171	21,879	23,309	24,413	25,494	26,128	X X X	X X X
2. 2000	17,523	25,580	29,395	31,920	33,365	34,255	34,692	34,991	35,175	35,337	X X X	X X X
3. 2001	X X X	16,792	24,250	27,712	29,948	31,203	31,950	32,395	32,764	32,980	X X X	X X X
4. 2002	X X X	X X X	14,679	21,690	25,073	27,429	28,637	29,353	29,792	30,034	X X X	X X X
5. 2003	X X X	X X X	X X X	14,940	21,659	24,976	27,106	28,542	29,182	29,572	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	15,582	23,527	27,306	29,547	30,855	31,507	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	16,111	24,026	27,876	30,345	31,904	X X X	X X X
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	16,417	24,635	28,250	31,120	X X X	X X X
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,982	25,512	29,474	X X X	X X X
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,558	29,300	X X X	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,384	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	11,160	8,192	6,694	6,332	4,993	4,568	4,147	3,708	4,032	4,396
2. 2000	7,027	3,420	2,079	1,525	1,099	865	798	610	411	431
3. 2001	X X X	8,026	3,837	2,184	1,611	1,123	982	648	576	505
4. 2002	X X X	X X X	10,260	5,232	3,031	1,789	1,286	842	636	571
5. 2003	X X X	X X X	X X X	9,523	4,753	2,752	1,929	1,412	1,068	745
6. 2004	X X X	X X X	X X X	X X X	12,133	6,063	4,034	2,289	1,644	937
7. 2005	X X X	X X X	X X X	X X X	X X X	13,452	6,776	3,644	2,247	1,325
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	12,137	6,437	3,910	2,001
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,028	6,739	3,251
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,766	6,136
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	12,099

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated By States and Territories

States, Etc.		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
			2	3						
		Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	2,450,377	1,897,992		180,936	319,508	1,280,997	14,971	
2. Alaska	AK	L	1,797,518	1,830,605		351,959	372,807	400,799	10,982	
3. Arizona	AZ	L	2,313,844	2,895,436		733,378	(447,163)	1,452,017	14,137	
4. Arkansas	AR	L	656,799	1,082,548		613,698	871,691	1,878,980	4,013	
5. California	CA	L	1,664,935	1,537,653		1,256,258	(7,315,949)	19,758,395	10,172	
6. Colorado	CO	L	1,198,811	1,316,160		1,499,666	627,123	1,079,997	7,324	
7. Connecticut	CT	L	7,287,767	7,600,356		4,511,786	5,450,536	10,722,761	44,526	
8. Delaware	DE	L	230,099	273,130		235,422	92,058	903,086	1,406	
9. District of Columbia	DC	L	846,260	748,294		475,572	608,005	759,221	5,170	
10. Florida	FL	L	6,484,355	5,568,741		5,591,391	5,861,396	5,783,437	39,617	
11. Georgia	GA	L	1,353,932	960,306		1,180,786	1,283,898	828,960	8,272	
12. Hawaii	HI	N								
13. Idaho	ID	L	1,812,379	1,219,831		460,343	530,294	503,549	11,073	
14. Illinois	IL	L	4,040,228	4,266,975		2,513,612	1,924,475	5,507,454	24,685	
15. Indiana	IN	L	2,722,420	2,902,060		1,763,822	350,797	1,029,317	16,633	
16. Iowa	IA	L	229,288	232,756		135,750	248,081	1,232,118	1,401	
17. Kansas	KS	L	681,410	690,497	2,348	480,957	190,107	246,453	4,163	
18. Kentucky	KY	L	13,704,466	14,439,938		7,327,800	7,508,136	7,711,840	83,730	
19. Louisiana	LA	L	1,288,537	1,235,022		337,815	827,545	890,242	7,873	
20. Maine	ME	N								
21. Maryland	MD	L	8,884,329	9,610,534		9,667,032	8,621,636	16,289,186	54,281	
22. Massachusetts	MA	L	1,805,021	2,117,203		1,166,446	995,216	3,426,062	11,028	
23. Michigan	MI	L	2,314,639	3,244,143		2,801,759	2,639,207	6,166,553	14,142	
24. Minnesota	MN	L	804,123	872,717		332,056	397,347	1,566,268	4,913	
25. Mississippi	MS	L	4,259,609	3,314,357		1,899,313	2,090,140	1,493,707	26,025	
26. Missouri	MO	L	1,857,261	2,172,895		646,647	(788,715)	3,793,440	11,347	
27. Montana	MT	L	540,600	348,024		101,949	111,828	83,384	3,303	
28. Nebraska	NE	L	145,105	188,736	1,613	51,838	26,108	117,896	887	
29. Nevada	NV	L	156,647	103,309		17,783	53,265	55,166	957	
30. New Hampshire	NH	N		(227)			39			
31. New Jersey	NJ	L	14,480,250	14,601,746	134,877	5,407,589	7,240,266	22,192,430	88,470	
32. New Mexico	NM	L	1,203,443	1,243,879		257,352	352,697	699,599	7,353	
33. New York	NY	L	5,521,630	6,020,577		2,815,210	2,864,420	7,506,733	33,735	
34. North Carolina	NC	L	7,247,315	9,376,799		7,779,703	7,151,882	8,193,200	44,279	
35. North Dakota	ND	L	126,786	118,450		25,991	38,157	23,960	775	
36. Ohio	OH	L	7,637,422	8,068,821		4,339,142	3,993,576	3,208,396	46,662	
37. Oklahoma	OK	L	4,603,320	4,622,928		2,260,908	2,641,693	1,870,194	28,125	
38. Oregon	OR	L	5,018,697	3,416,353		1,270,817	1,482,081	1,803,323	30,663	
39. Pennsylvania	PA	L	24,527,914	25,929,089	9,653	18,635,062	12,722,144	54,995,220	149,858	
40. Rhode Island	RI	L	18,349	18,285			(1,102)	648	112	
41. South Carolina	SC	L	3,037,564	4,315,733		3,269,667	2,754,421	5,146,735	18,559	
42. South Dakota	SD	L	97,493	84,418		40,855	96,193	56,027	596	
43. Tennessee	TN	L	2,590,598	2,324,354		1,362,033	1,900,542	2,458,847	15,828	
44. Texas	TX	L	3,633,806	3,458,897		1,251,780	1,647,337	2,581,562	22,201	
45. Utah	UT	L	1,639,376	1,671,247		401,301	641,380	769,791	10,016	
46. Vermont	VT	N								
47. Virginia	VA	L	3,800,281	3,747,713		2,636,444	2,879,036	4,116,420	23,219	
48. Washington	WA	L	12,263,864	9,553,198		2,657,160	4,196,464	5,340,213	74,928	
49. West Virginia	WV	L	1,612,398	1,418,001		453,333	685,736	756,467	9,851	
50. Wisconsin	WI	L	1,604,331	1,743,126	156,899	1,494,530	2,139,776	2,665,758	9,802	
51. Wyoming	WY	L	267,726	302,933		80,265	(212,283)	279,406	1,636	
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X								
59. Totals	(a)	47	172,463,322	174,706,538	305,390	102,774,916	88,663,832	219,626,214	1,053,699	

DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	
*State of employee's main work place - Worker's Compensation	*Location of Court - Surety
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Address of Assured - Other Accident and Health
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty	*Location of Properties covered - Burglary and Theft
*Point of origin of shipment or principal location of assured - Inland Marine	*Principal Location of Assured - Ocean Marine, Credit
*State in which employees regularly work - Group Accident and Health	*Primary Residence of Assured - Aircraft (all perils)
	</

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

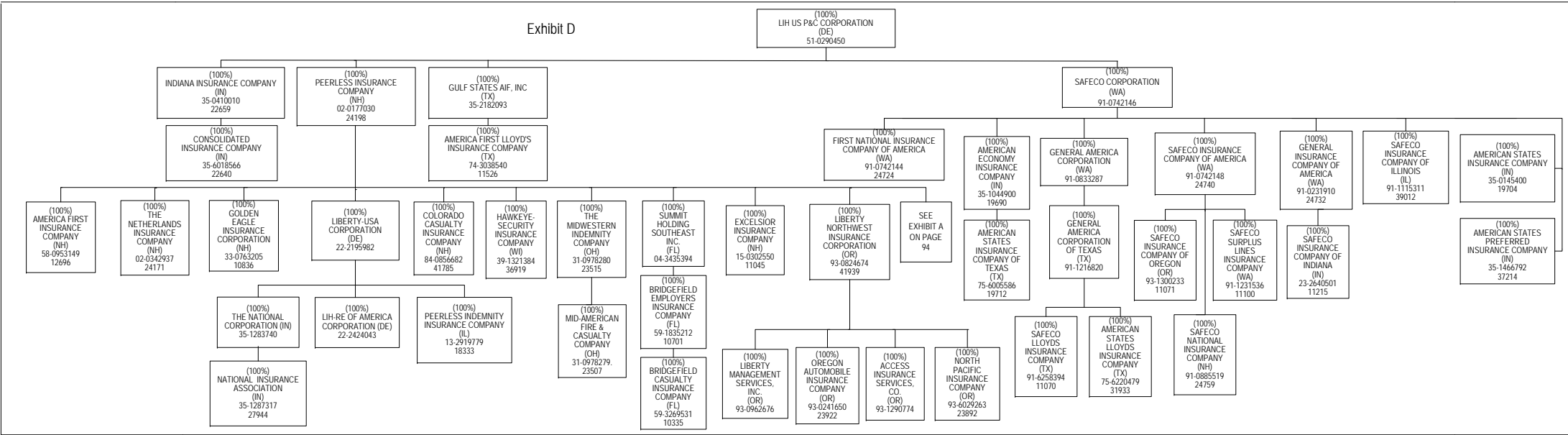
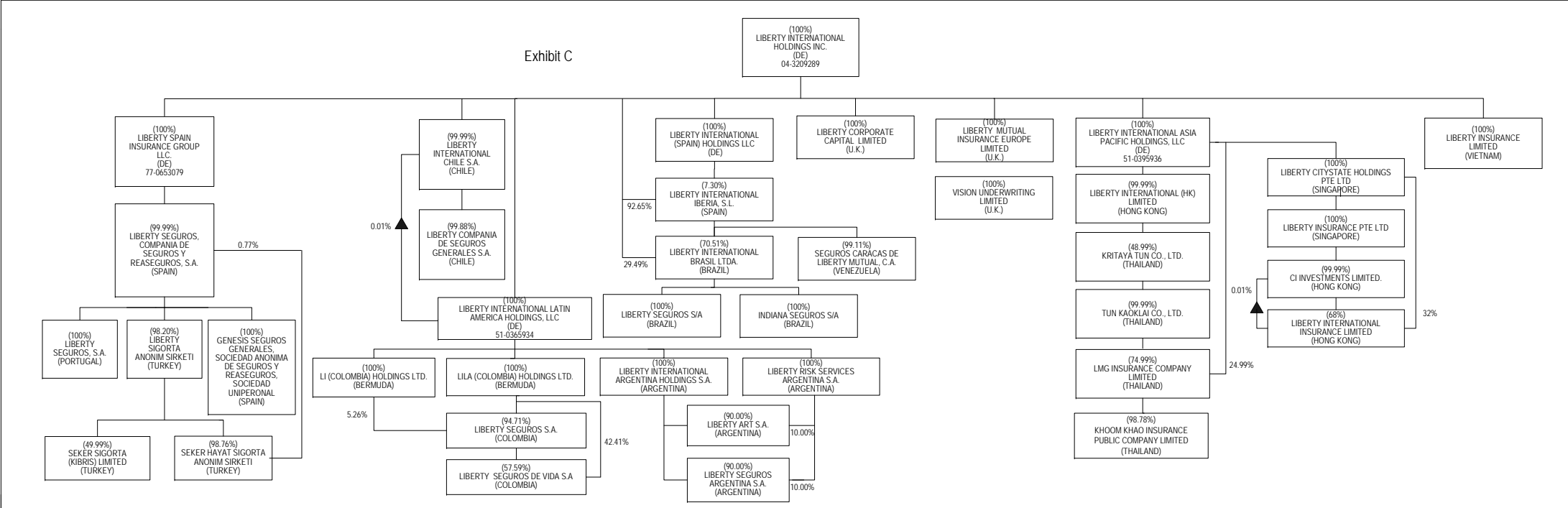
The chart illustrates the corporate ownership structure of Liberty Mutual Holding Company Inc. (04-3583681) and its subsidiaries. The structure is organized into several sections:

- EXHIBIT E (Top Left):** Shows the ownership of Liberty Mutual Insurance Company (MA Stock Insurance Company) and its subsidiaries, including Liberty Mutual Fire Insurance Company, Liberty Mutual Life Insurance Company, and Liberty Mutual Insurance Company (WI Stock Insurance Company).
- EXHIBIT A (Top Right):** Shows the ownership of Liberty Mutual Insurance Company (MA Stock Insurance Company) and its subsidiaries, including Liberty Mutual Fire Insurance Company, Liberty Mutual Life Insurance Company, and Liberty Mutual Insurance Company (WI Stock Insurance Company).
- EXHIBIT B (Bottom Right):** Shows the ownership of Liberty Mutual Insurance Company (MA Stock Insurance Company) and its subsidiaries, including Liberty Mutual Fire Insurance Company, Liberty Mutual Life Insurance Company, and Liberty Mutual Insurance Company (WI Stock Insurance Company).
- Main Body (Bottom Left):** Shows the ownership of Liberty Mutual Insurance Company (MA Stock Insurance Company) and its subsidiaries, including Liberty Mutual Fire Insurance Company, Liberty Mutual Life Insurance Company, and Liberty Mutual Insurance Company (WI Stock Insurance Company).

The chart includes ownership percentages and the names of the subsidiaries, along with their respective state or country of incorporation. The chart is a detailed representation of the corporate structure of Liberty Mutual Holding Company Inc. and its subsidiaries.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	Current Year	Prior Year
2304. Amounts held under uninsured plans	435,018	
2305. Accrued return retrospective premiums	74,435	
2306. Private passenger auto escrow	9,807	
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	519,260	

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