ANNUAL STATEMENT

OF THE

EMPLOYERS INSURANCE COMPANY OF WAUSAU

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010

21458201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

Employers Insurance Company of Wausau

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 21458 **Employer's ID Number** 39-0264050

Organized under the Laws of Wisconsin **, State of Domicile or Port of Entry** Wisconsin

Country of Domicile United States of America

Incorporated/Organized: August 21, 1911 **Commenced Business** September 1, 1911

Statutory Home Office 2000 Westwood Drive (Street and Number) , Wausau, WI 54401 (City or Town, State and Zip Code)

Main Administrative Office: 175 Berkeley Street (Street and Number)
Boston, MA 02116 (City or Town, State and Zip Code) 617-357-9500 (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.LibertyMutualGroup.com

Statutory Statement Contact: Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board and CEO

Edmund Francis Kelly

	Name	Title
1.	David Henry Long #	President
2.	Dexter Robert Legg	Vice President & Secretary
3.	Laurance Henry Soyer Yahia	Vice President & Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
James Paul Condrin, III	Executive Vice President	Anthony Alexander Fontanes	EVP & Chief Investment Officer
Gary Richard Gregg	Executive Vice President	Timothy Michael Sweeney	Executive Vice President
James Martin McGlennon	SVP & Chief Information Officer	Paul Garvin Alexander	Senior Vice President
Christopher Charles Mansfield	SVP & General Counsel	John Eric Brosius #	SVP & Corporate Actuary
Helen Elizabeth Russell Sayles	Senior Vice President	John Derek Doyle	Vice President & Comptroller
George Walker Doonan	SVP & Chief Financial Officer		

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Timothy Michael Sweeney	Dexter Robert Legg	Edmund Francis Kelly
Dennis James Langwell	Christopher Charles Mansfield	James Paul Condrin, III	David Henry Long #

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)
David Henry Long #	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Vice President & Secretary	Vice President & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
31st day of January , 2011, 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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,293,601,710		2,293,601,710	1,740,085,758
2. Stocks (Schedule D):				
2.1 Preferred stocks	56,444,790		56,444,790	81,323,889
2.2 Common stocks	198,418,363		198,418,363	417,602,925
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	74,102,433		74,102,433	76,302,618
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	20,193,277		20,193,277	21,591,384
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 889,140, Schedule E - Part 1), cash equivalents ($ 32,980,966, Schedule E - Part 2), and short-term investments ($ 44,957,353, Schedule DA)	78,827,459		78,827,459	114,155,083
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	228,822,871		228,822,871	198,383,137
9. Receivables for securities	1,510,160		1,510,160	3,142,145
10. Securities lending reinvested collateral assets	36,419,365		36,419,365	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,988,340,428		2,988,340,428	2,652,586,939
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	26,822,526		26,822,526	17,765,391
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	95,423,852	2,791,356	92,632,496	104,375,332
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (311,831) earned but unbilled premiums)	288,251,390	36,874	288,214,516	264,962,269
15.3 Accrued retrospective premiums	50,927,363	5,105,428	45,821,935	35,178,754
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	83,971,522		83,971,522	78,172,514
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	6,881	2,186	4,695	1,032
18.1 Current federal and foreign income tax recoverable and interest thereon				27,424,133
18.2 Net deferred tax asset	98,148,970	16,944,709	81,204,261	83,885,768
19. Guaranty funds receivable or on deposit	2,436,250		2,436,250	3,546,503
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	5,013,477		5,013,477	1,335,507
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	70,764,550	2,823,494	67,941,056	64,027,280
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,710,107,209	27,704,047	3,682,403,162	3,333,261,422
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	3,710,107,209	27,704,047	3,682,403,162	3,333,261,422

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	44,866,107		44,866,107	40,883,669
2502. Amounts receivable under high deductible policies	17,802,126	4,637	17,797,489	18,368,443
2503. Equities and deposits in pools and associations	4,882,946		4,882,946	2,937,025
2598. Summary of remaining write-ins for Line 25 from overflow page	3,213,371	2,818,857	394,514	1,838,143
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	70,764,550	2,823,494	67,941,056	64,027,280

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	1,395,263,766	1,341,941,115
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	133,647,167	123,101,858
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	279,620,381	271,490,026
4. Commissions payable, contingent commissions and other similar charges	7,390,936	12,791,722
5. Other expenses (excluding taxes, licenses and fees)	20,626,874	25,912,306
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	21,850,197	17,942,235
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	9,295,934	
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 $ 367,134,713 and including warranty reserves of $ 0)	379,678,164	351,257,899
10. Advance premium	4,649,661	4,681,378
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	517,771	192,083
12. Ceded reinsurance premiums payable (net of ceding commissions)	77,260,926	52,236,505
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	17,057,073	23,661,925
14. Amounts withheld or retained by company for account of others	6,624,142	11,547,951
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	480,486	266,235
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	33,929,082	31,363,005
19. Payable to parent, subsidiaries and affiliates	15,049,418	10,963,034
20. Derivatives		
21. Payable for securities		6,336,425
22. Payable for securities lending	36,419,365	
23. Liability for amounts held under uninsured plans		
24. Capital notes $ 0 and interest thereon $ 0		
25. Aggregate write-ins for liabilities	(67,499,303)	(27,710,282)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,371,862,040	2,257,975,420
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	2,371,862,040	2,257,975,420
29. Aggregate write-ins for special surplus funds	103,508,818	114,605,832
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	340,000,000	340,000,000
35. Unassigned funds (surplus)	862,032,304	615,680,170
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 $ 0)		
36.2 0 shares preferred (value included in Line 31 $ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,310,541,122	1,075,286,002
38. Totals (Page 2, Line 28, Col. 3)	3,682,403,162	3,333,261,422

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	63,130,054	69,507,645
2502. Other liabilities	35,818,409	39,064,165
2503. Private passenger auto escrow	43,829	75,052
2598. Summary of remaining write-ins for Line 25 from overflow page	(166,491,595)	(136,357,144)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(67,499,303)	(27,710,282)
2901. Special surplus from retroactive reinsurance	103,508,818	103,223,643
2902. SSAP 10R incremental change		11,382,189
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	103,508,818	114,605,832
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	828,459,347	796,763,783
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	539,551,029	524,408,501
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	148,043,666	155,238,912
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	207,855,727	205,185,869
5. Aggregate write-ins for underwriting deductions	(31,223)	75,052
6. Total underwriting deductions (Lines 2 through 5)	895,419,199	884,908,334
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(66,959,852)	(88,144,551)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	178,621,489	99,447,830
10. Net realized capital gains (losses) less capital gains tax of $ 5,367,986 (Exhibit of Capital Gains (Losses))	(1,348,263)	(5,333,950)
11. Net investment gain (loss) (Lines 9 + 10)	177,273,226	94,113,880
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 270,888 amount charged off $ 6,114,338)	(5,843,450)	(6,285,116)
13. Finance and service charges not included in premiums	3,646,074	3,973,329
14. Aggregate write-ins for miscellaneous income	(6,254,680)	(10,405,899)
15. Total other income (Lines 12 through 14)	(8,452,056)	(12,717,686)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	101,861,318	(6,748,357)
17. Dividends to policyholders	5,035,828	1,851,061
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)	96,825,490	(8,599,418)
19. Federal and foreign income taxes incurred	(12,452,536)	(44,824,523)
20. Net income (Line 18 minus Line 19) (to Line 22)	109,278,026	36,225,105
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,075,286,002	949,450,252
22. Net income (from Line 20)	109,278,026	36,225,105
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 4,327,711	119,152,800	58,256,372
25. Change in net unrealized foreign exchange capital gain (loss)	578,177	5,357,809
26. Change in net deferred income tax	(12,749,889)	(83,012,635)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	30,106,027	87,060,306
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(214,251)	2,228,491
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		2,297,099
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(10,895,770)	17,423,203
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	235,255,120	125,835,750
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,310,541,122	1,075,286,002

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	(31,223)	75,052
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)	(31,223)	75,052
1401. Retroactive reinsurance gain /(loss)	10,458,731	2,491,938
1402. Other income /(expense)	(16,713,411)	(12,897,837)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(6,254,680)	(10,405,899)
3701. Other changes in surplus	486,419	6,041,014
3702. SSAP 10R incremental change	(11,382,189)	11,382,189
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(10,895,770)	17,423,203

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	857,234,203	825,560,167
2.	Net investment income	177,488,010	108,126,906
3.	Miscellaneous income	(27,202,777)	(272,253)
4.	Total (Lines 1 through 3)	1,007,519,436	933,414,820
5.	Benefit and loss related payments	482,277,745	916,308,570
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	355,370,057	448,513,751
8.	Dividends paid to policyholders	4,710,140	1,808,761
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(43,804,617)	(42,079,166)
10.	Total (Lines 5 through 9)	798,553,325	1,324,551,916
11.	Net cash from operations (Line 4 minus Line 10)	208,966,111	(391,137,096)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	303,162,273	569,039,558
	12.2 Stocks	392,175,446	9,153,019
	12.3 Mortgage loans	1,885,995	2,356,597
	12.4 Real estate		
	12.5 Other invested assets	24,888,413	11,200,636
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	1,631,670	(2,368,782)
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	723,743,797	589,381,028
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	852,097,350	195,642,104
	13.2 Stocks	42,755,878	289,242
	13.3 Mortgage loans		11,994
	13.4 Real estate	622,251	1,420,142
	13.5 Other invested assets	73,388,592	27,914,458
	13.6 Miscellaneous applications	6,421,779	(5,049,343)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	975,285,850	220,228,597
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)	(251,542,053)	369,152,431
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	7,248,318	78,548,210
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	7,248,318	78,548,210
	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)	(35,327,624)	56,563,545
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	114,155,083	57,591,538
	19.2 End of year (Line 18 plus Line 19.1)	78,827,459	114,155,083

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

20.0001	13.1 Cost of Investment Acquired - Bonds	353,238,564	
20.0002	13.2 Cost of Investment Acquired - Stocks	9,724,000	
20.0003	12.2 - Proceeds from investments sold, matured or repaid - Stocks	235,971,021	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	16,658,584	9,709,028	8,734,690	17,632,922
2. Allied lines	8,053,799	4,892,603	4,119,465	8,826,937
3. Farmowners multiple peril	7,674			7,674
4. Homeowners multiple peril	113,228,619	59,112,283	63,649,187	108,691,715
5. Commercial multiple peril	18,678,327	9,079,737	12,148,554	15,609,510
6. Mortgage guaranty				
8. Ocean marine	3,713,593	1,536,203	1,576,881	3,672,915
9. Inland marine	53,348,299	2,921,508	2,920,630	53,349,177
10. Financial guaranty				
11.1 Medical professional liability—occurrence	896,169		624,703	271,466
11.2 Medical professional liability—claims-made	176,181	34,478	37,976	172,683
12. Earthquake	2,228,127	1,326,039	1,229,748	2,324,418
13. Group accident and health	139,548			139,548
14. Credit accident and health (group and individual)				
15. Other accident and health	38,651	47	5,994	32,704
16. Workers' compensation	225,253,879	4,289,280	1,863,033	227,680,126
17.1 Other liability—occurrence	50,770,727	19,987,219	23,161,123	47,596,823
17.2 Other liability—claims-made	16,687,732	12,545,572	10,555,061	18,678,243
17.3 Excess Workers' Compensation	7,816,430	2,601,418	3,897,505	6,520,343
18.1 Products liability—occurrence	9,371,586	4,140,306	5,160,802	8,351,090
18.2 Products liability—claims-made	593,934	132,786	103,982	622,738
19.1,19.2 Private passenger auto liability	203,195,984	96,434,527	102,536,621	197,093,890
19.3,19.4 Commercial auto liability	33,891,027	11,349,546	10,997,460	34,243,113
21. Auto physical damage	51,353,064	67,856,256	70,953,000	48,256,320
22. Aircraft (all perils)	4,334,479	1,598,924	1,226,732	4,706,671
23. Fidelity	714,459	485,306	322,756	877,009
24. Surety	100,021	47,851	105,700	42,172
26. Burglary and theft	28,865	17,169	12,116	33,918
27. Boiler and machinery	1,713,855	90,771	712,863	1,091,763
28. Credit				
29. International				
30. Warranty	491			491
31. Reinsurance-Nonproportional Assumed Property	13,661,372	766,060	1,049,397	13,378,035
32. Reinsurance-Nonproportional Assumed Liability	7,513,021	1,215,478	1,325,836	7,402,663
33. Reinsurance-Nonproportional Assumed Financial Lines	20,102			20,102
34. Aggregate write-ins for other lines of business				
35. TOTALS	844,188,599	312,170,395	329,031,815	827,327,179

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	8,483,227	251,463			8,734,690
2. Allied lines	3,945,420	174,045			4,119,465
3. Farmowners multiple peril					
4. Homeowners multiple peril	63,649,187				63,649,187
5. Commercial multiple peril	8,618,947	3,529,607			12,148,554
6. Mortgage guaranty					
8. Ocean marine	1,254,197	322,684			1,576,881
9. Inland marine	2,087,744	832,886			2,920,630
10. Financial guaranty					
11.1 Medical professional liability—occurrence	624,703				624,703
11.2 Medical professional liablity—claims-made	36,090	1,885			37,975
12. Earthquake	1,214,310	15,437			1,229,747
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	5,994				5,994
16. Workers' compensation	44,889,879	4,504,533		(47,531,380)	1,863,032
17.1 Other liability—occurrence	19,265,685	4,598,865		(703,426)	23,161,124
17.2 Other liability—claims-made	6,482,947	4,072,114			10,555,061
17.3 Excess Workers' Compensation	3,570,470	327,035			3,897,505
18.1 Products liability—occurrence	3,027,349	2,385,361		(251,908)	5,160,802
18.2 Products liability—claims-made	103,982				103,982
19.1,19.2 Private passenger auto liability	102,536,621				102,536,621
19.3,19.4 Commercial auto liability	13,039,327	117,771		(2,159,637)	10,997,461
21. Auto physical damage	70,973,783	(20,782)			70,953,001
22. Aircraft (all perils)	1,226,732				1,226,732
23. Fidelity	301,126	21,629			322,755
24. Surety	1,526	104,173			105,699
26. Burglary and theft	12,105	10			12,115
27. Boiler and machinery	698,568	14,295			712,863
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	1,049,397				1,049,397
32. Reinsurance-Nonproportional Assumed Liability	1,310,912	14,924			1,325,836
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	358,410,228	21,267,935		(50,646,351)	329,031,812
36. Accrued retrospective premiums based on experience					50,646,351
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					379,678,163

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	89,535	16,693,846	15,784	133,549	7,032	16,658,584
2. Allied lines	282,422	8,139,560	22,839	384,568	6,454	8,053,799
3. Farmowners multiple peril		7,674				7,674
4. Homeowners multiple peril		113,228,619	13,430	13,060	370	113,228,619
5. Commercial multiple peril	27,611,271	101,930,692		109,838,332	1,025,304	18,678,327
6. Mortgage guaranty						
8. Ocean marine		3,713,593				3,713,593
9. Inland marine	105,432	53,900,031		657,164		53,348,299
10. Financial guaranty						
11.1 Medical professional liability--occurrence		896,169				896,169
11.2 Medical professional liability--claims-made		176,181				176,181
12. Earthquake	408,567	2,810,642		991,082		2,228,127
13. Group accident and health	4,068	139,548		4,068		139,548
14. Credit accident and health (group and individual)						
15. Other accident and health		38,651				38,651
16. Workers' compensation	190,691,562	962,896,183	32,275,562	937,261,182	23,348,247	225,253,878
17.1 Other liability—occurrence	22,995,430	106,979,088	13	78,273,589	930,213	50,770,729
17.2 Other liability—claims-made	611,993	16,687,732		611,993		16,687,732
17.3 Excess Workers' Compensation	(243,897)	7,816,430		(243,897)		7,816,430
18.1 Products liability—occurrence	1,434,602	21,216,874		13,279,890		9,371,586
18.2 Products liability—claims-made		593,934				593,934
19.1,19.2 Private passenger auto liability	33	203,195,999		48		203,195,984
19.3,19.4 Commercial auto liability	9,171,829	153,009,474	182,065	126,553,754	1,918,587	33,891,027
21. Auto physical damage	1,735,431	74,994,957	3,619	25,316,605	64,338	51,353,064
22. Aircraft (all perils)		4,334,479				4,334,479
23. Fidelity	64,041	805,309		154,891		714,459
24. Surety	32,242	100,021		32,242		100,021
26. Burglary and theft	57,886	78,894	16	107,931		28,865
27. Boiler and machinery	326,345	1,725,024		337,554	(40)	1,713,855
28. Credit						
29. International						
30. Warranty		491				491
31. Reinsurance-Nonproportional Assumed Property	X X X	13,661,372				13,661,372
32. Reinsurance-Nonproportional Assumed Liability	X X X	7,513,021	4,016		4,016	7,513,021
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	20,102				20,102
34. Aggregate write-ins for other lines of business						
35. TOTALS	255,378,792	1,877,304,590	32,517,344	1,293,707,605	27,304,521	844,188,600

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

If yes: 1. The amount of such installment premiums $ 186,623,296

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 174,867,448

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	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. Fire	(28,649)	11,808,773	(22,764)	11,802,888	7,430,356	12,349,755	6,883,489	39.038
2. Allied lines	416,333	4,497,255	423,948	4,489,640	3,066,685	2,265,039	5,291,286	59.945
3. Farmowners multiple peril		3,474		3,474		3	3,471	45.231
4. Homeowners multiple peril		63,056,286	8,487	63,047,799	30,853,370	28,480,246	65,420,923	60.189
5. Commercial multiple peril	21,518,506	43,923,825	51,402,364	14,039,967	25,672,379	26,017,904	13,694,442	87.731
6. Mortgage guaranty								
8. Ocean marine		1,003,733		1,003,733	4,378,616	5,043,789	338,560	9.218
9. Inland marine	112,733	37,901,693	189,966	37,824,460	7,105,789	8,559,985	36,370,264	68.174
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(167)		(167)	(46,942)	47,606	(94,715)	(34.890)
11.2 Medical professional liability—claims-made		44,963		44,963	115,269	177,105	(16,873)	(9.771)
12. Earthquake		4,932	3,241	1,691	12,379	25,172	(11,102)	(0.478)
13. Group accident and health	1,003,984	63,019	1,003,984	63,019	224,421	199,132	88,308	63.281
14. Credit accident and health (group and individual)								
15. Other accident and health		19,665		19,665	154,124	162,505	11,284	34.503
16. Workers' compensation	225,593,814	705,098,575	805,999,398	124,692,991	809,682,724	756,089,176	178,286,539	78.306
17.1 Other liability—occurrence	50,944,943	59,216,580	76,298,266	33,863,257	147,789,335	146,364,424	35,288,168	74.140
17.2 Other liability—claims-made	500	8,581,489	500	8,581,489	35,991,954	33,185,638	11,387,805	60.968
17.3 Excess Workers' Compensation	1,223,029	1,296,814	1,223,029	1,296,814	32,644,566	27,732,610	6,208,770	95.222
18.1 Products liability—occurrence	31,274,102	13,521,681	36,377,669	8,418,114	29,886,482	42,066,848	(3,762,252)	(45.051)
18.2 Products liability—claims-made	92,390	87,448	92,390	87,448	1,736,821	1,584,732	239,537	38.465
19.1,19.2 Private passenger auto liability	446	116,229,374	766	116,229,054	165,950,614	155,113,155	127,066,513	64.470
19.3,19.4 Commercial auto liability	5,055,537	64,652,861	50,032,983	19,675,415	44,979,389	47,424,674	17,230,130	50.317
21. Auto physical damage	843,869	42,295,947	18,130,319	25,009,497	(186,484)	(398,423)	25,221,436	52.266
22. Aircraft (all perils)		3,106,153		3,106,153	3,729,168	7,656,568	(821,247)	(17.449)
23. Fidelity	(26,120)	993,434	(8,578)	975,892	1,651,067	1,301,324	1,325,635	151.154
24. Surety	(100,165)	7,946	(100,165)	7,946	73,282	139,271	(58,043)	(137.634)
26. Burglary and theft	5,304	12,679	12,611	5,372	52,568	18,017	39,923	117.704
27. Boiler and machinery	127,082	51,633	127,082	51,633	153,007	40,416	164,224	15.042
28. Credit								
29. International								
30. Warranty					2,972	1,096	1,876	382.077
31. Reinsurance-Nonproportional Assumed Property	X X X	10,563,565		10,563,565	9,839,396	8,063,046	12,339,915	92.240
32. Reinsurance-Nonproportional Assumed Liability	X X X	68,367,874	63,703,886	4,663,988	31,981,340	31,863,407	4,781,921	64.597
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	37,647		37,647	339,117	366,893	9,871	49.105
34. Aggregate write-ins for other lines of business								
35. TOTALS	338,057,638	1,256,449,151	1,104,899,382	489,607,407	1,395,263,764	1,341,941,113	542,930,058	65.625

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	12,867	4,952,744	34,142	4,931,469	1,721,598	2,631,570	1,854,280	7,430,357	702,466
2. Allied lines	2,808	1,802,856	11,654	1,794,010	276,818	1,479,587	483,730	3,066,685	422,629
3. Farmowners multiple peril									
4. Homeowners multiple peril		18,194,228	7,063	18,187,165		12,667,074	869	30,853,370	8,223,495
5. Commercial multiple peril	21,017,807	58,925,517	66,408,677	13,534,647	37,268,164	88,255,420	113,385,852	25,672,379	9,043,280
6. Mortgage guaranty									
8. Ocean marine		2,461,775		2,461,775	1,224,837	1,916,842	1,224,837	4,378,617	824,413
9. Inland marine	43,376	1,348,351	112,815	1,278,912	312,812	5,846,726	332,661	7,105,789	860,437
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		16,303		16,303		(63,245)		(46,942)	1,413
11.2 Medical professional liablity—claims-made		7,440		7,440		107,829		115,269	63,483
12. Earthquake		14,124		14,124	(11)	170,405	172,138	12,380	1,153
13. Group accident and health	4,589,180	186,894	4,589,180	186,894		37,527		(a) 224,421	16,839
14. Credit accident and health (group and individual)									
15. Other accident and health		23,045		23,045		131,079		(a) 154,124	10,668
16. Workers' compensation	844,568,786	1,370,871,524	1,770,806,608	444,633,702	453,422,237	1,209,709,238	1,298,082,454	809,682,723	109,782,267
17.1 Other liability—occurrence	70,468,373	88,835,264	100,498,000	58,805,637	577,914,991	136,417,532	625,348,824	147,789,336	66,786,716
17.2 Other liability—claims-made	88,031	9,151,764	88,031	9,151,764	2,862,582	26,840,190	2,862,582	35,991,954	11,650,534
17.3 Excess Workers' Compensation	10,465,486	13,241,555	10,465,486	13,241,555	3,345,256	19,403,011	3,345,256	32,644,566	2,673,427
18.1 Products liability—occurrence	118,945,615	15,989,313	127,593,978	7,340,950	38,040,683	42,898,115	58,393,266	29,886,482	19,386,813
18.2 Products liability—claims-made	46,665	(35,199)	46,665	(35,199)	83,795	1,772,020	83,795	1,736,821	1,072,543
19.1,19.2 Private passenger auto liability	324	95,730,905	488	95,730,741		70,219,873		165,950,614	32,302,259
19.3,19.4 Commercial auto liability	11,476,187	80,762,188	66,916,268	25,322,107	541,233	75,563,738	56,447,689	44,979,389	6,486,521
21. Auto physical damage		220,700	10,875	209,825		(374,332)	21,976	(186,483)	4,995,256
22. Aircraft (all perils)		2,903,943		2,903,943	57,787	825,225	57,787	3,729,168	1,457,492
23. Fidelity	31,998	77,150	31,999	77,149	(398,776)	1,515,117	(457,577)	1,651,067	355,984
24. Surety	(780,081)	55,648	(780,081)	55,648	147,721	17,634	147,721	73,282	(17,187)
26. Burglary and theft	840	2,299	843	2,296	52,199	55,903	57,830	52,568	34,887
27. Boiler and machinery	44,051	58,588	44,051	58,588	570,954	97,359	573,894	153,007	17,293
28. Credit									
29. International									
30. Warranty						2,972		2,972	(4,935)
31. Reinsurance-Nonproportional Assumed Property	X X X	5,202,895		5,202,895	X X X	4,636,501		9,839,396	208,829
32. Reinsurance-Nonproportional Assumed Liability	X X X	126,896,681	117,126,245	9,770,436	X X X	355,359,913	333,149,009	31,981,340	2,257,149
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	330,741		330,741	X X X	8,377		339,118	4,256
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,081,022,313	1,898,229,236	2,264,012,987	715,238,562	1,117,444,880	2,058,149,200	2,495,568,873	1,395,263,769	279,620,380

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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	45,377,949			45,377,949
1.2 Reinsurance assumed	216,210,047			216,210,047
1.3 Reinsurance ceded	184,312,843			184,312,843
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	77,275,153			77,275,153
2. Commission and brokerage:				
2.1 Direct, excluding contingent		23,902,364		23,902,364
2.2 Reinsurance assumed, excluding contingent		54,047,155		54,047,155
2.3 Reinsurance ceded, excluding contingent		117,433,496		117,433,496
2.4 Contingent—direct		1,908,187		1,908,187
2.5 Contingent—reinsurance assumed		18,583,581		18,583,581
2.6 Contingent—reinsurance ceded		11,655,191		11,655,191
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)		(30,647,400)		(30,647,400)
3. Allowances to manager and agents		11,242,680	49	11,242,729
4. Advertising	1,260,555	14,841,951	25,634	16,128,140
5. Boards, bureaus and associations	217,152	2,176,126	845	2,394,123
6. Surveys and underwriting reports	1,745	3,039,763	29,483	3,070,991
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	42,080,851	86,692,954	2,938,614	131,712,419
8.2 Payroll taxes	2,565,841	5,819,670	208,075	8,593,586
9. Employee relations and welfare	9,207,165	20,886,762	222,881	30,316,808
10. Insurance	3,347,792	1,418,179	24,765	4,790,736
11. Directors' fees	73	163	2	238
12. Travel and travel items	2,543,995	5,935,990	64,724	8,544,709
13. Rent and rent items	3,254,454	7,652,909	75,564	10,982,927
14. Equipment	2,801,888	6,730,988	81,684	9,614,560
15. Cost or depreciation of EDP equipment and software	523,861	4,064,425	53,544	4,641,830
16. Printing and stationery	442,441	1,632,153	10,005	2,084,599
17. Postage, telephone and telegraph, exchange and express	1,333,218	5,976,725	99,254	7,409,197
18. Legal and auditing	400,730	1,630,104	346,093	2,376,927
19. Totals (Lines 3 to 18)	69,981,761	179,741,542	4,181,216	253,904,519
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 538,466		35,088,574		35,088,574
20.2 Insurance department licenses and fees		1,628,470		1,628,470
20.3 Gross guaranty association assessments		33,684		33,684
20.4 All other (excluding federal and foreign income and real estate)		1,622,317		1,622,317
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		38,373,045		38,373,045
21. Real estate expenses			2,452,597	2,452,597
22. Real estate taxes			1,067,172	1,067,172
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	786,751	20,388,540	658,431	21,833,722
25. Total expenses incurred	148,043,665	207,855,727	8,359,416	(a) 364,258,808
26. Less unpaid expenses—current year	279,620,381	48,734,255	1,133,752	329,488,388
27. Add unpaid expenses—prior year	271,490,026	55,507,662	1,138,600	328,136,288
28. Amounts receivable relating to uninsured plans, prior year		1,032		1,032
29. Amounts receivable relating to uninsured plans, current year		4,694		4,694
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	139,913,310	214,632,796	8,364,264	362,910,370

DETAILS OF WRITE-IN LINES				
2401. Other expenses	3,564,131	20,388,540	658,431	24,611,102
2402. Change in unallocated expense reserves	(2,777,380)			(2,777,380)
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	786,751	20,388,540	658,431	21,833,722

(a) Includes management fees of $ 4,634,215 to affiliates and $ 12,827,902 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 7,553,378	7,669,299
1.1	Bonds exempt from U.S. tax	(a) 30,824,692	32,426,106
1.2	Other bonds (unaffiliated)	(a) 47,463,387	54,547,345
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 2,808,087	3,023,503
2.11	Preferred stocks of affiliates	(b) 832,876	962,434
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates	76,690,590	76,690,590
3.	Mortgage loans	(c) 4,781,042	4,746,526
4.	Real estate	(d) 6,466,465	6,466,465
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 121,774	182,410
7.	Derivative instruments	(f)	
8.	Other invested assets	1,731,699	1,731,699
9.	Aggregate write-ins for investment income	554,885	554,885
10.	Total gross investment income	179,828,875	189,001,262
11.	Investment expenses		(g) 8,359,416
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) 2,020,358
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		10,379,774
17.	Net investment income (Line 10 minus Line 16)		178,621,488

DETAILS OF WRITE-IN LINES			
0901.	Miscellaneous Income/(Expense)	554,885	554,885
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)	554,885	554,885
1501.			
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 $ 1,587,363 accrual of discount less $ 7,606,461 amortization of premium and less $ 6,377,221 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 $ 6,102,437 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 1,348 accrual of discount less $ 92,147 amortization of premium and less $ 148,055 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 $ 2,020,358 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(10,609)		(10,609)		
1.1	Bonds exempt from U.S. tax	5,028,454		5,028,454	1,141,848	
1.2	Other bonds (unaffiliated)	2,060,677	(2,487,548)	(426,871)	3,373,062	1,494,090
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				79,930	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	152,417		152,417	210,613	
2.21	Common stocks of affiliates	(11,317,381)		(11,317,381)	108,603,327	
3.	Mortgage loans	(149,763)		(149,763)	(164,427)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					165,073
7.	Derivative instruments					
8.	Other invested assets	13,438,710	(2,695,234)	10,743,476	10,236,157	(2,616,726)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	9,202,505	(5,182,782)	4,019,723	123,480,510	(957,563)

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)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks		7,627,000	7,627,000
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. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)		7,627,000	7,627,000
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,791,356	1,571,437	(1,219,919)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	36,874		(36,874)
15.3 Accrued retrospective premiums	5,105,428	3,908,750	(1,196,678)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	2,186	1,218	(968)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	16,944,709	31,340,802	14,396,093
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets		1,815	1,815
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	2,823,494	1,907,445	(916,049)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	27,704,047	46,358,467	18,654,420
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	27,704,047	46,358,467	18,654,420

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	2,818,857	1,895,173	(923,684)
2502. Amounts receivable under high deductible policies	4,637	12,272	7,635
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,823,494	1,907,445	(916,049)

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 Wisconsin, the accompanying financial statements of Employers Insurance Company of Wausau (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

Effective December 31, 1998, the Company entered into a reinsurance treaty with Nationwide Indemnity Company, with Nationwide Mutual Insurance Company as guarantor of the recoverables ceded under the treaty. The Wisconsin Insurance Commissioner has issued a Permitted Practice Decision allowing the guarantee to be used as credit for reinsurance collateral, reducing the provision for reinsurance by $26,651,000.

Reconciliation between WI Surplus and NAIC Surplus:	
Surplus as regards to policyholders, Wisconsin basis	$1,310,541,122
Credit for Reinsurance from Unauthorized Insurers	26,651,000
Surplus as regards to policyholders, NAIC basis	$1,283,890,122

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 applies the following accounting policies, where applicable:

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. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).

5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

6. Mortgage backed/asset backed securities are carried 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. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investment in Subsidiaries, Controlled Entities and Affiliates,* and the SVO Manual.

8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.

9. Derivative Securities, refer to Note 8.

10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.

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 2010.

13. The Company has no pharmaceutical rebate receivables.

NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Changes and Correction of Errors

A. There were no material changes in accounting principles or corrections of errors during the year.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On June 9, 2010, an affiliate, Liberty Mutual Insurance Company ("LMIC"), purchased the Company's 4.048% holdings of shares of LIH for $349,871,398 in cash and securities. The purchase price represented the estimated fair value of the LIH shares. The Company recognized a realized loss of $11,317,381 on the sale. As a result of the sale, the Company no longer carries goodwill on its balance sheet related to its investment in LIH.

B. Statutory Mergers

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

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2010, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2010 were 10.25% and 5.24% respectively.
(2) During 2010, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2010 was 75%.
(4) As of year end, EICOW held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest of $226,220
    a) Total interest due on mortgages with interest more than 180 days past due was $17,251.
(5) There were $19,803 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) Total recorded investment in impaired loans as of December 31, 2010 was $1,225,093, of which there is a related allowance for credit losses of $379,286.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) The average recorded investment in impaired loans was $94,213 for 2010.
(9) There was no interest income recognized for impaired loans during 2010.
(10) There was no interest income recognized on a cash basis for impaired loans during 2010.
(11)
    a) The balance in the allowance for credit losses at the beginning of 2010 was $214,860 and at the beginning of 2009 was $0.
    b) There were $356,708 of additions to the allowance charged to operations in 2010 and $214,860 in 2009.
    c) There were $192,282 of direct write-downs charged against the allowance in 2010 and $0 in 2009.
    d) There were no recoveries of amounts previously charged off.
    e) The balance in the allowance for credit losses was $379,286 in 2010 and $214,860 in 2009.

(12) The Company recognizes interest income on its impaired loans upon receipt.

B. Troubled Debt Restructuring for Creditors

(1) There was $923,015 of recorded investment in mortgage loans for which impairment has been recognized.
(2) There was no realized capital loss.
(3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in trouble debt restructuring.
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2010 as of December 31, 2010: None.

NOTES TO FINANCIAL STATEMENTS

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2010:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
021468AD5	$2,927,593	$2,581,029	$346,564	$2,581,029	$1,843,097	6/31/2009
021468AD5	2,581,030	2,477,109	103,920	2,477,109	2,363,766	9/30/2010
021468AD5	2,477,109	2,465,730	11,379	2,465,730	2,363,946	12/31/2010
02147XAL1	11,161,828	10,383,761	778,066	10,383,761	8,412,929	9/30/2010
02147XAL1	10,383,761	10,328,705	55,056	10,328,705	8,344,416	12/31/2010
02147YAF2	2,391,415	2,166,040	225,374	2,166,040	1,708,586	9/30/2010
02147YAF2	2,166,040	2,131,426	34,614	2,131,426	1,742,217	12/31/2010
02147YAH8	9,541,834	8,647,557	894,277	8,647,557	7,005,533	9/30/2010
02147YAH8	8,647,557	8,504,817	142,740	8,504,817	6,985,051	12/31/2010
74922EAG4	$3,785,534	$3,740,563	$44,971	$3,740,563	$3,469,308	12/31/2010

4. 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, 2010:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	$(532,481)	$(4,080,461)
Fair Value of Securities with Unrealized Losses	$52,722,911	$28,972,442

5. 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.

E. Repurchase Agreements and Securities Lending

1. The Company did not enter into any repurchase agreements during the year.

2. The Company maintained collateral for loaned securities.

   (1) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral. Cash collateral received is invested in short-term investments.

   (2) The Company has not pledged any of its assets as collateral.

   (3) Sources of collateral are cash and securities. Cash collateral is reinvested by the lending agent in short term securities.

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 36,424,775
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	36,424,775
Securities Received	3,574,769
Total Collateral Received	$ 39,999,543

4. Securities Lending Transactions Administered by an Affiliated Agent

   Not applicable

NOTES TO FINANCIAL STATEMENTS

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 19,501,753	$ 19,502,193
31 to 60 Days	15,667,908	15,668,639
61 to 90 Days	1,253,512	1,253,943
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	36,423,173	36,424,775
Securities Received	3,574,769	3,574,769
Total Collateral Reinvested	$ 39,997,942	$ 39,999,543

b. Maturity profile of the cash reinvestment program sufficiently matches loan profile with liquidity demands consistent with an open loan program.

F. Real Estate

1. The Company did not recognize any impairments on real estate during the year.

2. The Company has not sold or classified real estate investments as held for sale.

3. The Company has not experienced any changes to a plan of sale for investment in real estate.

4. The Company does not engage in retail land sale operations.

5. The Company does not hold real estate investments with participating mortgage loan features.

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. Investments in joint ventures, partnerships and limited liability companies.

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 or limited liability companies

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $2,695,234 during the year.

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 (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

Note 8 - Derivative Instruments

The Company maintains an active Derivative Use Policy as approved by the New York State Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also 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.

NOTES TO FINANCIAL STATEMENTS

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, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	99,909,196	30,565,975	130,475,171	108,415,201	37,747,709	146,162,910	(8,506,005)	(7,181,734)	(15,687,739)
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	99,909,196	30,565,975	130,475,171	108,415,201	37,747,709	146,162,910	(8,506,005)	(7,181,734)	(15,687,739)
Deferred Tax Liabilities	(31,382,212)	(943,989)	(32,326,201)	(30,796,301)	(140,039)	(30,936,340)	(585,911)	(803,950)	(1,389,861)
Net DTA (DTL)	68,526,984	29,621,986	98,148,970	77,618,900	37,607,670	115,226,570	(9,091,916)	(7,985,684)	(17,077,600)
Deferred Tax Assets Nonadmitted	(16,944,026)	(683)	(16,944,709)	(25,788,289)	(5,552,513)	(31,340,802)	8,844,263	5,551,830	14,396,093
Net Admitted DTA (DTL)	51,582,958	29,621,303	81,204,261	51,830,611	32,055,157	83,885,768	(247,653)	(2,434,854)	(2,681,507)

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	5,599,338	2,618,970	8,218,308	0	0	0	5,599,338	2,618,970	8,218,308
Lesser of:									
Expected to be recognized within one year (10bi.)	45,983,619	27,002,333	72,985,952	47,168,422	25,335,157	72,503,579	(1,184,803)	1,667,176	482,373
10% of adjusted capital and surplus (10bii.)			121,452,833			90,316,467			
Adj. gross DTAs offset against existing DTLs (10c.)	31,382,212	943,989	32,326,201	30,796,302	140,039	30,936,341	585,910	803,950	1,389,860
Total	82,965,169	30,565,292	113,530,461	77,964,724	25,475,196	103,439,920	5,000,445	5,090,096	10,090,541

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eiia., 10eiib., and 10eiii.:

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	5,599,338	2,618,970	8,218,308	0	0	0	5,599,338	2,618,970	8,218,308
Lesser of:									
Expected to be recognized within three years (10eiia.)	45,983,619	27,002,333	72,985,952	51,830,611	32,055,157	83,885,768	(5,846,992)	(5,052,824)	(10,899,816)
15% of adjusted capital and surplus (10eiib.)			182,179,249			135,474,700			
Adj. gross DTAs offset against existing DTLs (10eiii.)	31,382,212	943,989	32,326,201	30,796,302	140,039	30,936,341	585,910	803,950	1,389,860
Total	82,965,169	30,565,292	113,530,461	82,626,913	32,195,196	114,822,109	338,256	(1,629,904)	(1,291,648)

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	1,310,541,122	1,063,903,813	246,637,309
Authorized Control Level	195,266,163	230,030,321	(34,764,158)

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	51,582,958	29,621,303	81,204,261	47,168,422	25,335,157	72,503,579	4,414,536	4,286,146	8,700,682
Admitted Assets			3,682,403,162			3,321,879,233			360,523,929
Adjusted Statutory Surplus			1,310,541,122			1,063,903,813			246,637,309
Total Adjusted Capital from DTAs			1,310,541,122			1,063,903,813			246,637,309

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	0	0	0	4,662,189	6,720,000	11,382,189	(4,662,189)	(6,720,000)	(11,382,189)
Admitted Assets			3,682,403,162			3,333,261,422			349,141,740
Adjusted Statutory Surplus			1,310,541,122			1,075,286,002			235,255,120
Total Adjusted Capital from DTAs			1,310,541,122			1,075,286,002			235,255,120

	December 31, 2010		
	(1)	(2)	(3)
			(Col 1 + 2)
Impact of Tax Planning Strategies	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	32%	32%	64%

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:

	2010	2009
Federal	(12,452,091)	(44,805,646)
Foreign	(445)	(18,877)
Realized capital gains	5,367,986	(2,872,127)
Federal and foreign income taxes incurred	(7,084,550)	(47,696,650)

The Company’s deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, depreciation, investment impairments, unrealized gains and losses, partnership investments, and loss based assessment adjustments.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	(12,749,889)
Change in tax effect of unrealized (gains) losses	(4,327,711)
Total change in net deferred income tax	(17,077,600)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, tax exempt interest, discounting of unpaid loss and loss adjustment expense reserves, limits on unearned premium reserve deductions, depreciation, investment impairments and revisions to prior year estimates.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $9,142,450 from the current year and none from the preceding year.

The Company has no remaining net operating loss carry forward available to offset future net income subject to Federal income taxes.

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

NOTES TO FINANCIAL STATEMENTS

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

Access Insurance Services, Co.
America First Insurance Company
American Economy Insurance Company
American States Insurance Company
American States Lloyds Insurance Company
Avomark Insurance Company (merged 2/23/2010)
Berkeley Holding Company Associates, Inc.
Bridgefield Casualty Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010
Cascade Disability Management, Inc.
Commercial Aviation Insurance, Inc.
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)
Copley Venture Capital, Inc.
Emerald City Insurance Agency, Inc.
Excelsior Insurance Company
First National Insurance Company of America
Florida State Agency, Inc. (Dissolved 8/20/2010)
General America Corporation of Texas
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Indiana Insurance Company
LEXCO Limited
Liberty Assignment Corporation
Liberty Financial Services, Inc.
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty International Holdings Inc.
Liberty Life Holdings Inc.
Liberty Management Services, Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Group Inc.
Liberty Mutual Insurance Company
Liberty Northwest Insurance Corporation
Liberty RE (Bermuda) Limited
Liberty Surplus Insurance Corporation
LIU Specialty Insurance Agency Inc.
LM Insurance Corporation
LM Property & Casualty Insurance Company
LRE Properties, Inc.
Mid-American Fire & Casualty Company
OCASCO Budget, Inc.
Ohio Casualty Corporation
Open Seas Solutions, Inc.
Peerless Indemnity Insurance Company
Pilot Insurance Services, Inc.
S.C. Bellevue, Inc.
Safeco Corporation
Safeco Insurance Company of America
Safeco Insurance Company of Indiana
Safeco Lloyds Insurance Company
Safeco Properties, Inc.
San Diego Insurance Company
St. James Insurance Company Ltd.
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)
Summit Consulting, Inc. of Louisiana
The First Liberty Insurance Corporation
The Ohio Casualty Insurance Company
Wausau General Insurance Company
West American Insurance Company
Winmar of the Desert, Inc.
Winmar-Metro, Inc.
AMBCO Capital Corporation
America First Lloyds Insurance Company
American Fire & Casualty Company
American States Insurance Company of Texas
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Management Corporation
Bridgefield Employers Insurance Company
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Colorado Casualty Insurance Company
Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Consolidated Insurance Company
Diversified Settlements, Inc.
Employers Insurance Company of Wausau
F.B. Beattie & Co., Inc.
First State Agency Inc.
General America Corporation
General Insurance Company of America
Gulf States AIF, Inc.
Heritage-Summit HealthCare, Inc.
Insurance Company of Illinois
Liberty-USA Corporation
Liberty Energy Canada, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Holdings, Inc.
Liberty International Europe Inc.
Liberty Life Assurance Company of Boston
Liberty Lloyds of Texas Insurance Company
Liberty Mexico Holdings Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Holding Company Inc.
Liberty Mutual Personal Insurance Company
Liberty Personal Insurance Company
Liberty Sponsored Insurance (Vermont) Inc.
LIH-RE of America Corporation
LM General Insurance Company
LM Personal Insurance Company
LMHC Massachusetts Holdings Inc.
Mid-American Agency, Inc. (Dissolved 8/20/2010)
North Pacific Insurance Company
OCI Printing, Inc.
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Insurance Company
Rianoc Research Corporation
SAFECARE Company, Inc.
Safeco General Agency, Inc.
Safeco Insurance Company of Illinois
Safeco Insurance Company of Oregon
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
SCIT, Inc.
State Agency, Inc. (Indiana corporation) (Dissolved 8/23/2010)
Summit Consulting, Inc.
Summit Holding Southeast, Inc.
The Midwestern Indemnity Company
The Netherlands Insurance Company
The National Corporation
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
Winmar Company, Inc.
Winmar Oregon, Inc.

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.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc., a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

C. As of December 31, 2010, the Company had the following capital transactions with its parent and subsidiaries:

1. Received return of capital distributions of $8,269,863.

2. Contributed capital in the amount of $33,444,587.

3. Received dividends in the amount of $77,653,024.

D. At December 31, 2010, the Company reported a net $10,035,940 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings 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 26 for information regarding the Inter-Company Reinsurance Agreement.

There is a service agreement between the Company and Liberty Mutual Insurance Company ("LMIC"), under which LMIC provides the Company with services of personnel employed by LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

The Company is a party to an investment management agreement with LMGI, an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA"), an investment services agreement with LMIC (with respect to the Canadian Branch) and a cash management agreement with LMIA. Under these agreements, LMGI, LMIA and LMIC provide services to the Company.

The Company is a party to a service agreement with Peerless Insurance Company ("PIC"). Under the Agreement, the Company provides services to PIC.

The Company is a party to a revolving credit agreement under which the Company may borrow up to $150,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2010, there have been no drawings under this agreement.

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

The Company received ($43,804,173) under the LMIC Tax Sharing Agreement and paid $4,634,215 under the LMIC, LMGI and LMIA investment services agreements. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

G. The Company is a member 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 does not own investments in subsidiary, controlled or affiliated companies.

J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.

K. The Company does not hold any investments in foreign insurance subsidiaries.

L. The Company does not hold any investments in downstream non-insurance holding companies.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

The Company has not entered into any agreements with the Federal Home Loan Bank.

NOTES TO FINANCIAL STATEMENTS

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

The Company does not have any direct employees and therefore, 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 10F.

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

1. The Company has 5,000,000 common shares authorized, issued and outstanding as of December 31, 2010. All shares have a stated par value of $1.00.

   The Company has 5,000,000 preferred shares authorized, but no shares issued and outstanding as of December 31, 2010. All shares have a stated par value of $0.01.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent in 2010.

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2011 is $110,626,289.

6. As of December 31, 2010, the Company has restricted surplus of $0 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* and pre-tax restricted surplus of $103,508,818 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

8. The Company does not hold stock for special purposes.

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2010 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 net unrealized gains is $(58,024,581) after applicable deferred taxes of $10,215,824.

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 made no commitments, contingent commitments or guarantees on behalf of affiliates, except as indicated in Note 10E.

B. Assessments

   The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund 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 $17,848,261 that is offset by future premium tax credits of $2,020,770. 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.

NOTES TO FINANCIAL STATEMENTS

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 2010.

During 2010 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

C. Gain Contingencies

Not applicable

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

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$600,584

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant.
(f) Per Claim [X] (g) Per Claimant [ ]

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.

Note 15 - Leases

A. Lessee Leasing Arrangements

The Company leases office space, plant and equipment under various non cancelable operating lease arrangements. The Company has also 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 property, plant and equipment at the end of each respective lease.

The Company's minimum lease obligations under these agreements are as follows:

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2011	$2,699,713	$8,642,069
2012	2,681,416	8,484,767
2013	2,678,242	6,425,689
2014	1,704,246	3,762,267
2015	1,675,236	2,253,635
2016 & thereafter	529,641	10,743,115
Total	$11,968,494	$40,311,542

B. Leasing as a Significant Part of Lessor's Business Activities

Leasing is not a significant part of the Company's business activities.

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 concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS

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. Collateral is not restricted and currently $0 extends beyond one year from December 31, 2010. 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, 2010 the total fair value of securities on loan was $38,700,934, with corresponding collateral value of $39,999,543 of which $36,424,775 represents cash collateral.

C. Wash Sales

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

Net reimbursement for administrative expenses in excess of actual expenses on ASO plans and the net gain was $73,911. Claim payment volume was $3,375,301.

B. Administrative Services Contract (ASC) Plans

Not applicable

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 or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to Level 1 measurements and the lowest priority to Level 3 measurements. Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.
- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2010:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$48,446,909	$7	$48,446,909
Residential Mortgage-Backed Securities	-	24,052,004	-	24,052,004
Total Bonds	-	$72,498,913	$7	$72,498,920
Preferred Stocks				
Industrial and Miscellaneous	-	$55,166,790	-	$55,166,790
Total Preferred Stocks	-	$55,166,790	-	$55,166,790
Common Stocks				
Industrial and Miscellaneous	$598,766	-	-	$598,766
Total Common Stocks	598,766	-	-	598,766
Total assets at fair value	$598,766	$127,665,703	$7	$128,264,476
Liabilities at fair value				
Total liabilities at fair value	$0	$0	$0	$0

The Company did not have significant transfers between Levels 1 and 2 during the year ended December 31, 2010.

2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

	1	2	3	4	5	6	7
	Balance at 12/31/2009	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
Bonds	$0	$0	$0	$0	$7	$0	$7
Preferred Stock	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-
Total	$0	$0	$0	$0	$7	$0	$7

3. Policy on Transfers Into and Out of Level 3

Transfers in and/or out of Level 3 are due to re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. government and agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

NOTES TO FINANCIAL STATEMENTS

Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipals

The Company's municipal portfolio comprises bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities comprise bonds issued by foreign governments and their agencies along with supranational organizations. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2.

Equity Securities

Equity securities include common and preferred stocks. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

Other Investments

Other investments include primarily international loans, foreign cash deposits and equity investments in privately held businesses. International loans and cash deposits are primarily valued using quoted prices for similar instruments in active markets; these assets are categorized as Level 2 of the fair value hierarchy. Equity investments in privately held businesses are valued using internal management estimates; they are categorized as Level 3 of the hierarchy. Limited partnership investments, which represent the remainder of the other investment balance on the consolidated balance sheet, are not subject to these disclosures and therefore are excluded from the above table.

5. Derivative Fair Values

Not applicable

B. This Disclosure was removed by NAIC December 2010.

C. Other Fair Value Disclosures

Not applicable

D. Reasons Not Practical to Estimate Fair Value

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

a) The Company did not take a credit in the determination of its loss reserves in 2010 and 2009.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $388,373 in 2010 and $558,734 in 2009.

c) The amount the Company was assessed by the Special Disability Trust Fund was $286,092 in 2010 and $421,941 in 2009.

2) Assets in the amount of $301,320,018 and $368,406,410 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

In 2010, as a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of Workers' Compensation Catastrophe reinsurance with limits of $400,000,000 part of $500,000,000 xs $700,000,000 purchased by LMIC, the lead company of the inter-company reinsurance pool.

Interrogatory 6.3

As a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of $1,500,000,000 part of $1,700,000,000 xs $1,300,000,000, $150,000,000 xs $1,150,000,000 (Earthquake only), $455,000,000 part of $650,000,000 xs $650,000,000 xs $650,000,000 in second event coverage, and a 30% QS treaty in place for its US Homeowners portfolio that covers catastrophe losses up to $1,750,000,000 for Wind and $400,000,000 for Earthquake, purchased by LMIC, the lead company of the inter-company reinsurance pool.

D. The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe that amounts in excess of non-admitted amounts are material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

(1) Carrying value of transferable state tax credits gross of any related state tax liabilities and total unused transferable state
tax credits by state and in total

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	OK	$66,700	$66,700
Total		$66,700	$66,700

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

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

(3) Impairment Loss

The Company has not recognized any impairment losses associate with its Transferable State Tax Credits.

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities.

2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.

NOTES TO FINANCIAL STATEMENTS

3. The Company does not have any direct exposure through other investments.

4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2011, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2010 that would require disclosure.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
Nationwide Group:			
Farmland Mutual Insurance Company	13838	42-0618271	
National Casualty Company	11991	38-0865250	
Nationwide Indemnity Company	10070	31-1399201	
Nationwide Mutual Insurance Company	23787	31-4177100	
Total Nationwide Group			$1,470,974,000
National Workers' Compensation Reins Pool		AA-9992118	$151,230,000
U.S. Aircraft Insurance Group		AA-9995043	$140,797,000
Minnesota WCRA		AA-9991423	$93,094,000
Swiss Re Group:			
Facility Insurance Corporation	10818	74-1194354	
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Europe Sa		AA-1371002	
Swiss Reinsurance Life and Health America Inc.	82627	06-0839705	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			$91,665,000
Total			$1,947,760,000

B. Reinsurance Recoverable in Dispute

There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 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 reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2010.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$677,718,408	$30,036,816	$354,173,518	$32,290,872	$323,544,890	$(2,254,056)
All Other	4,732,398	1,954,385	12,961,195	2,819,809	(8,228,797)	(865,424)
Total	$682,450,806	$31,991,201	$367,134,713	$35,110,681	$315,316,093	$(3,119,480)

Direct Unearned Premium Reserve: $ 64,362,071

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2010 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$2,072,456	$11,063,086	$11,282,696	$1,852,846
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(15,600,000)	0	(15,600,000)
Totals	$2,072,456	$(4,536,914)	$11,282,696	$(13,747,154)

3. The Company does not use protected cells as an alternative to traditional reinsurance.

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

E. Commutation of Ceded Reinsurance

The Company commuted two ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was an increase in Net Income of $236,396. This amount is shown below by Income Statement classification and by reinsurer.

Income Statement Classification	Amount
Losses Incurred	$(166,969)
Loss Expenses Incurred	44,323
Premiums Earned	0
Other Expenses	(113,750)
Total	$(236,396)
Reinsurer	Amount
Arlington Ins Co	$(187,236)
Swiss Re Life and Health America Inc	(49,160)
Total	$(236,396)

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of externally ceded reinsurance agreements. The impact of the Intercompany Reinsurance Agreement as described in Note 26 is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(183,456,434)	-
	2. Adjustments – Prior Year(s)	26,157,373	-
	3. Adjustments – Current Year	6,407,466	-
	4. Total	$(150,891,595)	-
b.	Consideration Paid or Received:		
	1. Initial	$(75,683,875)	-
	2. Adjustments – Prior Year(s)	(4,378,411)	-
	3. Adjustments – Current Year	(87,453)	-
	4. Total	$(80,149,739)	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(2,898,046)	-
	2. Adjustments – Prior Year(s)	(34,952,682)	-
	3. Adjustments – Current Year	(6,953,736)	-
	4. Total	$(44,804,464)	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$110,670,605	-
	2. Adjustments – Prior Year(s)	4,416,898	-
	3. Adjustments – Current Year	458,817	-
	4. Current Year Special Surplus	103,508,818	-
	5. Cumulative Total Transferred to Unassigned Funds	$12,037,502	-
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(150,891,595)	$(2,172,140)
	Swiss Reinsurance America Corp., 25364	-	1,863,593
	Arlington Ins Co, 98-0405213	-	306,860
	Other	-	1,687
	Total	$(150,891,595)	

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. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

The Company has not entered into any property and casualty run-off agreements which qualify for prospective reinsurance accounting treatment, pursuant to SSAP No. 62R, *Property and Casualty Reinsurance*.

Note 24 - 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 refer to Schedule P, Part 7A.

D. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been non-admitted.

a.	Total accrued retro premium	$50,927,363
b.	Unsecured amount	
c.	Less: Non-admitted amount (10%)	5,105,428
d.	Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e.	Admitted amount (a) - (c) - (d)	$45,821,935

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events of prior years decreased overall in 2010. The favorable development was primarily a result of decreases in the Commercial Auto Liability, Special Liability, and Product Liability-Occurrence lines, partially offset by an increase in the Other Liability-Occurrence line. Original estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	LM Personal Insurance Company ("LMPIC")	36439	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

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

(a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

(b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

(c) 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.

(d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

(e) 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.

(f) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual inter-company pool as at December 31, 2010:

Affiliate:	Amount:
Liberty Mutual Insurance Company	(60,871,839)
Liberty Mutual Fire Insurance Company	28,921,566
Liberty Insurance Corporation	8,967,927
LM Insurance Corporation	448,396
The First Liberty Insurance Corporation	224,198
Employers Insurance Company of Wausau	20,067,770
Wausau Underwriters Insurance Company	896,793
Wausau Business Insurance Company	896,793
LM General Insurance Company	224,198
LM Personal Insurance Company	224,198

Effective January 1, 2010, LMMAIC cancelled its participation in the Peerless Insurance Company ("PIC") Amended and Restated Reinsurance Pooling Agreement and concurrently became a participant in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.0% pool participation percentage and entered into an 100% Quota Share Reinsurance Agreement with PIC. Pursuant to the 100% Quota Share Reinsurance Agreement with PIC, the Company continues to cede the business it wrote for the Peerless Pool to PIC. New business is ceded to LMIC, the lead company in the Liberty Pool.

Effective January 1, 2010, LMGIC and LMPIC canceled their 100% Quota Share Agreements with LMPAC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.10% pool participation percentage.

Effective January 1, 2010, BCIC and BEIC novated their 100% Quota Share Reinsurance Agreements with PIC and entered into 100% Quota Share Inter-Company Reinsurance Agreements with LMIC.

Effective January 1, 2010, LLOT and LMPICO terminated their 100% Quota Share Inter-Company Reinsurance Agreements with LMIC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.00% pool participation percentage.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $42,736,002 after applying Inter-Company 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 $42,736,002 as of December 31, 2010.

B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 24,976,553

Note 28 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$0
2. Date of the most recent evaluation of this liability	12/31/2010
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2010, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $385,815,391 and the amount billed and recoverable on paid claims was $17,802,126.

Note 32 - 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 approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2010 liabilities subject to discount were carried at a value representing a discount of $90,594,440 net of all reinsurance.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

Note 33 - 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.

Upon the de-affiliation of EICOW, WBIC, WUIC and WGIC ("Wausau Companies") from the Nationwide Group and becoming members of the Liberty Pool, the Wausau Companies entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for the obligations on certain policies with effective dates prior to January 1, 1986, including all asbestos and environmental exposures.

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 insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability 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. These uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

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. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage,

NOTES TO FINANCIAL STATEMENTS

plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

In the third quarter of 2009, the Company completed its biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company's direct, assumed, and ceded asbestos claims. As part of the internal review, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. Between comprehensive studies, the Company monitors asbestos activity to determine whether or not any adjustment to reserves in warranted. The Company also completed its annual study on the environmental claims liability, resulting in immaterial adjustments to held reserves. During 2010 the Company monitored asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted. Based on this review of actual emerged losses, no material adjustments were made.

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.

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 26. Net reserves for asbestos and environmental are allocated based on the Company's Intercompany Reinsurance Agreement, as discussed in Note 26.

Asbestos:

	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	$159,860,012	$147,980,836	$134,584,562	$125,053,750	$148,115,683
Incurred losses and LAE	8,041,494	18,496,198	11,411,532	43,943,021	6,149,242
Calendar year payments	19,920,671	31,892,471	20,942,344	20,881,088	45,289,638
Ending Reserves	$147,980,836	$134,584,562	$125,053,750	$148,115,683	$108,975,288
Assumed Reinsurance Basis					
Beginning Reserves	$41,110,386	$43,477,016	$56,660,129	$53,643,035	$38,394,860
Incurred losses and LAE	3,904,877	15,331,721	(605,732)	(12,220,554)	3,899,722
Calendar year payments	1,538,248	2,148,607	2,411,363	3,027,621	4,084,372
Ending Reserves	$43,477,016	$56,660,129	$53,643,035	$38,394,860	$38,210,211
Net of Ceded Reinsurance Basis					
Beginning Reserves	$83,388,473	$71,761,779	$63,786,791	$52,748,542	$70,949,606
Incurred losses and LAE	976,334	6,810,099	1,139,525	31,644,134	(8,573,773)
Calendar year payments	12,603,028	14,785,088	12,177,774	13,443,070	16,220,337
Ending Reserves	$71,761,779	$63,786,791	$52,748,542	$70,949,606	$46,155,496

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$55,046,974
Assumed Reinsurance Basis	29,431,896
Net of Ceded Reinsurance Basis	$22,142,318
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$42,066,838
Assumed Reinsurance Basis	1,619,934
Net of Ceded Reinsurance Basis	$17,572,308

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	$54,879,784	$40,441,109	$36,069,880	$29,859,358	$24,523,107
Incurred losses and LAE	3,828,060	470,495	546,974	2,252,289	3,155,301
Calendar year payments	18,266,735	4,841,723	6,757,497	7,588,540	4,194,225
Ending Reserves	$40,441,109	$36,069,880	$29,859,358	$24,523,107	$23,484,183

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis					
Beginning Reserves	$4,185,544	$3,835,770	$3,268,416	$3,259,270	$4,220,123
Incurred losses and LAE	70,482	118,033	287,223	1,374,929	(44,190)
Calendar year payments	420,256	685,387	296,369	414,076	917,827
Ending Reserves	$3,835,770	$3,268,416	$3,259,270	$4,220,123	$3,258,105
Net of Ceded Reinsurance Basis					
Beginning Reserves	$34,145,718	$31,629,278	$29,090,873	$24,926,969	$21,095,671
Incurred losses and LAE	1,616,059	785,521	(1,056)	(227)	(226,740)
Calendar year payments	4,132,499	3,323,926	4,162,848	3,831,071	2,377,942
Ending Reserves	$31,629,278	$29,090,873	$24,926,969	$21,095,671	$18,490,989

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$14,259,362
Assumed Reinsurance Basis	2,016,311
Net of Ceded Reinsurance Basis	$11,315,524
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$10,246,456
Assumed Reinsurance Basis	196,330
Net of Ceded Reinsurance Basis	$6,726,747

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guarantee Insurance

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

1.3 State Regulating? Wisconsin

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

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. 12/31/2004

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). 06/30/2006

3.4 By what department or departments?
State of Wisconsin Office of the Commissioner of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] 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 [X]
4.12 renewals? Yes [ ] No [X]

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

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

1 Name of Entity	2 NAIC 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 [X]

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 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
200 Clarendon Street
Boston, MA 02116

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If response to 10.5 is "yes," provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domilicary state insurance law? Yes [X] No [ ] N/A [ ]

10.8 If the response to 10.7 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William Finn
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Group Inc.

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

12.11 Name of real estate holding company		St. James/Arlington Real Estate
12.12 Number of parcels involved		2
12.13 Total book/adjusted carrying value	$	13,987,153

12.2 If yes, provide explanation:
Employers Insurance Company of Wausau directly owns 3% of St James/Arlington Real Estate LP via its ownership in St. James/Arlington LLC.

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

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

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

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

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

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

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 [X] No [ ]

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

GENERAL INTERROGATORIES

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
During the 1st quarter, Liberty Mutual Group published several non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.

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

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

BOARD OF DIRECTORS

15\. 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 [X] No [ ]

16\. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

17\. 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 [X] No [ ]

FINANCIAL

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

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

19.11 To directors or other officers	$ 0
19.12 To stockholders not officers	$ 0
19.13 Trustees, supreme or grand (Fraternal only)	$ 0

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

19.21 To directors or other officers	$ 0
19.22 To stockholders not officers	$ 0
19.23 Trustees, supreme or grand (Fraternal only)	$ 0

20.1 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 [X]

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

20.21 Rented from others	$ 0
20.22 Borrowed from others	$ 0
20.23 Leased from others	$ 0
20.24 Other	$ 0

21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment	$ 0
21.22 Amount paid as expenses	$ 0
21.23 Other amounts paid	$ 0

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

GENERAL INTERROGATORIES

INVESTMENT

23.1 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 23.3) Yes [X] No [ ]

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

23.3 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 17 where this information is also provided)

Please reference Note 17B

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

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $ 39,994,134

23.6 If answer to 23.4 is no, report amount of collateral for other programs. $ 0

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

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

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

24.1 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 20.1 and 23.3) Yes [X] No [ ]

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

24.21	Subject to repurchase agreements	$ 0
24.22	Subject to reverse repurchase agreements	$ 0
24.23	Subject to dollar repurchase agreements	$ 0
24.24	Subject to reverse dollar repurchase agreements	$ 0
24.25	Pledged as collateral	$ 0
24.26	Placed under option agreements	$ 0
24.27	Letter stock or securities restricted as to sale	$ 0
24.28	On deposit with state or other regulatory body	$ 301,320,018
24.29	Other	$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

25.2 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.

26.1 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]

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

GENERAL INTERROGATORIES

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

27.01 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	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
Bank of New York	601 Travis Street, Houston, TX 77002

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]

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

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

27.05 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 Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Inc.	175 Berkeley Street, Boston, MA 02116
N/A	Stancorp Mortgage Advisors	1100 SW Sixth Avenue, Portland, OR 97204

28.1 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]

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
28.2999 TOTAL		0

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

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

GENERAL INTERROGATORIES

29. 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	2,371,540,029	2,438,255,764	66,715,735
29.2 Preferred stocks	56,444,790	57,735,794	1,291,004
29.3 Totals	2,427,984,819	2,495,991,558	68,006,739

29.4 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 and Markit. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

30.1 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]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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 further reviewed by management on a monthly basis. All prices determined internally by the insurer are reviewed and signed off by the Chief Investment Officer.

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

31.2 If no, list exceptions:

OTHER

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

32.2 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

33.1 Amount of payments for legal expenses, if any? $ 3,920,404

33.2 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

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 598,983

GENERAL INTERROGATORIES

34.2 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 Current Year	2 Prior Year
2.1	Premium Numerator	$ 172,251	$ 4,134
2.2	Premium Denominator	$ 828,459,347	$ 796,763,783
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 412,046	$ 387,293
2.5	Reserve Denominator	$ 2,054,526,734	$ 2,087,790,899
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 [ ] No [X]
3.2 If yes, state the amount of calendar year premiums written on:
3.21 Participating policies $ 0
3.22 Non-participating policies $ 0

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 21C

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 v10.0 from RMS and AIR Clasic/2 v12.0. For workers' compensation, Liberty Mutual utilizes RiskLink v10.0 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 21C

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 [X] 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 [X] No [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 6

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 [X]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

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

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 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. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

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

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

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 [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 37,408,890

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 11,425,340

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 8,529,537

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 [X] 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 4.00

12.42 To 6.00

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 [X] No [ ]

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

12.61 Letters of Credit $ 595,483,652

12.62 Collateral and other funds $ 107,622,936

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 5,018,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 9

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to allocation agreements, including the intercompany pooling agreement.

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

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

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 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 [X]

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 [X]

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 [X]

18.4 If yes, please provide the balance of the funds adminstered as of the reporting date. $ 0

FIVE – YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,730,587,256	1,671,402,098	2,052,861,150	2,034,018,756	2,507,103,999
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	159,339,461	153,896,732	205,032,468	149,565,834	356,923,052
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	252,891,127	200,256,601	285,741,330	229,684,226	434,415,404
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,184,371	1,164,772	(15,675,860)	21,084,121	39,981,726
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	21,198,511	19,882,742	23,163,023	18,244,675	18,352,908
6. Total (Line 35)	2,165,200,726	2,046,602,945	2,551,122,111	2,452,597,612	3,356,777,089
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)	548,653,650	473,034,981	707,669,879	687,268,655	1,214,699,365
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	131,670,738	130,217,775	183,338,000	121,217,308	312,872,688
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	141,676,547	99,120,718	172,343,529	132,639,182	312,501,499
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	993,170	1,016,830	(15,828,295)	20,926,756	39,833,130
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	21,194,495	19,622,878	23,130,966	18,228,777	18,354,283
12. Total (Line 35)	844,188,600	723,013,182	1,070,654,079	980,280,678	1,898,260,965
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(66,959,852)	(88,144,551)	(63,124,588)	(65,390,201)	(57,329,786)
14. Net investment gain (loss) (Line 11)	177,273,226	94,113,880	161,242,549	180,636,494	200,096,344
15. Total other income (Line 15)	(8,452,056)	(12,717,686)	(12,274,655)	(10,555,308)	(13,852,594)
16. Dividends to policyholders (Line 17)	5,035,828	1,851,061	2,679,073	6,977,259	8,164,416
17. Federal and foreign income taxes incurred (Line 19)	(12,452,536)	(44,824,523)	(12,921,739)	(44,359,170)	30,628,907
18. Net income (Line 20)	109,278,026	36,225,105	96,085,972	142,072,896	90,120,641
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	3,682,403,162	3,333,261,422	3,719,919,033	4,077,177,589	5,295,626,509
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	92,632,496	104,375,332	184,126,048	152,486,617	164,489,328
20.2 Deferred and not yet due (Line 15.2)	288,214,516	264,962,269	305,750,099	324,193,894	458,832,158
20.3 Accrued retrospective premiums (Line 15.3)	45,821,935	35,178,754	47,917,537	51,079,004	111,330,503
21. Total liabilities excluding protected cell business (Page 3, Line 26)	2,371,862,040	2,257,975,420	2,770,468,781	2,778,765,619	4,087,255,690
22. Losses (Page 3, Line 1)	1,395,263,766	1,341,941,115	1,660,695,040	1,659,389,032	2,446,787,889
23. Loss adjustment expenses (Page 3, Line 3)	279,620,381	271,490,026	324,963,843	338,953,050	501,555,668
24. Unearned premiums (Page 3, Line 9)	379,678,164	351,257,899	437,433,448	484,675,823	749,402,922
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,310,541,122	1,075,286,002	949,450,252	1,298,411,970	1,208,370,819
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	208,966,111	(391,137,096)	70,786,116	(992,351,339)	336,821,159
Risk-Based Capital Analysis					
28. Total adjusted capital	1,310,541,122	1,075,286,002	949,450,252	1,298,411,970	1,208,370,819
29. Authorized control level risk-based capital	195,266,163	230,123,596	262,451,971	251,726,253	306,138,589
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	76.8	65.6	72.2	81.0	91.4
31. Stocks (Lines 2.1 & 2.2)	8.5	18.8	15.0	9.1	2.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.5	2.9	2.7		
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.7	0.8	0.8	0.7	0.5
34. Cash, cash equivalents and short-term investments (Line 5)	2.6	4.3	2.0	3.5	2.9
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8)	7.7	7.5	7.3	5.7	3.2
38. Receivables for securities (Line 9)	0.1	0.1	0.0	0.1	0.1
39. Securities lending reinvested collateral assets (Line 10)	1.2	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)		33,315,029	33,315,029		
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	197,819,597	425,229,925	370,337,663	221,294,436	
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	13,987,153	13,553,366	15,790,504	15,248,796	14,834,328
48. Total of above Lines 42 to 47	211,806,750	472,098,320	419,443,196	236,543,232	14,834,328
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	16.2	43.9	44.2	18.2	1.2

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2010	2 2009	3 2008	4 2007	5 2006
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	119,152,800	58,256,372	(229,657,304)	(10,861,978)	8,764,385
51.	Dividends to stockholders (Line 35)			(170,000,000)		
52.	Change in surplus as regards policyholders for the year (Line 38)	235,255,120	125,835,750	(348,961,718)	90,041,151	137,708,365
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,282,914,379	1,495,172,418	1,308,330,911	1,940,353,824	1,352,058,931
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	97,870,869	119,259,855	129,647,773	199,812,903	233,085,047
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	132,790,692	165,732,136	200,369,541	191,732,607	197,345,299
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,961,763	2,111,753	12,380,041	10,623,140	4,618,150
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	78,969,086	54,112,068	41,584,350	74,778,627	40,501,540
58.	Total (Line 35)	1,594,506,789	1,836,388,230	1,692,312,616	2,417,301,101	1,827,608,967
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	312,889,378	619,914,772	484,806,455	1,225,905,879	598,763,854
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	79,133,548	107,040,308	108,521,834	111,891,296	180,689,673
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	81,252,759	104,869,058	132,135,513	133,917,063	133,355,257
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,066,522	671,573	10,927,722	9,800,941	2,621,452
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,265,200	15,704,578	8,827,470	40,429,572	24,340,794
64.	Total (Line 35)	489,607,407	848,200,289	745,218,994	1,521,944,751	939,771,030
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	65.1	65.8	67.8	61.9	61.1
67.	Loss expenses incurred (Line 3)	17.9	19.5	15.8	15.9	15.3
68.	Other underwriting expenses incurred (Line 4)	25.1	25.8	22.1	27.8	26.8
69.	Net underwriting gain (loss) (Line 8)	(8.1)	(11.1)	(5.7)	(5.5)	(3.2)
	Other Percentages					
70.	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	25.6	30.1	24.1	34.5	26.4
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	83.0	85.3	83.5	77.8	76.4
72.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	64.4	67.2	112.8	75.5	157.1
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(9,540)	19,291	(33,312)	31,239	79,074
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(0.9)	2.0	(2.6)	2.6	7.4
	Two Year Loss Development (000 omitted)					
75.	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)	(8,848)	(4,012)	23,775	112,836	215,357
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.9)	(0.3)	2.0	10.5	21.6

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	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	86,087	33,376	18,281	10,520	2,169	683	1,455	61,958	X X X
2. 2001	777,168	134,489	642,679	603,055	144,789	49,010	8,811	59,349	1,031	19,123	556,783	X X X
3. 2002	890,047	180,014	710,033	572,464	127,022	46,635	8,308	67,172	786	29,159	550,155	X X X
4. 2003	994,988	241,435	753,553	523,446	116,672	44,267	5,871	71,215	1,065	30,526	515,320	X X X
5. 2004	1,038,764	272,771	765,993	510,866	132,935	40,160	7,809	71,752	3,736	29,952	478,298	X X X
6. 2005	1,069,537	252,462	817,075	602,416	182,150	40,022	8,170	72,557	5,098	29,163	519,577	X X X
7. 2006	1,160,886	264,783	896,103	502,937	95,345	38,598	5,265	76,866	5,448	29,109	512,343	X X X
8. 2007	1,218,096	288,091	930,005	539,422	123,564	38,132	5,444	78,072	6,688	33,903	519,930	X X X
9. 2008	1,280,856	345,523	935,333	601,044	146,035	33,349	3,973	85,557	5,628	29,512	564,314	X X X
10. 2009	1,215,488	379,363	836,125	470,905	141,749	19,984	2,808	79,765	1,052	26,480	425,045	X X X
11. 2010	1,228,457	399,997	828,460	353,977	139,370	8,726	1,382	66,149	313	18,221	287,787	X X X
12. Totals	X X X	X X X	X X X	5,366,619	1,383,007	377,164	68,361	730,623	31,528	276,603	4,991,510	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	382,130	119,267	155,756	113,752	24,082	18,830	68,615	25,695	11,789	25	3,907	364,803	X X X
2. 2001	25,394	10,027	13,737	10,992	379	100	3,218	2,181	474	9	312	19,893	X X X
3. 2002	25,292	15,930	21,077	17,021	569	203	3,215	1,386	578	18	480	16,173	X X X
4. 2003	23,674	9,707	40,020	16,352	862	358	3,760	1,087	635		751	41,447	X X X
5. 2004	26,791	8,802	44,012	11,134	987	263	7,782	969	1,532		1,008	59,936	X X X
6. 2005	33,507	11,494	53,867	23,267	1,154	284	7,239	1,918	1,196	467	1,478	59,533	X X X
7. 2006	44,844	12,195	63,132	20,407	1,730	458	14,846	2,760	1,833	6	2,348	90,559	X X X
8. 2007	66,688	13,780	78,888	17,602	2,944	588	19,362	3,258	2,796	414	2,799	135,036	X X X
9. 2008	99,331	21,468	120,889	34,396	3,904	530	33,512	5,961	9,429	1,308	4,349	203,402	X X X
10. 2009	108,195	14,312	170,767	36,702	4,053	441	42,228	6,197	13,216	219	5,478	280,588	X X X
11. 2010	136,779	20,408	272,299	52,795	4,143	422	41,713	5,082	27,622	340	14,607	403,509	X X X
12. Totals	972,625	257,390	1,034,444	354,420	44,807	22,477	245,490	56,494	71,100	2,806	37,517	1,674,879	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	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	304,867	59,936
2. 2001	754,616	177,940	576,676	97.098	132.308	89.730			8.000	18,112	1,781
3. 2002	737,002	170,674	566,328	82.805	94.812	79.761			8.000	13,418	2,755
4. 2003	707,879	151,112	556,767	71.144	62.589	73.886			8.000	37,635	3,812
5. 2004	703,882	165,648	538,234	67.761	60.728	70.266			8.000	50,867	9,069
6. 2005	811,958	232,848	579,110	75.917	92.231	70.876			8.000	52,613	6,920
7. 2006	744,786	141,884	602,902	64.157	53.585	67.280			8.000	75,374	15,185
8. 2007	826,304	171,338	654,966	67.836	59.474	70.426			8.000	114,194	20,842
9. 2008	987,015	219,299	767,716	77.059	63.469	82.079			8.000	164,356	39,046
10. 2009	909,113	203,480	705,633	74.794	53.637	84.393			8.000	227,948	52,640
11. 2010	911,408	220,112	691,296	74.191	55.028	83.443			8.000	335,875	67,634
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,395,259	279,620

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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior	1,032,474	1,094,738	1,166,066	1,252,113	1,314,564	1,354,000	1,405,620	1,400,917	1,432,299	1,428,823	(3,476)	27,906
2. 2001	501,646	487,973	495,645	489,586	505,139	511,547	515,422	517,478	520,116	520,141	25	2,663
3. 2002	XXX	495,926	469,048	469,350	485,413	494,789	498,346	500,943	500,608	501,935	1,327	992
4. 2003	XXX	XXX	519,040	466,424	453,185	479,454	486,654	486,373	489,285	489,461	176	3,088
5. 2004	XXX	XXX	XXX	521,057	483,647	470,402	473,024	471,971	471,157	473,792	2,635	1,821
6. 2005	XXX	XXX	XXX	XXX	567,097	539,617	525,482	517,707	517,649	515,989	(1,660)	(1,718)
7. 2006	XXX	XXX	XXX	XXX	XXX	579,574	553,686	542,829	540,565	535,894	(4,671)	(6,935)
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	619,377	604,658	589,259	587,797	(1,462)	(16,861)
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	707,327	701,427	687,523	(13,904)	(19,804)
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	609,371	620,841	11,470	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	605,654	XXX	XXX
										12. Totals	(9,540)	(8,848)

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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior	000	245,908	418,456	572,773	675,187	757,892	833,445	901,780	958,945	1,019,417	XXX	XXX
2. 2001	226,528	340,197	397,652	432,334	457,614	471,048	481,528	488,651	493,569	498,465	XXX	XXX
3. 2002	XXX	210,760	325,418	392,177	425,558	453,102	465,802	474,446	479,833	483,769	XXX	XXX
4. 2003	XXX	XXX	195,981	299,132	350,432	387,250	412,396	427,774	438,591	445,170	XXX	XXX
5. 2004	XXX	XXX	XXX	178,985	276,444	323,138	360,530	385,326	400,797	410,282	XXX	XXX
6. 2005	XXX	XXX	XXX	XXX	206,429	317,419	373,373	410,720	436,060	452,118	XXX	XXX
7. 2006	XXX	XXX	XXX	XXX	XXX	201,529	310,525	372,000	413,706	440,925	XXX	XXX
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	207,154	333,276	401,434	448,546	XXX	XXX
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	253,277	405,164	484,385	XXX	XXX
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	216,514	346,332	XXX	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	221,951	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior	284,429	183,172	143,499	123,319	142,292	145,667	156,508	127,003	144,272	93,636
2. 2001	141,146	57,711	34,532	17,694	14,308	11,497	9,993	7,663	6,182	4,156
3. 2002	XXX	150,987	59,627	26,906	20,291	15,653	13,564	10,275	8,252	6,648
4. 2003	XXX	XXX	216,588	89,033	40,715	46,882	43,416	35,906	32,340	28,212
5. 2004	XXX	XXX	XXX	239,047	133,377	88,922	68,843	55,838	46,663	42,815
6. 2005	XXX	XXX	XXX	XXX	255,998	139,005	92,283	64,749	50,533	39,422
7. 2006	XXX	XXX	XXX	XXX	XXX	266,818	156,674	105,210	77,610	58,790
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	284,894	173,760	113,585	82,405
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	298,032	181,319	120,444
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	270,558	175,753
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	263,069

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.		1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	3,113,538	2,791,070	88,519	3,777,776	2,708,327	29,576,633		
2. Alaska	AK	L	4,146,764	3,599,433	6,598	3,423,058	3,326,648	41,603,856		
3. Arizona	AZ	L	2,243,513	2,217,345	(7,414)	2,621,852	1,735,160	14,501,224		
4. Arkansas	AR	L	2,675,577	2,876,786	2,048	1,699,374	746,991	10,053,952		
5. California	CA	L	21,756,642	24,026,308	(116,054)	50,726,561	1,531,747	212,632,968		
6. Colorado	CO	L	2,471,133	2,429,515	(3,504)	2,423,924	1,402,895	24,802,563		
7. Connecticut	CT	L	3,356,253	3,803,523	(31,023)	4,411,720	4,623,248	39,924,619		
8. Delaware	DE	L	923,250	969,711	(2,911)	1,052,944	(58,450)	10,317,778		
9. District of Columbia	DC	L	2,355,289	3,014,720	(195)	1,400,311	738,096	6,342,074		
10. Florida	FL	L	13,045,910	14,482,734	80,614	13,311,237	3,265,822	83,107,520		
11. Georgia	GA	L	4,966,367	5,008,247	(14,244)	8,143,429	13,065,436	38,697,255		
12. Hawaii	HI	L	1,063,345	1,206,299	(383)	932,957	2,168,063	7,220,225		
13. Idaho	ID	L	3,503,136	668,700	(21,234)	2,433,127	3,032,081	13,851,791		
14. Illinois	IL	L	14,053,685	14,107,058	(12,222)	18,488,116	10,567,198	99,271,326		
15. Indiana	IN	L	6,659,199	5,714,902	(81,869)	6,542,133	3,033,036	34,818,274		
16. Iowa	IA	L	3,739,354	3,691,391	(8,239)	3,177,252	2,735,352	12,566,156		
17. Kansas	KS	L	3,089,654	2,784,551	(7,898)	5,681,294	(1,334,540)	21,144,885		
18. Kentucky	KY	L	6,477,392	5,978,694	3,726	9,007,426	2,776,907	62,346,842		
19. Louisiana	LA	L	2,596,793	2,048,275	(40,017)	4,094,384	453,549	25,921,356		
20. Maine	ME	L	998,632	631,438	(42,463)	932,408	(776,559)	10,399,332		
21. Maryland	MD	L	5,189,121	5,727,725	(17,694)	3,921,336	2,604,411	21,254,954		
22. Massachusetts	MA	L	5,633,137	5,823,483	(63,710)	9,816,497	5,792,251	67,206,006		
23. Michigan	MI	L	5,881,468	4,753,503	(32,445)	7,777,199	4,266,629	72,575,405		
24. Minnesota	MN	L	6,661,741	6,978,826	(64,033)	11,775,610	1,011,238	113,380,891		
25. Mississippi	MS	L	2,912,735	3,124,289	14,468	2,723,116	(143,607)	12,812,835		
26. Missouri	MO	L	5,348,702	5,776,533	(10,583)	10,172,625	4,784,337	31,502,870		
27. Montana	MT	L	972,001	1,013,230	(532)	1,161,499	1,277,884	8,256,401		
28. Nebraska	NE	L	3,224,145	3,183,269	(49,192)	4,321,017	(2,245,371)	14,263,016		
29. Nevada	NV	L	2,862,167	2,676,229	(56)	1,777,319	2,276,044	6,466,306		
30. New Hampshire	NH	L	1,517,140	1,438,219	(71,581)	1,537,605	13,025,557	26,447,001		
31. New Jersey	NJ	L	6,429,185	6,623,989	(15,234)	7,792,005	5,871,260	79,508,233		
32. New Mexico	NM	L	990,323	974,542	795	893,834	549,301	6,229,777		
33. New York	NY	L	19,488,761	18,540,258	(149,614)	36,729,575	25,771,418	237,397,689		
34. North Carolina	NC	L	7,982,900	7,993,650	(42,829)	7,163,733	5,506,887	34,856,179		
35. North Dakota	ND	L	128,135	129,021	(69)	12,775	157,086	752,306		
36. Ohio	OH	L	2,206,261	2,382,197	(13,179)	1,466,759	4,473,859	22,472,573		
37. Oklahoma	OK	L	8,569,312	7,993,390	6,069	5,430,798	6,583,049	23,499,886		
38. Oregon	OR	L	1,904,628	1,749,885	638	2,430,378	3,455,150	26,237,188		
39. Pennsylvania	PA	L	7,607,649	7,603,426	(143,911)	10,502,445	2,636,222	129,000,681		
40. Rhode Island	RI	L	683,235	727,874	(545)	563,135	422,364	5,004,462		
41. South Carolina	SC	L	6,638,527	6,747,569	(7,886)	3,297,192	5,910,770	21,425,287		
42. South Dakota	SD	L	867,546	842,565	(571)	219,154	(1,605,364)	18,294,935		
43. Tennessee	TN	L	7,975,642	8,319,373	(26,975)	7,841,540	4,218,746	33,374,629		
44. Texas	TX	L	14,086,085	14,011,479	(30,377)	7,846,236	(415,268)	98,380,156		
45. Utah	UT	L	1,011,685	995,185	(2,181)	528,625	873,042	12,868,165		
46. Vermont	VT	L	1,850,991	2,044,909	(1,381)	1,418,304	633,750	3,649,695		
47. Virginia	VA	L	5,181,837	6,173,595	(21,031)	3,955,700	1,164,850	28,102,678		
48. Washington	WA	L	1,115,631	1,461,938	(38,059)	1,370,112	742,132	8,900,283		
49. West Virginia	WV	L	1,105,903	1,108,598	(3,004)	1,118,249	1,199,526	2,367,984		
50. Wisconsin	WI	L	16,585,875	16,685,694	171,232	38,151,513	8,640,954	222,821,187		
51. Wyoming	WY	L	335,153	334,569	(17)	31,381	(18,824)	705,804		
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	L	430	763	(277)	20,000	(4,185)	22,670		
55. U.S. Virgin Islands	VI	L	242	478	(20)		492	1,064		
56. Northern Mariana Islands	MP	N								
57. Canada	CN	L	(499)	(499)	(16)	11,195	(475,754)	7,010,604		
58. Aggregate Other Alien	OT	X X X	(804,428)	(805,983)	(12,965)	(2,114)	(1,620,901)	2,316,779		
59. Totals		(a) 53	255,378,792	255,184,471	(834,930)	338,057,630	163,060,942	2,198,467,208		

DETAILS OF WRITE-INS									
5801. Other alien	X X X	(804,428)	(805,983)	(12,965)	(2,114)	(1,620,901)	2,316,779		
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	(804,428)	(805,983)	(12,965)	(2,114)	(1,620,901)	2,316,779		

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines In the state; (N) None of the above - Not allowed to write business in the state.

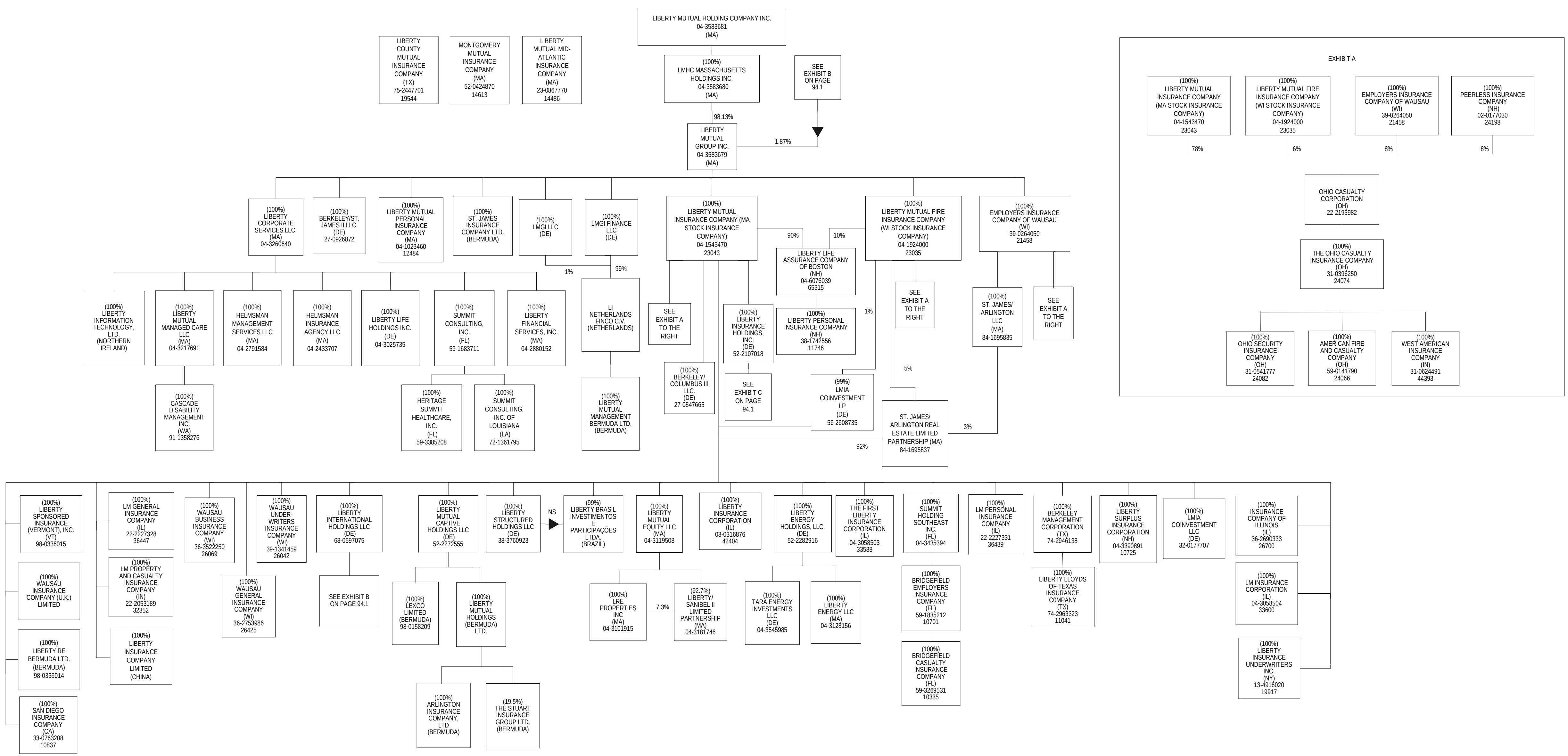
Explanation of basis of allocation of premiums by states, etc.

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
*States 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.

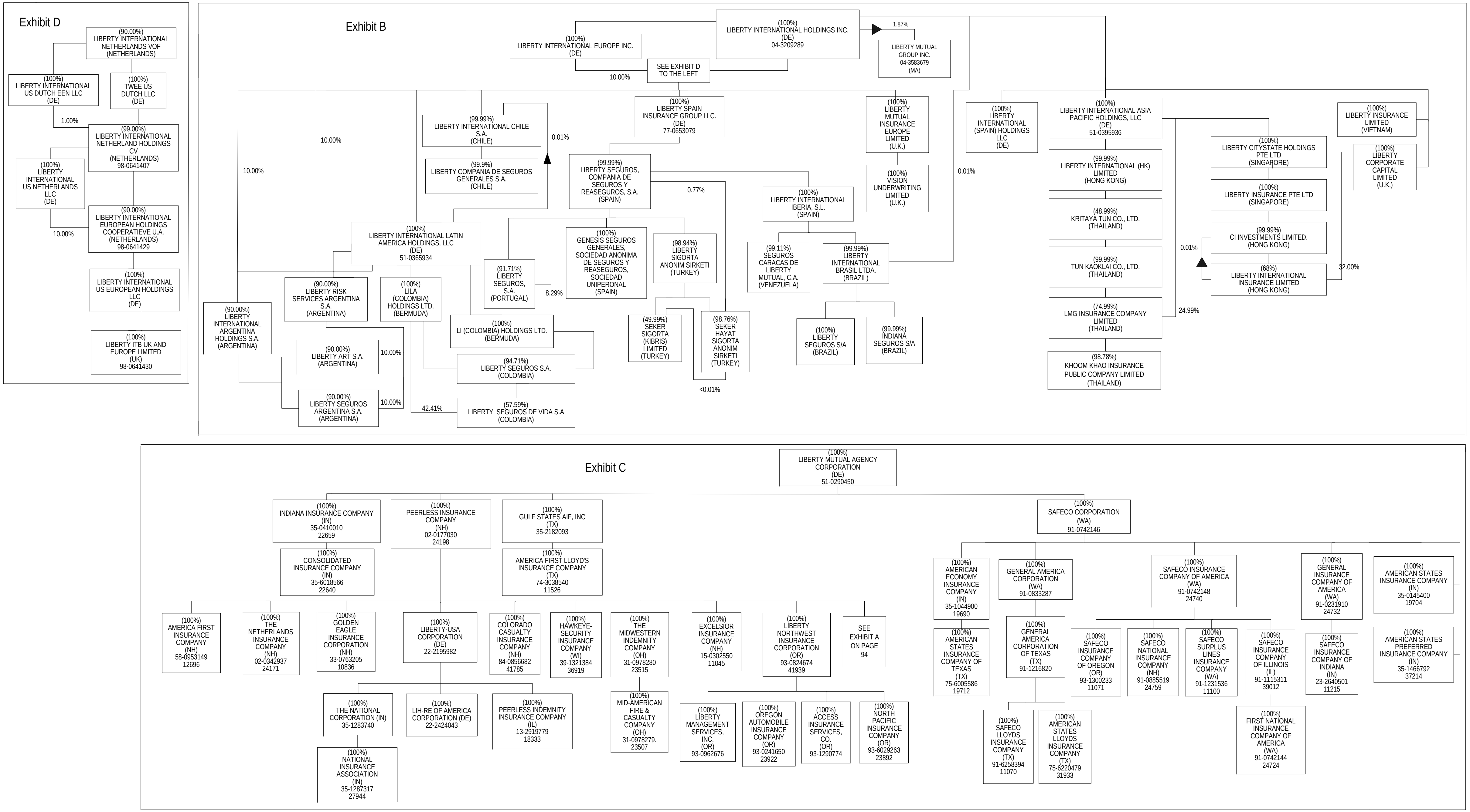
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



94.1

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	3,213,371	2,818,857	394,514	1,838,143
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	3,213,371	2,818,857	394,514	1,838,143

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Collateral held for securities loaned		36,541,917
2505. Retroactive reinsurance reserves	(166,491,595)	(172,899,061)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(166,491,595)	(136,357,144)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT