

**ANNUAL STATEMENT**

OF THE

**EMPLOYERS INSURANCE COMPANY**

---

**OF WAUSAU**

---

---

---

---

of **Wausau**

---

in the state of **Wisconsin**

---

TO THE

**Insurance Department**

OF THE

STATE OF

**FOR THE YEAR ENDED**  
**December 31, 2007**

PROPERTY AND CASUALTY

**2007**



21458200720100100

ANNUAL STATEMENT

For the Year Ended December 31, 2007

OF THE CONDITION AND AFFAIRS OF THE

Employers Insurance Company of Wausau

NAIC Group Code 0111 0111 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 Wausau, WI 54401

Main Administrative Office: 2000 Westwood Drive Wausau, WI 54401 715-845-5211

Mail Address: Post Office Box 8017 Wausau, WI 54402-8017

Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02116 617-357-9500

Internet Website Address: www.wausau.com

Statutory Statement Contact: Joanne Connolly 617-357-9500 44393

OFFICERS

Table with 2 columns: Name, Title. Rows include Mark Edward Fiebrink (President and Chief Operating Officer), James Stanley Hoffert (Vice President-General Counsel and Secretary), Laurance Henry Soyer Yahia (Vice President and Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Rows include Susan Marie Doyle (EVP GM Field Operations), Timothy Charles Mulloy (Sr Vice President GM Signature Division), Michael Lynn Parker (Sr Vice President GM Central Division), Richard Vincent Poirier (Sr Vice President GM Western Division), Jeffrey Thomas Scott # (Sr Vice President GM Claims), Eugene Bernard Kelly (Sr Vice President GM Eastern Division).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Anthony Alexander Fontanes (Mark Edward Fiebrink), Gary Richard Gregg (Edmund Francis Kelly), Dennis James Langwell (Christopher Charles Mansfield), Stuart Michael McGuigan.

State of Wisconsin County of Marathon 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 lines for Mark Edward Fiebrink, James Stanley Hoffert, and Laurance Henry Soyer Yahia with printed names and titles.

Subscribed and sworn to before me this 18th day of January, 2008. a. Is this an original filing? YES [X] NO [ ] b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	2,659,055,166		2,659,055,166	3,853,602,430
2. Stocks (Schedule D):				
2.1 Preferred stocks	81,308,129		81,308,129	82,676,300
2.2 Common stocks	221,294,770	4,286,000	217,008,770	215,595
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	22,337,716		22,337,716	19,582,784
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 18,685,485, Schedule E-Part 1), cash equivalents (\$ 10,833,755, Schedule E-Part 2) and short-term investments (\$ 85,849,895, Schedule DA)	115,369,135		115,369,135	123,329,641
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	186,190,086		186,190,086	132,830,110
8. Receivables for securities	2,237,048		2,237,048	4,569,583
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	3,287,792,050	4,286,000	3,283,506,050	4,216,806,443
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	28,783,147		28,783,147	40,270,930
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	157,188,307	4,701,690	152,486,617	164,489,328
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 4,553 earned but unbilled premiums)	324,194,398	504	324,193,894	458,832,158
13.3 Accrued retrospective premiums	57,804,566	6,725,562	51,079,004	111,330,503
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	69,193,700		69,193,700	65,796,354
14.2 Funds held by or deposited with reinsured companies	111,833		111,833	
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	342,236	321,157	21,079	
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	184,415,790	93,579,987	90,835,803	130,009,466
17. Guaranty funds receivable or on deposit	3,893,605		3,893,605	7,865,699
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0 )	99,124	99,124		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	16,062,580		16,062,580	10,628,948
22. Health care (\$ 0 ) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	60,544,353	3,534,076	57,010,277	89,596,680
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,190,425,689	113,248,100	4,077,177,589	5,295,626,509
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	4,190,425,689	113,248,100	4,077,177,589	5,295,626,509

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	5,095,638	2,190,824	2,904,814	6,053,080
2302. Cash surrender value - life insurance	26,966,480		26,966,480	38,986,817
2303. Equities and deposits in pools and associations	4,247,079		4,247,079	4,931,822
2398. Summary of remaining write-ins for Line 23 from overflow page	24,235,156	1,343,252	22,891,904	39,624,961
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	60,544,353	3,534,076	57,010,277	89,596,680

<b>LIABILITIES, SURPLUS AND OTHER FUNDS</b>	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	1,659,389,032	2,446,787,889
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	141,320,483	162,760,010
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	338,953,050	501,555,668
4. Commissions payable, contingent commissions and other similar charges	17,782,453	31,419,503
5. Other expenses (excluding taxes, licenses and fees)	47,649,369	72,513,089
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	33,029,101	50,132,858
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	19,510,347	10,340,730
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 409,165,402 and including warranty reserves of \$ 0 )	484,675,823	749,402,922
10. Advance premium	5,269,879	5,472,753
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	1,686,783	962,406
12. Ceded reinsurance premiums payable (net of ceding commissions)	55,304,404	43,299,186
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	30,417,827	38,260,258
14. Amounts withheld or retained by company for account of others	8,459,826	9,069,492
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	2,668,601	2,848,830
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	37,730,350	66,119,695
19. Payable to parent, subsidiaries and affiliates	7,507,077	3,476,693
20. Payable for securities	2,810,621	68,885,979
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(115,399,407)	(176,052,271)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	2,778,765,619	4,087,255,690
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	2,778,765,619	4,087,255,690
27. Aggregate write-ins for special surplus funds	125,016,522	195,160,452
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	340,000,000	340,000,000
33. Unassigned funds (surplus)	828,395,448	668,210,367
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0 )		
34.2 0 shares preferred (value included in Line 29 \$ 0 )		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	1,298,411,970	1,208,370,819
36. TOTALS (Page 2, Line 26, Col. 3)	4,077,177,589	5,295,626,509

<b>DETAILS OF WRITE-INS</b>		
2301. Other liabilities	21,899,921	37,593,380
2302. Retroactive reinsurance reserve	(228,098,556)	(367,349,214)
2303. Amounts held under uninsured plans	74,585,080	116,886,896
2398. Summary of remaining write-ins for Line 23 from overflow page	16,214,148	36,816,667
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(115,399,407)	(176,052,271)
2701. Special surplus from retroactive reinsurance	125,016,522	195,160,452
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	125,016,522	195,160,452
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

<b>STATEMENT OF INCOME</b>	1	2
	Current Year	Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4)	1,180,071,328	1,819,426,106
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	730,824,610	1,111,789,964
3. Loss expenses incurred (Part 3, Line 25, Column 1)	187,101,241	277,664,702
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	327,535,678	487,301,226
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	1,245,461,529	1,876,755,892
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(65,390,201)	(57,329,786)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	165,645,009	195,676,428
10. Net realized capital gains (losses) less capital gains tax of \$ 8,194,501 (Exhibit of Capital Gains (Losses))	14,991,485	4,419,916
11. Net investment gain (loss) (Lines 9 + 10)	180,636,494	200,096,344
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 323,178 amount charged off \$ 2,447,308 )	(2,124,130)	(2,543,012)
13. Finance and service charges not included in premiums	5,649,683	8,802,663
14. Aggregate write-ins for miscellaneous income	(14,080,861)	(20,112,245)
15. Total other income (Lines 12 through 14)	(10,555,308)	(13,852,594)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	104,690,985	128,913,964
17. Dividends to policyholders	6,977,259	8,164,416
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)	97,713,726	120,749,548
19. Federal and foreign income taxes incurred	(44,359,170)	30,628,907
20. Net income (Line 18 minus Line 19) (to Line 22)	142,072,896	90,120,641
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,208,370,819	1,070,662,454
22. Net income (from Line 20)	142,072,896	90,120,641
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (5,261,923)	(10,861,978)	8,764,385
25. Change in net unrealized foreign exchange capital gain (loss)	41,929	(114,886)
26. Change in net deferred income tax	(57,583,133)	15,597,689
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	16,095,484	18,161,693
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	180,229	4,483,658
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	95,724	695,185
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	90,041,151	137,708,365
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	1,298,411,970	1,208,370,819

<b>DETAILS OF WRITE-INS</b>		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. Other income /(expense)	(15,424,325)	(28,257,868)
1402. Retroactive reinsurance gain /(loss)	1,343,464	8,145,623
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(14,080,861)	(20,112,245)
3701. Other changes in surplus	95,724	695,185
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)	95,724	695,185

## CASH FLOW

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	1,140,355,704	1,730,785,004
2. Net investment income	179,673,632	199,004,725
3. Miscellaneous income	(41,605,280)	(44,996,233)
4. Total (Lines 1 through 3)	1,278,424,056	1,884,793,496
5. Benefit and loss related payments	1,576,114,659	812,306,513
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	733,742,141	710,632,128
8. Dividends paid to policyholders	6,252,882	7,760,543
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(45,334,287)	17,273,153
10. Total (Lines 5 through 9)	2,270,775,395	1,547,972,337
11. Net cash from operations (Line 4 minus Line 10)	(992,351,339)	336,821,159
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,575,057,506	583,341,510
12.2 Stocks	21,714,202	3,551,131
12.3 Mortgage loans		
12.4 Real estate	120,469	510,756
12.5 Other invested assets	29,310,074	21,357,896
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(5,175)	
12.7 Miscellaneous proceeds		53,986,147
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,626,197,076	662,747,440
13. Cost of investments acquired (long-term only):		
13.1 Bonds	382,650,615	788,413,826
13.2 Stocks	252,337,847	83,404,288
13.3 Mortgage loans		
13.4 Real estate	4,516,279	1,769,721
13.5 Other invested assets	57,453,574	69,406,633
13.6 Miscellaneous applications	64,028,771	
13.7 Total investments acquired (Lines 13.1 to 13.6)	760,987,086	942,994,468
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	865,209,990	(280,247,028)
<b>Cash from Financing and Miscellaneous Sources</b>		
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)	119,180,843	22,813,837
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	119,180,843	22,813,837
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(7,960,506)	79,387,968
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	123,329,641	43,941,673
19.2 End of year (Line 18 plus Line 19.1)	115,369,135	123,329,641

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

20.0001.		
20.0002.		
20.0003.		

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1- PREMIUMS EARNED

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	21,956,092	22,868,781	13,710,701	31,114,172
2. Allied lines	10,065,705	8,212,697	6,197,192	12,081,210
3. Farmowners multiple peril	559,623			559,623
4. Homeowners multiple peril	106,885,297	145,090,034	92,268,205	159,707,126
5. Commercial multiple peril	15,771,761	20,741,230	12,277,047	24,235,944
6. Mortgage guaranty				
8. Ocean marine	3,304,077	1,931,796	1,899,588	3,336,285
9. Inland marine	63,916,545	6,343,904	3,996,628	66,263,821
10. Financial guaranty				
11.1 Medical malpractice - occurrence	(443)			(443)
11.2 Medical malpractice - claims-made				
12. Earthquake	3,207,486	2,670,894	2,017,802	3,860,578
13. Group accident and health	3,208			3,208
14. Credit accident and health (group and individual)				
15. Other accident and health	(24,650)	30,361	79	5,632
16. Workers' compensation	409,163,441	(6,660,661)	14,749,236	387,753,544
17.1 Other liability - occurrence	59,228,276	41,814,345	31,396,349	69,646,272
17.2 Other liability - claims-made	13,790,803	12,825,728	10,018,448	16,598,083
18.1 Products liability - occurrence	10,557,396	8,976,722	5,594,743	13,939,375
18.2 Products liability - claims-made	1,036,559	102,578	223,682	915,455
19.1, 19.2 Private passenger auto liability	154,703,878	177,316,538	111,689,715	220,330,701
19.3, 19.4 Commercial auto liability	38,788,745	27,238,806	18,485,365	47,542,186
21. Auto physical damage	22,013,665	126,902,519	80,482,510	68,433,674
22. Aircraft (all perils)	5,890,762	3,968,715	2,563,432	7,296,045
23. Fidelity	465,172	331,211	259,313	537,070
24. Surety	20,483,026	23,362,195	16,969,664	26,875,557
26. Burglary and theft	57,815	47,239	31,481	73,573
27. Boiler and machinery	227,662	345,895	182,261	391,296
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	13,519,656	999,938	1,466,154	13,053,440
31. Reinsurance-Nonproportional Assumed Liability	4,709,121	421,037	387,104	4,743,054
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
<b>34. TOTALS</b>	<b>980,280,678</b>	<b>625,882,502</b>	<b>426,866,699</b>	<b>1,179,296,481</b>

DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 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	13,691,165	19,536			13,710,701
2. Allied lines	6,172,380	24,812			6,197,192
3. Farmowners multiple peril					
4. Homeowners multiple peril	92,268,205				92,268,205
5. Commercial multiple peril	8,381,739	3,895,308			12,277,047
6. Mortgage guaranty					
8. Ocean marine	1,423,746	475,842			1,899,588
9. Inland marine	3,748,300	248,328			3,996,628
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	2,013,157	4,645			2,017,802
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	79				79
16. Workers' compensation	64,917,751	830,756	(4,553)	(50,994,718)	14,749,236
17.1 Other liability - occurrence	35,148,886	(351,049)		(3,401,488)	31,396,349
17.2 Other liability - claims-made	5,760,183	4,258,265			10,018,448
18.1 Products liability - occurrence	6,760,278	49,000		(1,214,535)	5,594,743
18.2 Products liability - claims-made	223,682				223,682
19.1, 19.2 Private passenger auto liability	111,689,715				111,689,715
19.3, 19.4 Commercial auto liability	20,173,647	505,478		(2,193,760)	18,485,365
21. Auto physical damage	80,423,683	58,892		(65)	80,482,510
22. Aircraft (all perils)	2,563,432				2,563,432
23. Fidelity	239,328	19,985			259,313
24. Surety	14,788,855	2,180,809			16,969,664
26. Burglary and theft	30,891	590			31,481
27. Boiler and machinery	172,606	9,655			182,261
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	530,308	935,846			1,466,154
31. Reinsurance-Nonproportional Assumed Liability	387,104				387,104
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	471,509,120	13,166,698	(4,553)	(57,804,566)	426,866,699
35. Accrued retrospective premiums based on experience					57,804,566
36. Earned but unbilled premiums					4,553
37. Balance (Sum of Line 34 through 36)					484,675,818

DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

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



**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1B - PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	3,578,616	22,374,772	317,553	2,579,274	1,735,575	21,956,092
2. Allied lines	1,609,651	10,723,971	228,850	1,984,044	512,723	10,065,705
3. Farmowners multiple peril		559,623				559,623
4. Homeowners multiple peril	(386,632)	106,885,297	36,605	(185,929)	(164,098)	106,885,297
5. Commercial multiple peril	14,712,943	97,866,072		91,765,481	5,041,773	15,771,761
6. Mortgage guaranty						
8. Ocean marine		3,304,077				3,304,077
9. Inland marine	323,727	63,950,801		293,625	64,358	63,916,545
10. Financial guaranty						
11.1 Medical malpractice - occurrence		(443)				(443)
11.2 Medical malpractice - claims-made						
12. Earthquake	338,139	3,585,612		1,345,506	(629,241)	3,207,486
13. Group accident and health	30,373	3,208		30,373		3,208
14. Credit accident and health (group and individual)						
15. Other accident and health		(24,650)				(24,650)
16. Workers' compensation	275,218,798	1,233,853,933	54,306,040	1,112,991,730	41,223,600	409,163,441
17.1 Other liability - occurrence	33,563,600	106,697,203	85	80,833,635	198,977	59,228,276
17.2 Other liability - claims-made	764,045	13,790,804		663,411	100,635	13,790,803
18.1 Products liability - occurrence	2,934,295	22,711,339		15,088,238		10,557,396
18.2 Products liability - claims-made		1,036,559				1,036,559
19.1, 19.2 Private passenger auto liability	(46)	154,703,878	(2)	(48)		154,703,878
19.3, 19.4 Commercial auto liability	21,291,941	112,422,916	723,811	91,438,286	4,211,637	38,788,745
21. Auto physical damage	4,205,926	38,140,842	13,427	20,328,285	18,245	22,013,665
22. Aircraft (all perils)		5,890,762				5,890,762
23. Fidelity	100,236	481,028		116,092		465,172
24. Surety	10,900	20,483,026		(26,018)	36,918	20,483,026
26. Burglary and theft	100,297	72,908	742	109,272	6,860	57,815
27. Boiler and machinery	589,686	225,793		(22,403)	610,220	227,662
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	13,519,656				13,519,656
31. Reinsurance-Nonproportional Assumed Liability	X X X	4,709,121	15,898		15,898	4,709,121
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	358,986,495	2,037,968,108	55,643,009	1,419,332,854	52,984,080	980,280,678

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 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 \$ 268,028,599  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 263,724,102

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	7,306,386	22,922,787	8,204,341	22,024,832	6,915,188	15,384,192	13,555,828	43.568
2. Allied lines	66,084,496	13,918,209	66,506,958	13,495,747	3,749,593	9,938,400	7,306,940	60.482
3. Farmowners multiple peril		18,884		18,884	2,327	26,913	(5,702)	(1.019)
4. Homeowners multiple peril	(528)	93,177,075	58,889	93,117,658	42,280,373	52,176,506	83,221,525	52.109
5. Commercial multiple peril	20,483,127	65,828,143	57,664,246	28,647,024	26,347,012	49,833,498	5,160,538	21.293
6. Mortgage guaranty								
8. Ocean marine		4,240,668		4,240,668	4,608,526	6,306,901	2,542,293	76.201
9. Inland marine	(47,003)	43,185,745	(47,003)	43,185,745	10,494,615	11,966,481	41,713,879	62.951
10. Financial guaranty								
11.1 Medical malpractice - occurrence		25,249		25,249	34,345	66,205	(6,611)	1,492.325
11.2 Medical malpractice - claims - made								
12. Earthquake	315	(18,500)	315	(18,500)	25,352	(49,583)	56,435	1.462
13. Group accident and health	1,447,040	285,305	1,447,040	285,305	305,482	543,757	47,030	1,466.022
14. Credit accident and health (group and individual)								
15. Other accident and health		279,274		279,274	240,183	510,589	8,868	157.457
16. Workers' compensation	230,065,299	1,064,139,750	571,442,001	722,763,048	973,492,687	1,410,657,637	285,598,098	73.655
17.1 Other liability - occurrence	49,861,688	156,683,555	64,734,205	141,811,038	203,950,402	281,740,175	64,021,265	91.923
17.2 Other liability - claims - made	216,316	21,888,340	216,316	21,888,340	33,245,884	45,762,992	9,371,232	56.460
18.1 Products liability - occurrence	31,632,694	35,002,721	35,606,234	31,029,181	40,923,435	67,042,306	4,910,310	35.226
18.2 Products liability - claims - made	133,010	698,874	133,010	698,874	1,421,728	1,811,400	309,202	33.776
19.1, 19.2 Private passenger auto liability	(9)	246,464,648	(10)	246,464,649	177,507,524	295,077,872	128,894,301	58.500
19.3, 19.4 Commercial auto liability	17,138,143	86,403,546	42,316,189	61,225,500	66,695,920	96,568,044	31,353,376	65.949
21. Auto physical damage	2,894,699	43,456,456	13,228,638	33,122,517	(584,443)	(5,708,383)	38,246,457	55.888
22. Aircraft (all perils)		7,882,098		7,882,098	7,073,080	11,105,728	3,849,450	52.761
23. Fidelity	(182,820)	957,307	(182,820)	957,307	1,047,385	2,361,651	(356,959)	(66.464)
24. Surety	(442,021)	8,278,213	(442,021)	8,278,213	10,706,221	14,218,414	4,766,020	17.734
26. Burglary and theft	28,335	80,978	28,358	80,955	(3,470)	201,245	(123,760)	(168.214)
27. Boiler and machinery	92,409	10,731	92,409	10,731	(28,677)	28,600	(46,546)	(11.895)
28. Credit		842		842	652	2,247	(753)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	12,089,850		12,089,850	8,585,608	20,017,246	658,212	5.042
31. Reinsurance-Nonproportional Assumed Liability	X X X	62,302,265	34,349,055	27,953,210	39,874,114	58,606,592	9,220,732	194.405
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	386,512		386,512	477,986	590,264	274,234	
33. Aggregate write-ins for other lines of business								
34. TOTALS	426,711,576	1,990,589,525	895,356,350	1,521,944,751	1,659,389,032	2,446,787,889	734,545,894	62.287

**DETAILS OF WRITE-INS**

3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	4,504,955	5,526,700	4,558,557	5,473,098	2,882,077	1,077,570	2,517,557	6,915,188	1,414,725
2. Allied lines	375,196	2,792,886	405,544	2,762,538	4,090,054	1,057,189	4,160,187	3,749,594	769,959
3. Farmowners multiple peril		2,327		2,327				2,327	8,874
4. Homeowners multiple peril	2,047	26,358,518	34,393	26,326,172		15,955,392	1,190	42,280,374	9,709,368
5. Commercial multiple peril	24,374,282	66,706,314	74,882,829	16,197,767	33,385,559	57,888,636	81,124,951	26,347,011	9,697,856
6. Mortgage guaranty									
8. Ocean marine		2,302,884	24,022	2,278,862	1,927,677	2,329,665	1,927,677	4,608,527	1,015,731
9. Inland marine	772,026	4,296,395	772,026	4,296,395	753,337	6,203,803	758,920	10,494,615	902,467
10. Financial guaranty									
11.1 Medical malpractice - occurrence	5,000	50,404	5,000	50,404		(16,059)		34,345	2,254
11.2 Medical malpractice - claims - made									
12. Earthquake	181	17,686	181	17,686	(36)	179,815	172,113	25,352	2,629
13. Group accident and health	7,204,713	121,833	7,204,713	121,833	15,000	183,649	15,000	(a) 305,482	25,132
14. Credit accident and health (group and individual)									
15. Other accident and health		17,561		17,561		222,621		(a) 240,182	9,261
16. Workers' compensation	957,759,495	1,246,997,496	1,663,538,977	541,218,014	538,669,780	1,208,228,615	1,314,623,723	973,492,686	126,148,333
17.1 Other liability - occurrence	126,806,878	125,685,868	156,681,894	95,810,852	626,723,952	134,085,268	652,669,671	203,950,401	80,636,177
17.2 Other liability - claims - made	1,417,152	8,245,389	1,417,152	8,245,389	4,636,644	25,000,495	4,636,644	33,245,884	11,348,517
18.1 Products liability - occurrence	128,138,991	19,578,235	138,182,736	9,534,490	86,469,115	45,897,886	100,978,056	40,923,435	26,051,588
18.2 Products liability - claims - made	417,051	55,705	417,051	55,705	83,795	1,366,023	83,795	1,421,728	633,488
19.1, 19.2 Private passenger auto liability	46	115,346,466	128,967	115,217,545	42	62,289,980	42	177,507,525	45,536,999
19.3, 19.4 Commercial auto liability	22,473,959	81,032,665	66,183,825	37,322,799	4,491,448	60,899,665	36,017,993	66,695,919	12,201,002
21. Auto physical damage	(145)	35,419	15,889	19,385	293	(603,128)	993	(584,443)	6,449,702
22. Aircraft (all perils)		5,323,713	34,214	5,289,499	57,787	1,783,582	57,787	7,073,081	1,096,947
23. Fidelity	42,611	225,214	42,611	225,214	276,203	825,329	279,360	1,047,386	337,095
24. Surety	376,474	1,450,226	376,474	1,450,226	3,693,770	9,256,604	3,694,380	10,706,220	2,948,082
26. Burglary and theft	11,107	1,766	11,117	1,756	14,668	(4,639)	15,255	(3,470)	133,734
27. Boiler and machinery	235,000	22,854	235,000	22,854	53,194	(68,729)	35,996	(28,677)	25,781
28. Credit						652		652	34
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	14,591,362	9,333,532	5,257,830	X X X	3,327,778		8,585,608	152,879
31. Reinsurance-Nonproportional Assumed Liability	X X X	167,919,856	152,581,405	15,338,451	X X X	580,185,692	555,650,029	39,874,114	1,626,526
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	445,730		445,730	X X X	32,256		477,986	67,907
33. Aggregate write-ins for other lines of business									
34. TOTALS	1,274,917,019	1,895,151,472	2,277,068,109	893,000,382	1,308,224,359	2,217,585,610	2,759,421,319	1,659,389,032	338,953,047

10

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 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	16,828,437			16,828,437
1.2 Reinsurance assumed	148,431,534			148,431,534
1.3 Reinsurance ceded	77,297,215			77,297,215
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	87,962,756			87,962,756
2. Commission and brokerage:				
2.1 Direct, excluding contingent		22,987,320		22,987,320
2.2 Reinsurance assumed, excluding contingent		86,222,700		86,222,700
2.3 Reinsurance ceded, excluding contingent		102,205,722		102,205,722
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed		12,638,264		12,638,264
2.6 Contingent-reinsurance ceded		81,621		81,621
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)		19,560,941		19,560,941
3. Allowances to manager and agents		4,760,484		4,760,484
4. Advertising	1,752,860	15,740,370	5,758	17,498,988
5. Boards, bureaus and associations	246,885	2,406,586	63	2,653,534
6. Surveys and underwriting reports	19,442	2,926,681	1,134	2,947,257
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	56,398,976	126,219,986	873,662	183,492,624
8.2 Payroll taxes	3,010,223	9,336,149	40,890	12,387,262
9. Employee relations and welfare	10,999,979	33,804,646	53,349	44,857,974
10. Insurance	5,319,406	879,911	8,301	6,207,618
11. Directors' fees		20,057		20,057
12. Travel and travel items	3,501,398	9,320,800	14,469	12,836,667
13. Rent and rent items	3,740,713	10,986,735	12,216	14,739,664
14. Equipment	2,946,926	9,002,959	15,584	11,965,469
15. Cost or depreciation of EDP equipment and software	590,868	4,516,968	4,689	5,112,525
16. Printing and stationery	661,582	2,097,873	2,162	2,761,617
17. Postage, telephone and telegraph, exchange and express	2,271,695	6,891,708	4,188	9,167,591
18. Legal and auditing	319,691	2,111,291	116,761	2,547,743
19. Totals (Lines 3 to 18)	91,780,644	241,023,204	1,153,226	333,957,074
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 834,600		44,349,682		44,349,682
20.2 Insurance department licenses and fees		1,203,507		1,203,507
20.3 Gross guaranty association assessments		(8,238)		(8,238)
20.4 All other (excluding federal and foreign income and real estate)		1,724,440		1,724,440
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		47,269,391		47,269,391
21. Real estate expenses			3,736,472	3,736,472
22. Real estate taxes			1,028,854	1,028,854
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	7,357,840	19,682,143	81,601	27,121,584
25. Total expenses incurred	187,101,240	327,535,679	6,000,153 (a)	520,637,072
26. Less unpaid expenses-current year	338,953,050	97,346,511	1,114,412	437,413,973
27. Add unpaid expenses-prior year	501,555,668	152,924,108	1,141,341	655,621,117
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year		21,079		21,079
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	349,703,858	383,134,355	6,027,082	738,865,295

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	3,487,546			3,487,546
2402. Other expenses	3,870,294	19,682,143	81,601	23,634,038
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	7,357,840	19,682,143	81,601	27,121,584

(a) Includes management fees of \$ 1,224,545 to affiliates and \$ 5,700,108 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 12,223,672	10,860,748
1.1 Bonds exempt from U.S. tax	(a) 43,607,435	44,095,922
1.2 Other bonds (unaffiliated)	(a) 110,946,119	100,613,779
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 5,184,406	5,026,123
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 7,499,906	7,499,906
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 4,796,906	4,604,808
7. Derivative instruments	(f)	
8. Other invested assets	1,591,310	1,591,310
9. Aggregate write-ins for investment income	157,534	157,534
10. Total gross investment income	186,007,288	174,450,130
11. Investment expenses		(g) 6,000,152
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 1,044,349
14. Depreciation on real estate and other invested assets		(i) 1,760,620
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		8,805,121
17. Net investment income (Line 10 minus Line 16)		165,645,009
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income/(Expenses)	157,534	157,534
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	157,534	157,534
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 \$ 3,242,893 accrual of discount less \$ 3,955,181 amortization of premium and less \$ 845,939 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 \$ 7,397,735 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 586,203 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 1,760,620 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	(1,090,562)		(1,090,562)		
1.1 Bonds exempt from U.S. tax	419		419		
1.2 Other bonds (unaffiliated)	719,610		719,610	(7,016,158)	41,929
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(34,326)		(34,326)	(20,381,485)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	11,177,122		11,177,122	(211,578)	
2.21 Common stocks of affiliates				(1,462,374)	
3. Mortgage loans					
4. Real estate	119,743		119,743		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(5,175)		(5,175)		
7. Derivative instruments					
8. Other invested assets	14,851,172	(2,552,018)	12,299,154	12,947,694	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	25,738,003	(2,552,018)	23,185,985	(16,123,901)	41,929

<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	4,286,000		(4,286,000)
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. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)	4,286,000		(4,286,000)
11. Title plants ( for Title insurers only )			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	4,701,690	5,018,793	317,103
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	504	807	303
13.3 Accrued retrospective premiums	6,725,562	12,182,634	5,457,072
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	321,157	514,874	193,717
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	93,579,987	106,727,534	13,147,547
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	99,124	130,015	30,891
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	3,534,076	4,576,852	1,042,776
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	113,248,100	129,151,509	15,903,409
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	113,248,100	129,151,509	15,903,409

<b>DETAILS OF WRITE-INS</b>			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	2,190,824	2,436,300	245,476
2302. Amounts billed and receivable under high deductible policies	1,343,252	2,140,552	797,300
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,534,076	4,576,852	1,042,776

---

## 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 \$48,746,200.

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

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

#### C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market 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 market as specified by the SVO Manual.
3. Common stocks are carried at market value, except that investments in stocks of subsidiaries, controlled and affiliated companies ("SCA") are carried according to Note 1C(7).
4. Preferred stocks are carried at cost or market as specified by the SVO Manual.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or market based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company carries its investments in SCA companies in accordance with SSAP No. 97, *Investment in Subsidiaries, Controlled Entities and Affiliates*, and the SVO Manual. Schedule D Part 6-Section 1 illustrates the valuation method used for each SCA company.
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. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.
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 2007.
13. The Company has no pharmaceutical rebate receivables.

### **Note 2- Accounting Changes and Correction of Errors**

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

## NOTES TO FINANCIAL STATEMENTS

### **Note 3- Business Combinations and Goodwill**

- A. On August 24, 2007, the Company and certain affiliates acquired all of the issued and outstanding voting securities of Ohio Casualty Corporation a holding company, which is the upstream parent of six property casualty insurance companies. The Company holds an 8% ownership interest in Ohio Casualty Corporation, at a cost of \$222,756,810.

Statutory Purchase Method:

<u>Acquired Company</u>	<u>Date of Acquisition</u>	<u>% Ownership</u>	<u>Cost</u>	<u>Unamortized Goodwill</u> <u>December 31, 2007</u>	<u>Goodwill Amortization</u> <u>December 31, 2007</u>
Ohio Casualty Corporation	August 24, 2007	8%	\$222,756,810	\$113,877,062	\$4,191,431

- B. Statutory Mergers

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

- C. Impairment Loss

Not applicable

### **Note 4- Discontinued Operations**

The Company has no discontinued operations to report.

### **Note 5- Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

- B. Troubled Debt Restructuring for Creditors

Not applicable

- C. Reverse Mortgages

The Company has no reverse mortgages.

- D. Loan-Backed Securities

1. The Company elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.
2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
3. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

- E. Repurchase Agreements

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

- F. Real Estate

1. The Company did not incur any impairments on real estate during the year.
2. The Company does not engage in retail land sale operations.

- G. Investments in Low Income Housing Tax Credits

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

### **Note 6- Joint Ventures, Partnerships & Limited Liability Companies**

- A. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

- B. 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 asset leads to impairment losses being recognized by management. The Company realized impairment losses of \$2,552,018 during the year.

### **Note 7- Investment Income**

- A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from Surplus.



## NOTES TO FINANCIAL STATEMENTS

### B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2007.

### Note 8- Derivative Instruments

The Company maintains an active Derivative Use Policy (approved in 2004 by the State of New York). There are no current derivatives holdings or current year derivatives transactions executed under this policy. However, the company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

### Note 9 - Income Taxes

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

	December 31, 2007	December 31, 2006	Change
Total of gross deferred tax assets	227,758,000	279,163,000	(51,405,000)
Total of deferred tax liabilities	(43,342,210)	(42,426,000)	(916,210)
Net deferred tax asset	184,415,790	236,737,000	(52,321,210)
Net deferred tax asset non-admitted	(93,579,987)	(106,727,534)	13,147,547
Net admitted deferred tax asset	90,835,803	130,009,466	(39,173,663)

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

	2007	2006
Federal tax on operations	(44,359,170)	47,141,599
Net operating loss benefit	0	(16,640,923)
Foreign tax on operations	0	128,231
Income tax incurred on operations	(44,359,170)	30,628,907
Tax on capital gains	8,194,501	2,363,972
Total income tax incurred	(36,164,669)	32,992,879

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation, investment impairments and statutory non-admitted assets.

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

	2007
Change in net deferred income tax (without unrealized gain or loss)	(57,583,133)
Tax effect of unrealized (gains) losses	5,261,923
Total change in net deferred income tax	(52,321,210)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, non-deductible penalties, officer's life insurance, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is none from the current year and \$26,027,000 from the preceding year.

The Company has no net loss carryforward available to offset future net income subject to Federal income taxes.

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

Access Insurance Services, Co.	Liberty Mutual Group Inc.
Ambco Capital Corporation	Liberty Mutual Holding Company, Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyds Insurance Company	Liberty Mutual Managed Care, Inc.
American Ambassador Casualty Company	Liberty Mutual Personal Insurance Company
American Fire & Casualty Insurance Company *	Liberty Northwest Insurance Corporation
Avomark Insurance Company *	Liberty Personal Insurance Company
Berkeley Holding Company Associates, Inc.	Liberty RE (Bermuda) Limited
Berkeley Management Corporation	Liberty Real Estate Corporation
Bridgefield Casualty Insurance Company	Liberty Sponsored Insurance (Vermont) Inc.
Bridgefield Employers Insurance Company	Liberty Surplus Insurance Corporation
Capitol Agency, Inc. (Arizona corporation)	Liberty-USA Corporation
Capitol Agency, Inc. (Ohio corporation)	LIH-Re of America Corporation
Capitol Agency, Inc. (Tennessee corporation)	LIH U.S. P&C Corporation
Cascade Disability Management, Inc.	LIIA Insurance Agency, Inc.
Colorado Casualty Insurance Company	LIU Specialty Insurance Agency, Inc.
Companies Agency Insurance Services of California	LLS Insurance Agency of Nevada, Inc.
Companies Agency of Alabama, Inc.	LM General Insurance Company

**NOTES TO FINANCIAL STATEMENTS**

Companies Agency of Georgia, Inc.	LM Insurance Corporation
Companies Agency of Kentucky, Inc.	LM Personal Insurance Company
Companies Agency of Massachusetts, Inc.	LM Property & Casualty Insurance Company
Companies Agency of Michigan, Inc.	LMHC Massachusetts Holding, Inc.
Companies Agency of New York, Inc.	LRE Properties, Inc.
Companies Agency of Pennsylvania, Inc.	Mid-American Agency, Inc.
Companies Agency of Phoenix, Inc.	Mid-American Fire and Casualty Company
Consolidated Insurance Company	Missouri Agency, Inc.
Copley Venture Capital, Inc.	North Pacific Insurance Company
Countrywide Services Corporation	Oregon Automobile Insurance Company
Diversified Settlements, Inc.	OCASCO Budget, Inc *
Employers Insurance Company of Wausau	OCI Printing, Inc.*
Excelsior Insurance Company	Ohio Casualty Corporation *
Florida State Agency, Inc.	Ohio Casualty Insurance Company *
Globe American Casualty Company	Ohio Casualty of New Jersey, Inc *
Golden Eagle Insurance Corporation	Ohio Life Brokerage Services, Inc.*
Gulf States AIF, Inc.	Ohio Security Insurance Company *
Hawkeye-Security Insurance Company	Peerless Indemnity Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	Peerless Insurance Company
Helmsman Insurance Agency of Texas, Inc.	San Diego Insurance Company
Heritage-Summit Healthcare of Florida, Inc.	State Agency, Inc. (Indiana corporation)
Indiana Insurance Company	State Agency, Inc. (Wisconsin corporation)
LEXCO Limited	St. James Insurance Company
Liberty Assignment Corporation	Summit Consulting, Inc.
Liberty Energy Canada, Inc. *	Summit Consulting, Inc. of Louisiana
Liberty Financial Services, Inc.	Summit Holding Southeast, Inc.
Liberty Hospitality Group, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Company of America	The Midwestern Indemnity Company
Liberty Insurance Corporation	The National Corporation
Liberty Insurance Holdings, Inc.	The Netherlands Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Service Corporation
Liberty Life Assurance Company of Boston	Wausau Signature Agency, Inc.
Liberty Life Holdings, Inc.	Wausau Business Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau General Insurance Company
Liberty Management Services, Inc.	Wausau Underwriters Insurance Company
Liberty Mexico Holdings, Inc.	West American Insurance Company *
Liberty Mutual Fire Insurance Company	

\* This company joined the consolidated group in 2007 and its activity from the date it joined the group is included in the consolidated return.

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

**Note 10- Information concerning Parent, Subsidiaries and Affiliates**

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group, Inc. ("LMGI"). LMGI is owned 100% by LMHC Massachusetts Holdings, Inc. ("LMHC MHI") and LMHC MHI is owned 100% by Liberty Mutual Holding Company, Inc. ("LMHCI").
- B. Transactions entered into by the company with its affiliates are described on scheduled Y Part 2.
- C. Refer to Note 25.
- D. At December 31, 2007, the Company reported \$8,555,503 net due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated an undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 25 for information regarding the Inter-Company Reinsurance Agreement.

There is a "Service Agreement" between the Company and an affiliate, 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 has an investment services agreement with LMIC. LMIC is reimbursed for the costs of all services which it provides under these agreements. The Company Received \$45,334,287 under the LMIC Tax Sharing Agreement and paid \$1,224,545 under the LMIC investment services agreement. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (See Note 25), the expenses incurred under the Liberty Mutual management service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

The Company entered into an agreement for a loan or extension of credit effective May 22, 2006; namely 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, 2007, 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).

## NOTES TO FINANCIAL STATEMENTS

---

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in SCA companies greater than 10% of its admitted assets.
- J. Impairment of subsidiaries  
The Company did not recognize any impairment write down for its SCA companies during the statement period.
- K. The Company does not hold investments in foreign subsidiaries.
- L. The Company did not utilize the look-through approach for the valuation of its downstream non insurance holding company.

### **Note 11- Debt**

The Company entered into a short term borrowing arrangement on June 15, 2007. The principal amount borrowed was \$80,000,000 at a rate of 5.85%. The loan was paid off on December 14, 2007. Interest paid on this loan in 2007 was \$1,044,349.

### **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 10 F.

### **Note 13- Capital and Surplus, Dividend restrictions and Quasi-Reorganizations**

- 1. Common Stock  
The Company has 5,000,000 shares authorized, issued, and outstanding as of December 31, 2007. All shares have a stated par value of \$1.00.
- 2. Preferred Stock  
Not applicable
- 3. Dividend Restrictions  
There are no dividend restrictions.
- 4. 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 2008 is \$129,841,197.
- 5. As of December 31, 2007, the Company has pre-tax restricted surplus of \$125,016,522 resulting from retroactive reinsurance contracts.
- 6. The Company had no advances to surplus.
- 7. Stock held for special purpose  
The Company did not hold stock for special purposes.
- 8. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2007.
- 9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$(3,885,113).
- 10. Surplus Notes  
Not applicable
- 11. Quasi re-organization (dollar impact)  
Not applicable
- 12. Quasi re-organization (effective date)  
Not applicable
- 13. The Company did not pay a dividend to its parent during 2007.

## NOTES TO FINANCIAL STATEMENTS

### Note 14- Contingencies

#### A. Contingent Commitments

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

#### 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 fund and other assessments of \$27,418,574 that is offset by future premium tax credits of \$3,893,605. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2007.

During 2007 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	\$ 3,193,601

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 [ ]

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2008	\$3,653,413	\$10,050,929
2009	3,103,814	9,379,680
2010	2,173,785	6,909,868
2011	572,162	3,808,048
2012	-	2,541,826
2013 & thereafter	-	17,934,964
Total	<u>\$9,503,174</u>	<u>\$50,625,315</u>

---

## NOTES TO FINANCIAL STATEMENTS

---

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

Not applicable

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

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

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

- A. Transfers of Receivables reported as sales:

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

- B. Transfers and servicing of financial assets:

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income 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. 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 a 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, 2007 the total market value of fixed maturities on loan was \$34,418,728 with corresponding collateral value of \$35,947,064 of which \$16,214,147 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 over actual expenses on uninsured plans and the net gain was \$79,205. Claim payment volume was \$3,672,683.

- 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 through managing general agents or third party administrators.

**Note 20- Other Items**

- A. The Company has no extraordinary items to report.

- B. Troubled Debt Restructuring for Debtors

Not applicable

- C. Other Disclosures

- 1) Florida Special Disability Trust Fund

- a) The Company did not take a credit in the determination of its loss reserves in 2007 and 2006.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$2,601,653 and \$3,085,767 in 2007 and 2006, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$690,889 and \$804,882, in 2007 and 2006, respectively.

- 2) Assets in the amount of \$356,825,214 and \$347,409,200 as of December 31, 2007 and 2006, respectively, were on deposit with government authorities or trustees as required by law.

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

## NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

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

H. Hybrid Securities

The Company currently owns the following securities meeting the NAIC definition of "Hybrid Securities" per SVO report 9B. These are all NAIC Class 1 securities reported on Schedule D1.

<u>CUSIP</u>	<u>Issuer</u>	<u>Description</u>	<u>Book/Adjusted Carrying Value</u>
05563RAA6	Bank of NY Capital	Redeemable Preferred	\$4,580,828
065912AA5	BankAmerica Instit-B	Redeemable Preferred	\$6,868,614
338899AA5	Fleet Capital Trust II	Redeemable Preferred	\$ 984,142

I. Sub-Prime Lending

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

**Note 21- Events Subsequent**

There were no events subsequent to December 31, 2007 that would require disclosure.

**Note 22- Reinsurance**

- A. Excluding amounts arising pursuant to the inter-company reinsurance agreement, as described in Note 25, the following are the unsecured reinsurance recoverables of an individual reinsurer which exceed 3% of policyholders surplus.

<u>Reinsurer</u>	<u>NAIC Co.</u>	<u>Fed ID #</u>	<u>Recoverable Amount</u>
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			\$1,788,072,000
National Workers' Compensation Reins Pool		AA-9992118	\$190,980,000
U.S. Aircraft Insurance Group		AA-9995043	\$155,107,000
Swiss Re Group			
Employers Reinsurance Corporation	39845	48-0921045	
Facility Insurance Corporation	10818	74-1194354	
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Life and Health America	82627	06-0839705	
Swiss Reinsurance Co. Canada		AA-1560160	
Swiss Reinsurance Co. (UK) Ltd		AA-1121400	
Westport Insurance Corporation	34207	13-1941868	
Total Swiss Re Group			\$122,497,000
Minnesota WCRA		AA-9991423	\$102,174,000
Lloyd's Underwriters		AA-1122000	\$62,123,000
Partner Reinsurance Company of the US	38636	13-3031176	\$46,554,000

- B. 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. 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, 2007.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	781,007,784	20,053,992	398,419,673	26,773,960	382,588,111	(6,719,968)
All Other	16,190,936	5,098,542	10,745,729	613,581	5,445,207	4,484,961
Total	797,198,720	25,152,534	409,165,402	27,387,541	388,033,318	(2,235,007)

Direct Unearned Premium Reserve: \$96,642,505

## NOTES TO FINANCIAL STATEMENTS

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, 2007 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	0	12,876,126	0	12,876,126
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(19,500,000)	0	(19,500,000)
Totals	0	(6,623,874)	0	(6,623,874)

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

D. The Company did not write off any uncollectible balances in 2007.

E. The Company has not recorded any commutations in the current year.

F. The Company has one assumed and five ceded retroactive contracts that transferred liabilities for loss that had already occurred. The impact of the Inter-Company Reinsurance Agreement with LMIC is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(231,088,478)	\$0
	2. Adjustment – Prior Year(s)	20,960,170	0
	3. Adjustment – Current Year	1,529,753	0
	4. Total	\$(208,598,555)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(108,387,100)	\$0
	2. Adjustment – Prior Year(s)	(5,170,463)	0
	3. Adjustment – Current Year	(100,800)	0
	4. Total	\$(113,658,363)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$(3,933,587)	\$0
	2. Adjustment – Prior Year(s)	(22,474,415)	0
	3. Adjustment – Current Year	(4,472,728)	0
	4. Total	\$(30,880,730)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$126,634,965	\$0
	2. Adjustment – Prior Year(s)	(3,656,218)	0
	3. Adjustment – Current Year	2,842,175	0
	4. Total	125,016,522	\$0
	5. Cumulative Total Transferred To Unassigned Funds	\$804,400	
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(208,598,555)	\$(5,924,592)
	GE Reins Corp, 22969		5,474,858
	Arlington Insurance Co, 98-0405213		438,447
	Other		11,287

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.

F. There are no contracts recorded as deposit accounting.

### **Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.

D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	\$57,804,566
Less: Non-admitted amount	6,725,562
Admitted amount	<u>\$51,079,004</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributed to insured events in prior years have increased in 2007 as a result of unfavorable loss development trends in the workers compensation and asbestos and environmental lines of business, partially offset by favorable development in the personal auto and commercial multiple peril lines of business. Original estimates are revised as additional information becomes known regarding individual claims.

### Note 25- Intercompany Pooling Arrangements

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

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	75.90%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	10.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	All Lines
	Liberty Insurance Corporation (LIC)	42404	3.00%	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
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	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
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines

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



## NOTES TO FINANCIAL STATEMENTS

- (h) Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2007, the Liberty Mutual Pool participation percentages were revised as follows:

	2007	2006
Liberty Mutual Insurance Company	75.9%	66.5%
Employers Insurance Company of Wausau	10.0%	16.0%
Liberty Insurance Corporation	3.0%	6.0%
Wausau General Insurance Company	0.0%	0.4%

### **Note 26- Structured Settlements**

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$108,612,194 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 \$108,612,194 as of December 31, 2007.
- 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:

<u>Life Insurance Company &amp; Location</u>	<u>Licensed in Company's State of Domicile (Yes/No)</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$52,363,576
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$32,697,946
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$15,538,442

### **Note 27 - Health Care Receivables**

Not applicable

### **Note 28 - Participating Policies**

Not applicable

### **Note 29 - Premium Deficiency Reserves**

As of December 31, 2007, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

### **Note 30- High Dollar Deductible Policies**

As of December 31, 2007, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$481,228,765 and the amount billed and recoverable on paid claims was \$24,235,156.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on 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, 2007, liabilities include \$357,434,944 of liabilities carried at a discounted value of \$220,957,302 representing a discount of \$136,477,642.

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

### **Note 32 - Asbestos/Environmental Reserves**

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

Upon the Company's de-affiliation from the Nationwide Group and re-affiliation with LMIC, the Company, WBIC, WGIC, and WUIC entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for 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

## NOTES TO FINANCIAL STATEMENTS

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 collectibility of reinsurance.

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

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

In the third quarter of 2007, the Company completed its comprehensive 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. The result of the study, which reflects management's best estimate of the reserve requirement, is in the table below.

### Uncertainty Regarding Reserving Methodologies

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

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

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

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

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

### Asbestos:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Direct Basis</b>					
Beginning Reserves	147,906,201	157,842,909	170,246,247	199,825,014	184,976,045
Incurred losses and LAE	42,701,592	41,207,366	55,423,884	10,051,868	23,120,247
Calendar year payments	32,764,884	28,804,028	25,845,117	24,900,837	39,865,589
Ending Reserves	157,842,909	170,246,247	199,825,014	184,976,045	168,230,703
<b>Assumed Reinsurance Basis</b>					
Beginning Reserves	18,695,699	26,225,890	48,959,084	51,387,983	54,346,270
Incurred losses and LAE	11,524,008	26,204,018	5,444,439	4,881,097	19,164,651
Calendar year payments	3,993,817	3,470,824	3,015,540	1,922,810	2,685,759
Ending Reserves	26,225,890	48,959,084	51,387,983	54,346,270	70,825,162
<b>Net of Ceded Reinsurance Basis</b>					
Beginning Reserves	96,001,400	112,458,900	95,146,808	104,235,591	89,702,224
Incurred losses and LAE	31,300,300	353,194	21,936,876	1,220,418	8,512,624
Calendar year payments	14,842,800	17,665,286	12,848,093	15,753,785	18,481,360
Ending Reserves	112,458,900	95,146,808	104,235,591	89,702,224	79,733,488

---

**NOTES TO FINANCIAL STATEMENTS**


---

<b>Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)</b>	
Direct Basis	89,676,756
Assumed Reinsurance Basis	56,933,403
Net of Ceded Reinsurance Basis	35,889,340
<b>Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)</b>	
Direct Basis	58,031,289
Assumed Reinsurance Basis	424,146
Net of Ceded Reinsurance Basis	20,858,719

<b>Environmental:</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Direct Basis</b>					
Beginning Reserves	44,650,400	32,170,537	71,018,037	68,599,730	50,551,386
Incurred losses and LAE	(5,487,659)	46,012,343	15,856,610	4,785,075	588,119
Calendar year payments	6,992,204	7,164,843	18,274,917	22,833,419	6,052,155
Ending Reserves	<u>32,170,537</u>	<u>71,018,037</u>	<u>68,599,730</u>	<u>50,551,386</u>	<u>45,087,350</u>
<b>Assumed Reinsurance Basis</b>					
Beginning Reserves	11,786,700	5,591,663	7,088,498	5,231,929	4,794,713
Incurred losses and LAE	(5,632,241)	2,033,774	(1,223,027)	88,103	147,542
Calendar year payments	562,796	536,939	633,542	525,319	856,735
Ending Reserves	<u>5,591,663</u>	<u>7,088,498</u>	<u>5,231,929</u>	<u>4,794,713</u>	<u>4,085,520</u>
<b>Net of Ceded Reinsurance Basis</b>					
Beginning Reserves	30,645,900	25,773,800	52,671,344	42,682,147	39,536,597
Incurred losses and LAE	(800,000)	31,598,590	50,936	2,020,074	981,902
Calendar year payments	4,072,100	4,701,046	10,040,133	5,165,624	4,154,907
Ending Reserves	<u>25,773,800</u>	<u>52,671,344</u>	<u>42,682,147</u>	<u>39,536,597</u>	<u>36,363,592</u>

<b>Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)</b>	
Direct Basis	29,762,114
Assumed Reinsurance Basis	2,416,197
Net of Ceded Reinsurance Basis	24,481,690
<b>Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)</b>	
Direct Basis	19,147,410
Assumed Reinsurance Basis	60,329
Net of Ceded Reinsurance Basis	13,356,798

**Note 33- Subscriber Savings Accounts**

The Company is not a reciprocal insurance company.

**Note 34 - Multiple Peril Crop Insurance**

Not applicable

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	48,202,082	1.466	48,202,082	1.468
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	47,708,684	1.451	47,708,684	1.453
1.22 Issued by U.S. government sponsored agencies	65,572,821	1.994	65,572,821	1.997
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	34,913,374	1.062	34,913,374	1.063
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	267,592,841	8.139	267,592,841	8.150
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	178,088,083	5.417	178,088,083	5.424
1.43 Revenue and assessment obligations	570,250,974	17.344	570,250,974	17.367
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	14,916,962	0.454	14,916,962	0.454
1.512 Issued or guaranteed by FNMA and FHLMC	218,341,420	6.641	218,341,420	6.650
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	342,104,447	10.405	342,104,447	10.419
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	41,011,219	1.247	41,011,219	1.249
1.523 All other	138,689,492	4.218	138,689,492	4.224
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	632,913,880	19.250	632,913,880	19.276
2.2 Unaffiliated foreign securities	58,748,887	1.787	58,748,887	1.789
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	74,847,613	2.277	74,847,613	2.280
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	81,308,129	2.473	81,308,129	2.476
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	334		334	
3.4 Other equity securities:				
3.41 Affiliated	221,294,436	6.731	217,008,436	6.609
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	22,337,716	0.679	22,337,716	0.680
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	2,237,048	0.068	2,237,048	0.068
8. Cash, cash equivalents and short-term investments	40,521,522	1.232	40,521,522	1.234
9. Other invested assets	186,190,086	5.663	186,190,086	5.670
10. Total invested assets	3,287,792,050	100.000	3,283,506,050	100.000

## 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: 12/31/2004
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 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

- 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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0%
- 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. .....

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 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. 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? Roy K. Morell  
 175 Berkeley Street, Boston, MA 02116  
 Officer of Liberty Mutual Insurance Company

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

- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

St. James/Arlington Real Estate LP  
2  
 \$ 15,248,796

11.2 If yes, provide explanation Employers Insurance Company of Wausau indirectly owns 3% of St. James/Arlington Real Estate LP

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

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

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

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

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

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

Yes [X] No [ ]

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

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

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

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

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

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

### BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

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

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

### FINANCIAL

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

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

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

\$ 0  
 \$ 0  
 \$ 0

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

- 18.21 To directors or other officers
- 18.22 To stockholders not officers
- 18.23 Trustees, supreme or grand (Fraternal only)

\$ 0  
 \$ 0  
 \$ 0

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- |       |                      |    |   |
|-------|----------------------|----|---|
| 19.21 | Rented from others   | \$ | 0 |
| 19.22 | Borrowed from others | \$ | 0 |
| 19.23 | Leased from others   | \$ | 0 |
| 19.24 | Other                | \$ | 0 |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
- 20.2 If answer is yes:
- |       |  |    |   |
|-------|--|----|---|
| 20.21 | Amount paid as losses or risk adjustment | \$ | 0 |
| 20.22 | Amount paid as expenses                  | \$ | 0 |
| 20.23 | Other amounts paid                       | \$ | 0 |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

### INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No [ ]
- 22.2 If no, give full and complete information, relating thereto
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1). Yes [X] No [ ]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- |        |  |    |             |
|--------|--|----|-------------|
| 23.21  | Loaned to others                                 | \$ | 34,418,729  |
| 23.22  | Subject to repurchase agreements                 | \$ | 0           |
| 23.23  | Subject to reverse repurchase agreements         | \$ | 0           |
| 23.24  | Subject to dollar repurchase agreements          | \$ | 0           |
| 23.25  | Subject to reverse dollar repurchase agreements  | \$ | 0           |
| 23.26  | Pledged as collateral                            | \$ | 0           |
| 23.27  | Placed under option agreements                   | \$ | 0           |
| 23.28  | Letter stock or securities restricted as to sale | \$ | 0           |
| 23.29  | On deposit with state or other regulatory body   | \$ | 356,825,214 |
| 23.291 | Other  | \$ | 0           |

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0
26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE	3 Chase Metro Tech Center, Brooklyn, NY 11245
ROYAL TRUST/ RBC	77 King Street West, Toronto, Ontario M5W 1P9
BANK OF NEW YORK	919 Congress, Suite 500, Austin, TX 78701

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

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

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

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
JP MORGAN CHASE	BANK OF NEW YORK	01/01/2007	CUSTODIAN SOLD BUSINESS

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

1 Central Registration Depository Number(s)	2 Name	3 Address
110126	Highland Capital Management LP	2 Galleria, 13455 Noel Rd, St. 1300, Dallas, TX 75240

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

27.2 If yes, complete the following schedule:

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

27.3 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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	2,755,738,816	2,743,461,219	(12,277,597)
28.2 Preferred stocks	81,308,129	82,386,975	1,078,846
28.3 Totals	2,837,046,945	2,825,848,194	(11,198,751)

28.4 Describe the sources or methods utilized in determining the fair values: IDC, BLOOMBERG, NAIC-SVO, BROKER QUOTES, ANALYTICALLY DETERMINED

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

29.2 If no, list exceptions: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

#### OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 432,649

30.2 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
Wisconsin Compensation Rating Bureau	\$ 168,663
	\$
	\$

31.1 Amount of payments for legal expenses, if any? \$ 2,790



**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

31.2 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
Maynard Cooper & Gale	\$ 2,559
	\$
	\$

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

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total 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
	\$
	\$
	\$
	\$

**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	\$ 9,907	\$ 13,258
2.2 Premium Denominator	\$ 1,180,071,328	\$ 1,819,426,106
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 580,137	\$ 1,153,640
2.5 Reserve Denominator	\$ 2,624,338,388	\$ 3,860,506,489
2.6 Reserve Ratio (2.4/2.5)		

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 Exchange 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

**GENERAL INTERROGATORIES**  
(Continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: In 2007, the Company purchased Workers Compensation Catastrophe reinsurance separately and/or with the Liberty Mutual Group with limits of \$1,175M xs \$25M. A minimum of 75% was placed for each layer.
- 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 PML. For property exposures, we employ RiskLink v6.0 from RMS and AIR Classic/2 v8.0 from AIR. For WC, Liberty Mutual utilizes RiskLink v6.0 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? In 2007, the Company purchased property catastrophe reinsurance, separately and/or with the Liberty Mutual Group with limits of \$1,900M xs \$50M. The coverage is sufficient to protect against the Company's 250 year event.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES  NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES  NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES  NO
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES  NO
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. YES  NO
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. YES  NO
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? YES  NO

**GENERAL INTERROGATORIES**  
(Continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 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]
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 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |    |             |
|---|----|-------------|
| 12.11 Unpaid losses   | \$ | 177,891,588 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 38,835,509  |
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 23,375,822
- 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 | 8.000 %  |
| 12.42 To   | 10.000 % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES [X] NO [ ]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- |                                  |    |             |
|----------------------------------|----|-------------|
| 12.61 Letters of Credit          | \$ | 792,259,193 |
| 12.62 Collateral and other funds | \$ | 51,093,309  |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 32,572,973
- 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. 1
- 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 separate intercompany agreements.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? YES [ ] NO [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? YES [X] NO [ ]
- 14.5 If the answer to 14.4 is no, please explain:
- 15.1 Has the reporting entity guaranteed any financed premium accounts? YES [ ] NO [X]
- 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? YES [ ] NO [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage: \_\_\_\_\_

**GENERAL INTERROGATORIES**  
(Continued)

**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

Incurring but not reported losses on contracts not 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	\$	15,000
17.12	Unfunded portion of Interrogatory 17.11	\$	3,000
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	0
17.14	Case reserves portion of Interrogatory 17.11	\$	0
17.15	Incurred but not reported portion of Interrogatory 17.11	\$	15,000
17.16	Unearned premium portion of Interrogatory 17.11	\$	0
17.17	Contingent commission portion of Interrogatory 17.11	\$	0

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

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

## FIVE-YEAR HISTORICAL DATA

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

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,034,018,756	2,507,103,999	2,294,647,778	2,145,600,933	1,850,548,993
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	149,565,834	356,923,052	335,989,604	496,504,257	447,470,820
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	229,684,226	434,415,404	342,042,593	342,846,609	361,229,638
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	21,084,121	39,981,726	32,141,525	22,219,858	28,097,983
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	18,244,675	18,352,908	13,142,895	19,379,223	35,630,330
6. Total (Line 34)	2,452,597,612	3,356,777,089	3,017,964,395	3,026,550,880	2,722,977,764
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	687,268,655	1,214,699,365	1,118,026,044	1,046,400,647	921,436,786
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	121,217,308	312,872,688	288,609,093	280,116,407	260,918,318
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	132,639,182	312,501,499	243,663,902	220,863,206	230,628,852
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	20,926,756	39,833,130	31,946,972	21,871,690	28,292,276
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	18,228,777	18,354,283	13,128,404	19,353,335	35,427,100
12. Total (Line 34)	980,280,678	1,898,260,965	1,695,374,415	1,588,605,285	1,476,703,332
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(65,390,201)	(57,329,786)	(125,415,355)	(119,017,226)	(139,897,217)
14. Net investment gain (loss) (Line 11)	180,636,494	200,096,344	202,828,724	234,964,723	184,330,411
15. Total other income (Line 15)	(10,555,308)	(13,852,594)	(19,220,144)	(29,547,855)	(37,320,501)
16. Dividends to policyholders (Line 17)	6,977,259	8,164,416	5,777,263	6,309,201	(384,217)
17. Federal and foreign income taxes incurred (Line 19)	(44,359,170)	30,628,907	(6,813,745)	(20,373,104)	(17,275,869)
18. Net income (Line 20)	142,072,896	90,120,641	59,229,707	100,463,545	24,772,779
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	4,077,177,589	5,295,626,509	4,687,160,333	4,423,248,464	3,982,482,671
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	152,486,617	164,489,328	146,298,699	167,082,617	175,902,061
20.2 Deferred and not yet due (Line 13.2)	324,193,894	458,832,158	331,165,209	306,524,530	246,431,816
20.3 Accrued retrospective premiums (Line 13.3)	51,079,004	111,330,503	112,656,110	122,692,679	127,455,084
21. Total liabilities excluding protected cell business (Page 3, Line 24)	2,778,765,619	4,087,255,690	3,616,497,879	3,428,099,497	3,231,661,342
22. Losses (Page 3, Line 1)	1,659,389,032	2,446,787,889	2,289,679,733	2,177,411,671	2,129,916,987
23. Loss adjustment expenses (Page 3, Line 3)	338,953,050	501,555,668	465,559,373	408,643,122	417,226,552
24. Unearned premiums (Page 3, Line 9)	484,675,823	749,402,922	671,888,149	645,427,117	613,641,688
25. Capital paid up (Page 3, Lines 28 & 29)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	1,298,411,970	1,208,370,819	1,070,662,454	995,148,967	750,821,329
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	(992,351,339)	336,821,159	269,506,086	170,069,250	241,194,319
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	1,298,411,970	1,208,370,819	1,070,662,454	995,148,967	750,821,329
29. Authorized control level risk-based capital	251,726,253	306,138,589	289,630,426	287,523,360	248,012,590
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	81.0	91.4	96.2	94.7	95.4
31. Stocks (Lines 2.1 & 2.2)	9.1	2.0	0.1		0.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.7	0.5	0.6	0.6	1.0
34. Cash, cash equivalents and short-term investments (Line 5)	3.5	2.9	1.2	1.3	1.0
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)	5.7	3.2	1.8	2.1	2.0
37. Receivables for securities (Line 8)	0.1	0.1	0.1	1.3	0.4
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	221,294,436				5,292,681
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated	15,248,796	14,834,328			
46. Total of above Lines 40 to 45	236,543,232	14,834,328			5,292,681
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	18.2	1.2			0.7

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>Capital and Surplus Accounts</b> (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(10,861,978)	8,764,385	(1,542,970)	2,073,140	24,270,907
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	90,041,151	137,708,365	75,513,487	244,327,638	50,128,371
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,940,353,824	1,352,058,931	1,346,229,885	1,381,992,671	1,323,631,668
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	199,812,903	233,085,047	245,346,154	180,111,783	304,589,734
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	191,732,607	197,345,299	223,153,836	199,906,224	179,612,569
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	10,623,140	4,618,150	11,896,115	83,480,871	52,548,022
55. Nonproportional reinsurance lines (Lines 30, 31 & 32)	74,778,627	40,501,540	52,852,616	34,312,382	63,678,014
56. Total (Line 34)	2,417,301,101	1,827,608,967	1,879,478,606	1,879,803,931	1,924,060,007
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,225,905,879	598,763,854	597,931,206	649,722,096	544,569,910
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	111,891,296	180,689,673	147,133,533	124,163,959	121,967,739
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	133,917,063	133,355,257	154,343,251	143,029,466	95,076,196
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	9,800,941	2,621,452	8,505,544	81,376,812	47,274,764
61. Nonproportional reinsurance lines (Lines 30, 31 & 32)	40,429,572	24,340,794	17,484,728	795,521	16,288,274
62. Total (Line 34)	1,521,944,751	939,771,030	925,398,262	999,087,854	825,176,883
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	61.9	61.1	63.8	66.5	66.4
65. Loss expenses incurred (Line 3)	15.9	15.3	18.8	16.3	19.1
66. Other underwriting expenses incurred (Line 4)	27.8	26.8	24.9	24.9	24.4
67. Net underwriting gain (loss) (Line 8)	(5.5)	(3.2)	(7.6)	(7.7)	(10.0)
<b>Other Percentages</b>					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	34.5	26.4	25.5	26.2	25.7
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	77.8	76.4	82.6	82.8	85.5
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	75.5	157.1	158.3	159.6	196.7
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	31,239	79,074	81,856	55,061	117,413
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	2.6	7.4	8.2	7.3	16.8
<b>Two Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	112,836	215,357	213,947	263,870	246,499
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	10.5	21.6	28.5	37.7	37.9

**SCHEDULE D - SUMMARY BY COUNTRY**  
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States	176,400,541	178,207,804	176,809,184	175,105,887
	2. Canada	31,609,869	31,732,640	26,116,744	31,046,562
	3. Other Countries				
	4. Totals	208,010,410	209,940,444	202,925,928	206,152,449
States, Territories and Possessions (Direct and guaranteed)	5. United States	267,592,841	269,553,996	267,493,146	269,115,000
	6. Canada	552,004	557,370	377,440	550,826
	7. Other Countries				
	8. Totals	268,144,845	270,111,366	267,870,586	269,665,826
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	178,088,086	179,275,290	177,988,285	179,155,000
	10. Canada				
	11. Other Countries				
	12. Totals	178,088,086	179,275,290	177,988,285	179,155,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	1,145,441,395	1,139,186,212	1,145,500,681	1,148,271,150
	14. Canada				
	15. Other Countries				
	16. Totals	1,145,441,395	1,139,186,212	1,145,500,681	1,148,271,150
Public Utilities (unaffiliated)	17. United States	108,267,135	106,209,125	111,782,106	107,100,000
	18. Canada	2,000,000	2,177,480	2,000,000	2,000,000
	19. Other Countries	5,326,389	5,351,750	5,334,400	5,000,000
	20. Totals	115,593,524	113,738,355	119,116,506	114,100,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	689,602,848	681,696,222	701,778,318	687,634,430
	22. Canada	6,197,649	6,036,014	5,754,224	6,201,802
	23. Other Countries	47,976,409	46,793,666	48,647,318	48,205,000
	24. Totals	743,776,906	734,525,902	756,179,860	742,041,232
Parent, Subsidiaries and Affiliates	25. Totals				
	<b>26. Total Bonds</b>	2,659,055,166	2,646,777,569	2,669,581,846	2,659,385,657
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	53,212,504	54,291,350	62,518,084	
	32. Canada				
	33. Other Countries				
	34. Totals	53,212,504	54,291,350	62,518,084	
Industrial and Miscellaneous (unaffiliated)	35. United States	28,095,625	28,095,625	38,123,834	
	36. Canada				
	37. Other Countries				
	38. Totals	28,095,625	28,095,625	38,123,834	
Parent, Subsidiaries and Affiliates	39. Totals				
	<b>40. Total Preferred Stocks</b>	81,308,129	82,386,975	100,641,918	
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	334	334	125	
	50. Canada				
	51. Other Countries				
	52. Totals	334	334	125	
Parent, Subsidiaries and Affiliates	53. Totals	221,294,436	221,294,436	222,756,810	
	<b>54. Total Common Stocks</b>	221,294,770	221,294,770	222,756,935	
	55. Total Stocks	302,602,899	303,681,745	323,398,853	
	56. Total Bonds and Stocks	2,961,658,065	2,950,459,314	2,992,980,699	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**  
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	3,936,494,325	7. Amortization of premium	3,955,181
2. Cost of bonds and stocks acquired, Column 7, Part 3	634,988,462	8. Foreign Exchange Adjustment:	
3. Accrual of discount	3,242,893	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	(8,083,982)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1	(20,318,885)	8.4 Column 15, Part 4	5,958,605
4.3 Column 15, Part 2, Section 2	(1,462,564)	9. Book/adjusted carrying value at end of current period	2,961,658,065
4.4 Column 11 - 13, Part 4	793,837	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	10,772,262	11. Subtotal (Lines 9 plus 10)	2,961,658,065
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	1,596,771,707	12. Total nonadmitted amounts	4,286,000
		13. Statement value of bonds and stocks, current period	2,957,372,065



**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 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	85,795	31,817	21,861	7,801	4,075	3	820	72,110	X X X
2. 1998	891,886	107,454	784,432	735,670	93,086	60,711	5,697	77,344	774	24,947	774,168	X X X
3. 1999	885,409	127,369	758,040	740,437	104,787	63,480	8,148	78,607	1,249	24,592	768,340	X X X
4. 2000	933,748	150,909	782,839	733,849	127,612	60,327	8,802	76,065	1,014	19,078	732,813	X X X
5. 2001	969,754	156,150	813,604	719,048	160,242	55,049	8,495	72,445	841	22,833	676,964	X X X
6. 2002	1,107,232	209,175	898,057	676,642	133,794	49,034	6,741	81,939	667	35,417	666,413	X X X
7. 2003	1,233,026	280,067	952,959	603,013	124,406	45,330	4,143	86,694	655	36,326	605,833	X X X
8. 2004	1,282,668	312,625	970,043	565,567	143,518	37,383	6,560	85,480	4,034	34,343	534,318	X X X
9. 2005	1,320,993	285,032	1,035,961	625,790	177,038	29,358	5,861	84,872	4,793	32,063	552,328	X X X
10. 2006	1,437,634	300,497	1,137,137	448,563	75,471	19,453	1,745	85,039	6,130	29,725	469,709	X X X
11. 2007	1,512,558	332,487	1,180,071	336,981	84,984	9,018	1,202	70,102	7,207	20,658	322,708	X X X
12. Totals	X X X	X X X	X X X	6,271,355	1,256,755	451,004	65,195	802,662	27,367	280,802	6,175,704	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	482,079	140,638	241,214	145,653	26,306	19,894	98,498	39,475	6,975		4,664	509,412	X X X
2. 1998	38,485	6,084	14,186	8,622	1,144	255	4,737	558	1,583		386	44,616	X X X
3. 1999	41,238	10,217	13,143	9,038	894	145	3,679	1,383	1,586		463	39,757	X X X
4. 2000	41,175	13,541	20,816	13,941	1,197	411	3,801	1,387	1,803		993	39,512	X X X
5. 2001	50,459	23,409	24,491	16,433	1,467	635	6,534	2,436	1,737		1,307	41,775	X X X
6. 2002	47,286	26,783	39,493	29,097	2,858	1,580	8,858	2,484	2,279		1,539	40,830	X X X
7. 2003	55,396	20,476	72,036	30,599	2,140	430	15,957	3,626	2,949		1,687	93,347	X X X
8. 2004	68,995	18,350	95,705	32,312	2,662	521	21,544	3,671	8,357		2,332	142,398	X X X
9. 2005	103,623	33,119	127,987	43,482	3,420	636	28,940	4,875	6,660	1,804	3,573	186,714	X X X
10. 2006	130,811	28,385	208,962	61,153	4,492	478	49,963	7,054	12,873		6,154	310,031	X X X
11. 2007	184,251	29,798	371,527	72,839	4,284	397	65,003	8,453	36,373		20,360	549,951	X X X
12. Totals	1,243,798	350,800	1,229,560	463,169	50,864	25,382	307,514	75,402	83,175	1,815	43,458	1,998,343	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	437,002	72,410
2. 1998	933,860	115,076	818,784	104,706	107,093	104,379			10.000	37,965	6,651
3. 1999	943,064	134,967	808,097	106,512	105,965	106,603			10.000	35,126	4,631
4. 2000	939,033	166,708	772,325	100,566	110,469	98,657			10.000	34,509	5,003
5. 2001	931,230	212,491	718,739	96,027	136,081	88,340			10.000	35,108	6,667
6. 2002	908,389	201,146	707,243	82,041	96,162	78,753			10.000	30,899	9,931
7. 2003	883,515	184,335	699,180	71,654	65,818	73,369			10.000	76,357	16,990
8. 2004	885,693	208,977	676,716	69,051	66,846	69,761			10.000	114,038	28,360
9. 2005	1,010,650	271,608	739,042	76,507	95,290	71,339			10.000	155,009	31,705
10. 2006	960,156	180,416	779,740	66,787	60,039	68,570			10.000	250,235	59,796
11. 2007	1,077,539	204,880	872,659	71,240	61,620	73,950			10.000	453,141	96,810
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,659,389	338,954

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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	One Year	Two Year
1. Prior	1,273,665	1,241,925	1,233,125	1,307,613	1,354,837	1,404,621	1,480,659	1,533,227	1,564,508	1,613,381	48,873	80,154
2. 1998	646,382	668,879	685,219	706,745	714,131	719,616	727,834	735,348	745,451	748,476	3,025	13,128
3. 1999	X X X	636,177	656,078	680,898	698,429	711,069	716,701	728,785	732,413	735,539	3,126	6,754
4. 2000	X X X	X X X	611,910	640,162	644,307	666,012	683,848	689,277	692,988	699,342	6,354	10,065
5. 2001	X X X	X X X	X X X	630,417	614,193	625,085	616,073	636,007	643,004	647,821	4,817	11,814
6. 2002	X X X	X X X	X X X	X X X	625,302	590,244	591,003	610,347	621,968	626,260	4,292	15,913
7. 2003	X X X	X X X	X X X	X X X	X X X	653,662	588,605	571,038	604,277	613,046	8,769	42,008
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	656,291	608,146	591,001	593,696	2,695	(14,450)
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	715,523	681,508	662,973	(18,535)	(52,550)
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	729,446	697,269	(32,177)	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	783,052	X X X	X X X
12. Totals											31,239	112,836

**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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1	2	3	4	5	6	7	8	9	10		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
1. Prior	000	239,799	419,192	530,676	651,305	738,585	828,024	901,508	966,965	1,035,003	X X X	X X X
2. 1998	259,451	416,374	509,273	577,952	617,461	644,411	665,208	679,242	689,309	697,598	X X X	X X X
3. 1999	X X X	257,773	409,730	505,175	573,035	618,772	651,093	670,733	683,511	690,982	X X X	X X X
4. 2000	X X X	X X X	270,357	424,434	504,989	560,641	611,279	632,177	647,120	657,762	X X X	X X X
5. 2001	X X X	X X X	X X X	284,699	429,440	501,236	544,193	575,568	592,146	605,360	X X X	X X X
6. 2002	X X X	X X X	X X X	X X X	267,925	410,554	493,736	534,998	569,463	585,141	X X X	X X X
7. 2003	X X X	X X X	X X X	X X X	X X X	247,217	377,793	442,039	488,545	519,794	X X X	X X X
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	226,242	347,850	406,148	452,872	X X X	X X X
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	263,056	402,487	472,249	X X X	X X X
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	252,415	390,800	X X X	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	259,813	X X X	X X X

**SCHEDULE P-PART 4-SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	502,911	324,340	265,107	209,695	146,999	131,581	113,766	145,073	150,417	162,762
2. 1998	209,365	93,921	53,755	31,970	23,487	10,887	11,141	9,256	13,318	12,936
3. 1999	X X X	206,726	98,137	49,000	29,886	17,326	13,543	12,251	9,104	9,470
4. 2000	X X X	X X X	169,397	64,871	28,594	19,580	15,698	11,285	9,245	10,488
5. 2001	X X X	X X X	X X X	176,432	72,139	43,165	22,118	17,885	14,371	12,686
6. 2002	X X X	X X X	X X X	X X X	188,734	74,534	33,632	25,363	19,566	17,350
7. 2003	X X X	X X X	X X X	X X X	X X X	270,736	111,291	50,894	58,603	54,568
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	298,809	166,722	111,152	86,055
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	325,130	177,081	115,623
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	337,432	197,777
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	363,463

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**  
**Allocated by States and Territories**

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	YES	4,225,545	10,284,866	(26,735)	5,052,095	4,281,973	35,313,708	
2. Alaska	AK	YES	5,417,122	6,340,042	1,267	5,188,987	4,057,378	41,802,907	
3. Arizona	AZ	YES	3,508,887	3,549,075	(1,663)	2,117,614	1,054,472	15,669,762	
4. Arkansas	AR	YES	4,524,110	4,688,109	22,167	1,799,325	2,195,086	11,240,374	
5. California	CA	YES	52,783,611	60,819,651	(353,267)	30,098,254	25,708,360	253,582,779	
6. Colorado	CO	YES	5,094,898	5,582,727	(11,614)	3,858,765	1,776,591	28,553,141	
7. Connecticut	CT	YES	3,278,712	4,082,666	(82,295)	4,685,601	4,976,668	43,054,544	
8. Delaware	DE	YES	743,119	926,134	(134)	2,678,870	874,856	13,550,065	
9. Dist. Columbia	DC	YES	3,332,962	3,727,985	(138)	766,501	1,567,067	6,249,522	
10. Florida	FL	YES	21,873,625	26,690,066	125,020	14,787,244	7,151,700	100,534,828	
11. Georgia	GA	YES	8,022,025	9,314,266	(16,648)	10,644,638	6,824,796	40,379,440	
12. Hawaii	HI	YES	688,046	980,739	(242)	861,068	1,895,189	4,438,712	
13. Idaho	ID	YES	2,458,208	15,707,917	6,067	2,237,286	1,922,753	13,007,501	12,011
14. Illinois	IL	YES	17,141,186	18,780,286	133,152	17,980,576	14,031,065	118,903,140	
15. Indiana	IN	YES	7,273,017	8,418,386	(36,178)	5,927,170	2,104,267	40,672,905	
16. Iowa	IA	YES	4,103,644	4,642,162	(21,308)	2,315,275	(29,503)	11,456,151	
17. Kansas	KS	YES	2,582,761	3,236,978	3,909	4,627,551	2,226,358	35,855,712	
18. Kentucky	KY	YES	6,531,491	7,857,090	45,999	10,684,339	13,721,330	76,349,767	
19. Louisiana	LA	YES	3,307,929	3,673,462	437	10,451,306	6,307,321	33,113,917	
20. Maine	ME	YES	397,919	316,686	13,336	2,063,672	939,933	12,913,282	
21. Maryland	MD	YES	6,661,480	7,195,344	(19,658)	4,283,745	3,835,090	22,756,622	
22. Massachusetts	MA	YES	5,757,764	5,885,596	20,120	9,338,053	7,944,831	76,889,549	
23. Michigan	MI	YES	7,754,013	7,528,615	(27,992)	9,787,233	(807,571)	83,993,134	
24. Minnesota	MN	YES	8,017,924	8,326,129	25,654	9,902,700	4,033,971	121,949,552	
25. Mississippi	MS	YES	4,775,325	4,656,759	18,293	2,743,207	3,136,146	15,840,375	
26. Missouri	MO	YES	8,226,650	8,149,600	(862)	8,279,205	3,347,684	38,715,924	
27. Montana	MT	YES	(499,438)	(153,788)	(1,672)	1,187,524	77,862	6,260,605	
28. Nebraska	NE	YES	5,458,617	6,228,637	(5,139)	4,885,198	5,118,883	23,286,721	
29. Nevada	NV	YES	3,426,417	2,290,127	2,506	1,100,227	2,119,728	4,387,391	
30. New Hampshire	NH	YES	1,349,168	1,225,051	7,794	2,323,198	1,803,668	17,538,133	
31. New Jersey	NJ	YES	5,432,428	5,571,141	(394,018)	8,655,000	6,608,545	95,977,282	
32. New Mexico	NM	YES	808,532	802,461	(3,664)	711,750	1,368,666	6,480,518	
33. New York	NY	YES	18,395,892	15,894,296	(272,549)	101,622,618	10,104,277	286,955,549	
34. No. Carolina	NC	YES	9,822,788	12,266,604	24,581	10,311,635	5,515,348	41,193,248	
35. No. Dakota	ND	YES	253,846	215,158	2	26,423	(98,067)	610,870	
36. Ohio	OH	YES	1,399,938	3,231,289	813	5,504,560	4,235,660	22,534,205	
37. Oklahoma	OK	YES	8,358,889	9,078,438	(1,309)	2,319,493	3,019,279	20,998,470	
38. Oregon	OR	YES	2,978,575	2,998,825	11,871	2,789,336	438,980	29,661,132	
39. Pennsylvania	PA	YES	10,663,412	12,033,679	365,972	14,485,114	(2,056,647)	153,940,754	
40. Rhode Island	RI	YES	622,360	799,306	1,759	917,180	195,117	6,089,159	
41. So. Carolina	SC	YES	5,023,209	5,567,394	(43,048)	4,274,405	3,364,338	22,936,539	
42. So. Dakota	SD	YES	469,463	662,025	(4,113)	553,857	12,368,284	20,691,503	
43. Tennessee	TN	YES	11,333,124	12,404,486	(99,696)	5,276,779	2,517,454	37,463,240	
44. Texas	TX	YES	18,697,969	21,981,774	18,023	18,301,690	(1,962,925)	111,174,735	
45. Utah	UT	YES	1,124,979	1,681,166	(18,170)	2,255,756	2,666,767	12,912,285	
46. Vermont	VT	YES	2,499,795	3,024,530	(5,153)	1,046,296	1,474,207	4,316,612	
47. Virginia	VA	YES	9,877,092	12,791,688	(12,813)	4,291,141	2,668,190	32,017,670	
48. Washington	WA	YES	3,155,947	3,346,229	3,815	3,551,710	2,455,100	10,644,447	
49. West Virginia	WV	YES	(1,068,378)	(897,227)	7,274	1,212,342	248,543	2,248,333	
50. Wisconsin	WI	YES	40,161,963	34,594,279	3,199,435	44,005,921	68,759,003	294,579,741	
51. Wyoming	WY	YES	161,832	240,051	(7,913)	401,540	241,372	829,749	
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	YES	1,632	1,672	4	7,000	21,728	30,073	
55. U.S. Virgin Islands	VI	YES	157	151			(81)	729	
56. Northern Mariana Islands	MP	NO							
57. Canada	CN	YES	(4,400)	(4,410)	(7)	1,397,031	1,690,566	9,341,598	
58. Aggregate other alien	OT	X X X	598,714	602,907	(3,239)	136,568	6,089,958	11,252,783	
59. Totals	(a) 53		358,986,495	409,839,275	2,588,033	426,711,572	266,131,614	2,583,141,387	12,011

DETAILS OF WRITE-INS									
5801. Other alien	X X X		598,714	602,907	(3,239)	136,568	6,089,958	11,252,783	
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 + 5898) (Line 58 above)	X X X		598,714	602,907	(3,239)	136,568	6,089,958	11,252,783	

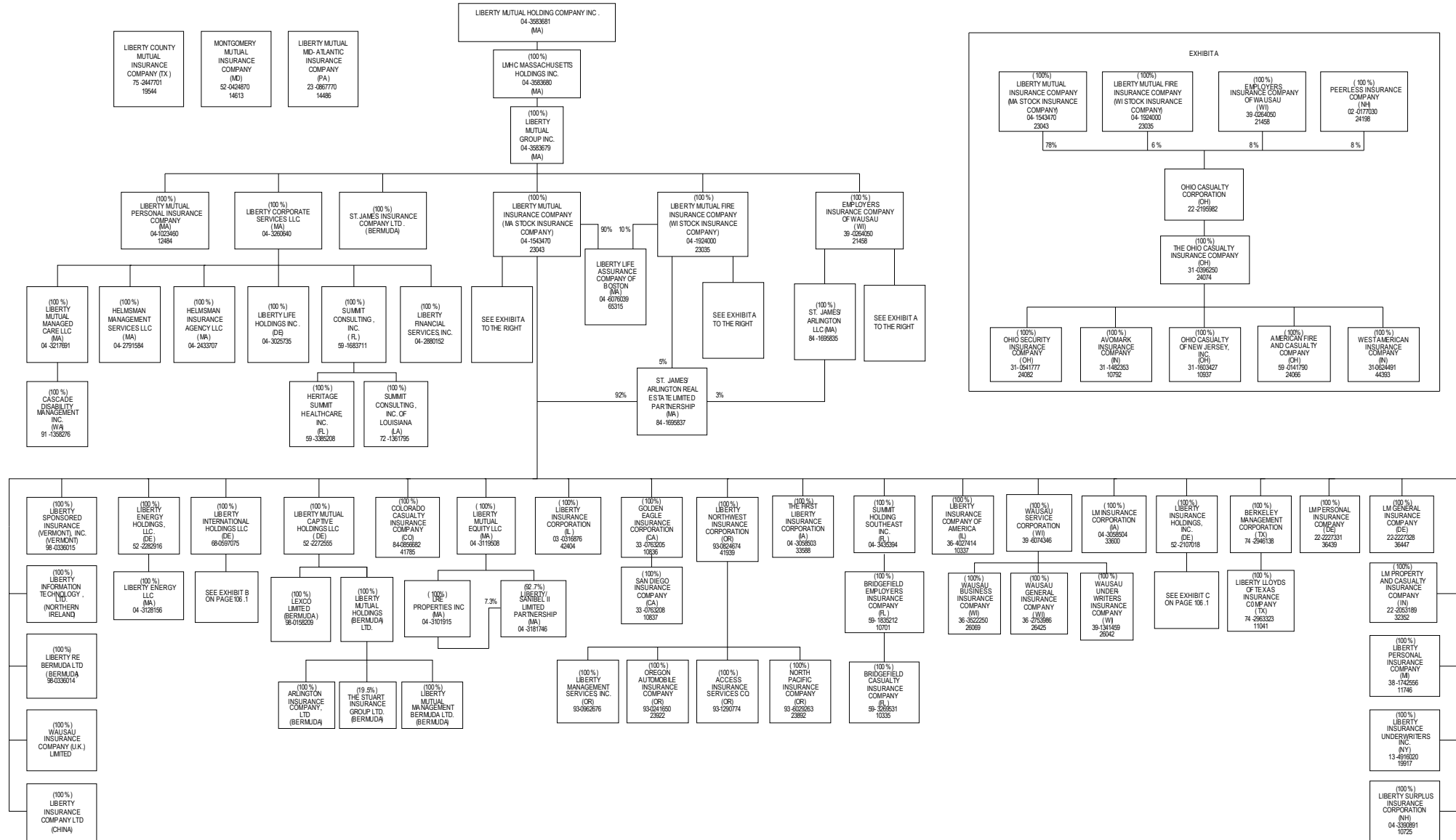
**Explanation of basis of allocation of premiums by states, etc.**

- \*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
- \*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation
- \*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage
- \*Principal Location of business or location of coverage - Liability other than Auto, Fidelity
- \*Point of origin of shipment or principal location of assured - Inland Marine
- \*State in which employees regularly work - Group Accident and Health
- \*Location of Court - Surety
- \*Address of Assured - Other Accident and Health
- \*Location of Properties covered - Burglary and Theft
- \*Principal Location of Assured - Ocean Marine, Credit
- \*Primary residence of Assured - Aircraft (all perils)

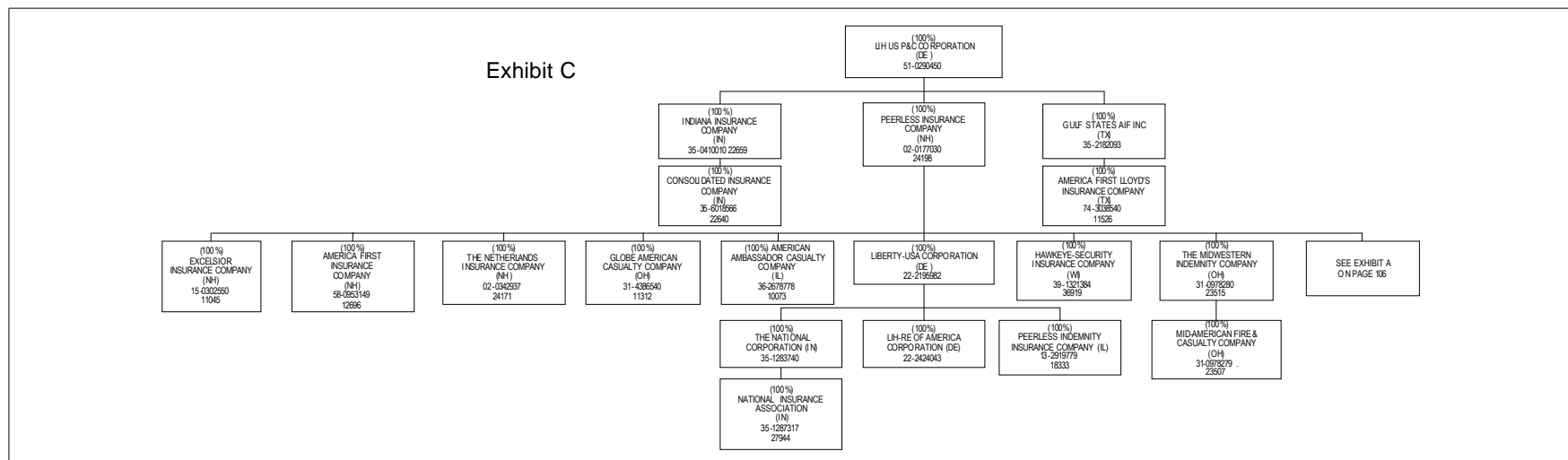
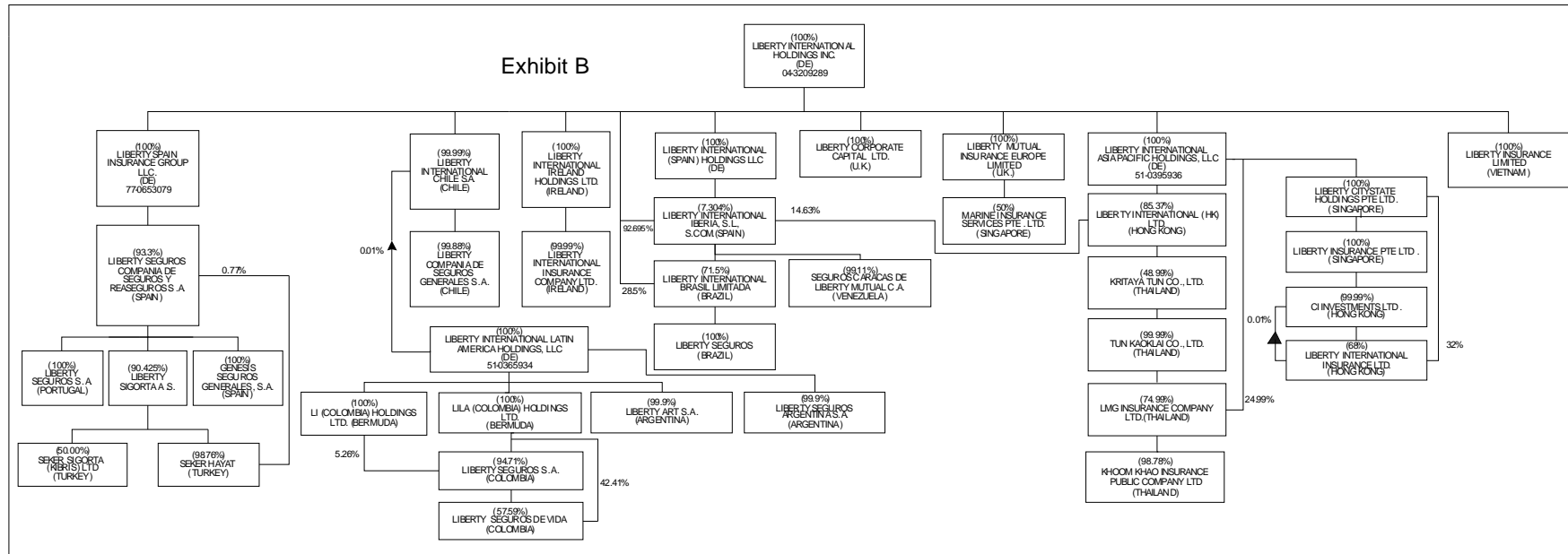
(a) Insert the number of yes responses except for Canada and Other Alien.

# 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**



---

**OVERFLOW PAGE FOR WRITE-INS**

---

**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation  
ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets

**REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS**

0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				

**REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS**

2304. Amounts billed and receivable under high deductible policies	24,235,156	1,343,252	22,891,904	39,624,961
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	24,235,156	1,343,252	22,891,904	39,624,961

**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation  
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES</b>		
2304. Collateral held for securities loaned	16,214,148	36,816,667
2305.		
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	16,214,148	36,816,667
<b>REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR SPECIAL SURPLUS FUNDS</b>		
2704.		
2705.		
2706.		
2707.		
2708.		
2709.		
2710.		
2711.		
2712.		
2713.		
2714.		
2715.		
2716.		
2717.		
2718.		
2719.		
2720.		
2721.		
2722.		
2723.		
2724.		
2725.		
2797. Totals (Lines 2704 through 2725) (Page 3, Line 2798)		
<b>REMAINING WRITE-INS AGGREGATED AT LINE 30 FOR OTHER THAN SPECIAL SURPLUS FUNDS</b>		
3004.		
3005.		
3006.		
3007.		
3008.		
3009.		
3010.		
3011.		
3012.		
3013.		
3014.		
3015.		
3016.		
3017.		
3018.		
3019.		
3020.		
3021.		
3022.		
3023.		
3024.		
3025.		
3097. Totals (Lines 3004 through 3025) (Page 3, Line 3098)		



# ALPHABETICAL INDEX TO PROPERTY AND CASUALTY ANNUAL STATEMENT

Assets	2	Schedule DB - Part D - Section 3	E21
Cash Flow	5	Schedule DB - Part D - Verification Between Years	31
Exhibit of Capital Gains (Losses)	12	Schedule DB - Part E - Section 1	E22
Exhibit of Net Investment Income	12	Schedule DB - Part E - Verification	31
Exhibit of Nonadmitted Assets	13	Schedule DB - Part F - Section 1	32
Exhibit of Premiums and Losses (State Page)	20	Schedule DB - Part F - Section 2	33
Five-Year Historical Data	18	Schedule E - Part 1 - Cash	E23
General Interrogatories	16	Schedule E - Part 2 - Cash Equivalents	E24
Jurat Page	1	Schedule E - Part 3 - Special Deposits	E25
Liabilities, Surplus and Other Funds	3	Schedule F - Part 1	34
Notes To Financial Statements	14	Schedule F - Part 2	35
Overflow Page For Write-ins	109	Schedule F - Part 3	36
Schedule A - Part 1	E01	Schedule F - Part 4	37
Schedule A - Part 2	E02	Schedule F - Part 5	38
Schedule A - Part 3	E03	Schedule F - Part 6	39
Schedule A - Verification Between Years	21	Schedule F - Part 7	40
Schedule B - Part 1	E04	Schedule F - Part 8	41
Schedule B - Part 2	E05	Schedule H - Accident and Health Exhibit - Part 1	42
Schedule B - Verification Between Years	21	Schedule H - Part 5 - Health Claims	44
Schedule BA - Part 1	E06	Schedule H - Parts - 2, 3, and 4	43
Schedule BA - Part 2	E07	Schedule P - Part 1 - Analysis of Losses and Loss Expenses	45
Schedule BA - Verification Between Years	21	Schedule P - Part 1A - Homeowners/Farmowners	47
Schedule D - Part 1	E08	Schedule P - Part 1B - Private Passenger Auto Liability/Medical	48
Schedule D - Part 1A - Section 1	23	Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical	49
Schedule D - Part 1A - Section 2	26	Schedule P - Part 1D - Workers' Compensation	50
Schedule D - Part 2 - Section 1	E09	Schedule P - Part 1E - Commercial Multiple Peril	51
Schedule D - Part 2 - Section 2	E10	Schedule P - Part 1F - Section 1 - Medical Malpractice - Occurrence	52
Schedule D - Part 3	E11	Schedule P - Part 1F - Section 2 - Medical Malpractice - Claims-Made	53
Schedule D - Part 4	E12	Schedule P - Part 1G - Spec. Liab. (Ocean, Marine, Aircr.(A.P.), Boiler & Mach.)	54
Schedule D - Part 5	E13	Schedule P - Part 1H - Section 1 - Other Liability - Occurrence	55
Schedule D - Part 6 - Section 1	E14	Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made	56
Schedule D - Part 6 - Section 2	E14	Schedule P - Part 1I - Spec. Prop. (Fire, A.L., Inld. Ma., Earth., Burg. & Thft.)	57
Schedule D - Summary By Country	22	Schedule P - Part 1J - Auto Physical Damage	58
Schedule D - Verification Between Years	22	Schedule P - Part 1K - Fidelity/Surety	59
Schedule DA - Part 1	E15	Schedule P - Part 1L - Other (Including Credit, Accident and Health)	60
Schedule DA - Part 2 - Verification Between Years	29	Schedule P - Part 1M - International	61
Schedule DB - Part A - Section 1	E16	Schedule P - Part 1N - Reinsurance	62
Schedule DB - Part A - Section 2	E16	Schedule P - Part 1O - Reinsurance	63
Schedule DB - Part A - Section 3	E17	Schedule P - Part 1P - Reinsurance	64
Schedule DB - Part A - Verification Between Years	30	Schedule P - Part 1R - Section 1 - Products Liability - Occurrence	65
Schedule DB - Part B - Section 1	E17	Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made	66
Schedule DB - Part B - Section 2	E18	Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty	67
Schedule DB - Part B - Section 3	E18	Schedule P - Part 2A - Homeowners/Farmowners	68
Schedule DB - Part B - Verification Between Years	30	Schedule P - Part 2B - Private Passenger Auto Liability/Medical	68
Schedule DB - Part C - Section 1	E19	Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical	68
Schedule DB - Part C - Section 2	E19	Schedule P - Part 2D - Workers' Compensation	68
Schedule DB - Part C - Section 3	E20	Schedule P - Part 2E - Commercial Multiple Peril	68
Schedule DB - Part C - Verification Between Years	31	Schedule P - Part 2F - Section 1 - Medical Malpractice - Occurrence	69
Schedule DB - Part D - Section 1	E20	Schedule P - Part 2F - Section 2 - Medical Malpractice - Claims-Made	69
Schedule DB - Part D - Section 2	E21	Schedule P - Part 2G - Spec. Liab. (Ocean, Marine, Aircr.(A.P.), Boiler & Mach.)	69

## ALPHABETICAL INDEX (Continued)

Schedule P - Part 2H - Section 1 - Other Liability - Occurrence	69	Schedule P - Part 4O - Reinsurance	81
Schedule P - Part 2H - Section 2 - Other Liability - Claims-Made	69	Schedule P - Part 4P - Reinsurance	81
Schedule P - Part 2I - Spec. Prop. (Fire, A.L., Inld. Ma., Earth., Burg. & Thft.)	70	Schedule P - Part 4R - Section 1 - Products Liability - Occurrence	82
Schedule P - Part 2J - Auto Physical Damage	70	Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made	82
Schedule P - Part 2K - Fidelity, Surety	70	Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty	82
Schedule P - Part 2L - Other (Including Credit, Accident and Health)	70	Schedule P - Part 5A - Homeowners/Farmowners	83
Schedule P - Part 2M - International	70	Schedule P - Part 5B - Private Passenger Auto Liability/Medical	84
Schedule P - Part 2N - Reinsurance	71	Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical	85
Schedule P - Part 2O - Reinsurance	71	Schedule P - Part 5D - Workers' Compensation	86
Schedule P - Part 2P - Reinsurance	71	Schedule P - Part 5E - Commercial Multiple Peril	87
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence	72	Schedule P - Part 5F - Medical Malpractice - Claims-Made	89
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made	72	Schedule P - Part 5F - Medical Malpractice - Occurrence	88
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty	72	Schedule P - Part 5H - Other Liability - Claims-Made	91
Schedule P - Part 3A - Homeowners/Farmowners	73	Schedule P - Part 5H - Other Liability - Occurrence	90
Schedule P - Part 3B - Private Passenger Auto Liability/Medical	73	Schedule P - Part 5R - Products Liability - Claims-Made	93
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical	73	Schedule P - Part 5R - Products Liability - Occurrence	92
Schedule P - Part 3D - Workers' Compensation	73	Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical	94
Schedule P - Part 3E - Commercial Multiple Peril	73	Schedule P - Part 6D - Workers' Compensation	94
Schedule P - Part 3F - Section 1 - Medical Malpractice - Occurrence	74	Schedule P - Part 6E - Commercial Multiple Peril	95
Schedule P - Part 3F - Section 2 - Medical Malpractice - Claims-Made	74	Schedule P - Part 6H - Other Liability - Claims-Made	96
Schedule P - Part 3G - Spec. Liab. (Ocean, Marine, Aircr.(A.P.), Boiler & Mach.)	74	Schedule P - Part 6H - Other Liability - Occurrence	95
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence	74	Schedule P - Part 6M - International	96
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made	74	Schedule P - Part 6N - Reinsurance	97
Schedule P - Part 3I - Spec. Prop. (Fire, A.L., Inld. Ma., Earth., Burg. & Thft.)	75	Schedule P - Part 6O - Reinsurance	97
Schedule P - Part 3J - Auto Physical Damage	75	Schedule P - Part 6R - Products Liability - Claims-Made	98
Schedule P - Part 3K - Fidelity/Surety	75	Schedule P - Part 6R - Products Liability - Occurrence	98
Schedule P - Part 3L - Other (Including Credit, Accident and Health)	75	Schedule P - Part 7A - Primary Loss Sensitive Contracts	99
Schedule P - Part 3M - International	75	Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts	101
Schedule P - Part 3N - Reinsurance	76	Schedule P - Parts 2, 3 and 4 - Summary	46
Schedule P - Part 3O - Reinsurance	76	Schedule P Interrogatories	103
Schedule P - Part 3P - Reinsurance	76	Schedule T - Exhibit of Premiums Written	104
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence	77	Schedule T - Part 2 - Interstate Compact	105
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made	77	Schedule Y - Info. Concerning Activities of Insurer Mmbrs. of a Holding Co. Grp.	106
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty	77	Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	107
Schedule P - Part 4A - Homeowners/Farmowners	78	Statement of Income	4
Schedule P - Part 4B - Private Passenger Auto Liability/Medical	78	Summary Investment Schedule	15
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical	78	Underwriting and Investment Exhibit Part 1	6
Schedule P - Part 4D - Workers' Compensation	78	Underwriting and Investment Exhibit Part 1A	7
Schedule P - Part 4E - Commercial Multiple Peril	78	Underwriting and Investment Exhibit Part 1B	8
Schedule P - Part 4F - Section 1 - Medical Malpractice - Occurrence	79	Underwriting and Investment Exhibit Part 2	9
Schedule P - Part 4F - Section 2 - Medical Malpractice - Claims-Made	79	Underwriting and Investment Exhibit Part 2A	10
Schedule P - Part 4G - Spec. Liab. (Ocean, Marine, Aircr.(A.P.), Boiler & Mach.)	79	Underwriting and Investment Exhibit Part 3	11
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence	79		
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made	79		
Schedule P - Part 4I - Spec. Prop. (Fire, A.L., Inld. Ma., Earth., Burg. & Thft.)	80		
Schedule P - Part 4J - Auto Physical Damage	80		
Schedule P - Part 4K - Fidelity/Surety	80		
Schedule P - Part 4L - Other (Including Credit, Accident and Health)	80		
Schedule P - Part 4M - International	80		
Schedule P - Part 4N - Reinsurance	81		