ANNUAL STATEMENT

OF THE

THE FIRST LIBERTY INSURANCE CORPORATION

of HOFFMAN ESTATES

in the state of ILLINOIS

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

33588200920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

The First Liberty Insurance Corporation

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 33588 **Employer's ID Number** 04-3058503

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

Country of Domicile United States of America

Incorporated/Organized: June 16, 1989 **Commenced Business:** June 22, 1989

Statutory Home Office: 2815 Forbs Avenue, Suite 200 (Street and Number) , Hoffman Estates, IL 60192 (City or Town, State and Zip Code)

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

Mail Address: 175 Berkeley Street (Street and Number or P.O. Box) , Boston, MA 02116 (City or Town, State and Zip Code)

Primary Location of Books and Records: 175 Berkeley Street (Street and Number) Boston, MA 02116 (City or Town, State and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Internet Web Site Address: www.LibertyMutualGroup.com

Statutory Statement Contact: Joanne Connolly (Name) 617-357-9500 x44393 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

	Name	Title
1.	Edmund Francis Kelly	Chairman of the Board, President & CEO
2.	Dexter Robert Legg	Vice President & Secretary
3.	Laurance Henry Soyer Yahia	Vice President & Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
James Paul Condrin, III	Vice President	Anthony Alexander Fontanes	Vice President & Assistant Treasurer
Timothy Michael Sweeney #	Vice President	Dennis James Langwell	Vice President & CFO
Christopher Charles Mansfield	Vice President & Assistant Secretary	Gary Jay Ostrow	Vice President
John Derek Doyle	Vice President & Comptroller		

DIRECTORS OR TRUSTEES

James Paul Condrin, III	Dennis James Langwell	Dexter Robert Legg	Anthony Alexander Fontanes
Timothy Michael Sweeney #	Edmund Francis Kelly	Christopher Charles Mansfield	Mary Ann Thaman #
Deborah Lucille Michel #	Stephen Douglas Hylka #		

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
Edmund Francis Kelly	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chairman of the Board, President & CEO	Vice President & Secretary	Vice President & Treasurer
(Title)	(Title)	(Title)

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

a. Is this an original filing? [X] Yes [ ] No
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	40,883,032		40,883,032	34,353,878
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				1,165,051
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 1,916,389, Schedule E - Part 1), cash equivalents ($ 745,075, Schedule E - Part 2), and short-term investments ($ 1,834,535, Schedule DA)	4,495,999		4,495,999	6,482,997
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	45,379,031		45,379,031	42,001,926
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	350,757		350,757	369,590
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,207,359	19,643	1,187,716	1,245,880
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	2,815,315		2,815,315	2,426,714
13.3 Accrued retrospective premiums	488,594	48,859	439,735	479,172
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	28	15	13	234
16.1 Current federal and foreign income tax recoverable and interest thereon	119,929		119,929	
16.2 Net deferred tax asset				58,000
17. Guaranty funds receivable or on deposit	44,331		44,331	42,898
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets ($ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	819,450	23,218	796,232	831,800
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	51,224,794	91,735	51,133,059	47,456,214
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	51,224,794	91,735	51,133,059	47,456,214

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Cash Surrender Value Life Insurance	511,046		511,046	459,330
2302. Amounts receivable under high deductible policies	229,759	153	229,606	217,588
2303. Other assets	41,932	23,065	18,867	107,396
2398. Summary of remaining write-ins for Line 23 from overflow page	36,713		36,713	47,486
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	819,450	23,218	796,232	831,800

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	16,774,264	16,606,950
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	752,087	824,420
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	3,393,626	3,249,639
4.	Commissions payable, contingent commissions and other similar charges	159,897	126,593
5.	Other expenses (excluding taxes, licenses and fees)	309,671	423,412
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	224,278	338,371
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		83,665
7.2	Net deferred tax liability	535,580	
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 353,240,195 and including warranty reserves of $ 0)	4,390,724	4,374,334
10.	Advance premium	58,517	79,068
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	2,401	1,498
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	144,349	63,726
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	392,038	386,009
19.	Payable to parent, subsidiaries and affiliates	306,323	161,113
20.	Payable for securities		182
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $ 0 and interest thereon $ 0		
23.	Aggregate write-ins for liabilities	1,898,158	(937,846)
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	29,341,913	25,781,134
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	29,341,913	25,781,134
27.	Aggregate write-ins for special surplus funds	1,290,296	1,262,084
28.	Common capital stock	3,600,000	3,600,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds		
31.	Surplus notes		
32.	Gross paid in and contributed surplus	7,400,000	7,400,000
33.	Unassigned funds (surplus)	9,500,850	9,412,996
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)	21,791,146	21,675,080
36.	Totals (Page 2, Line 26, Col. 3)	51,133,059	47,456,214

	DETAILS OF WRITE-IN LINES		
2301.	Collateral held for securities loaned	2,701,419	
2302.	Amounts held under uninsured plans	868,846	766,795
2303.	Other liabilities	488,193	512,190
2398.	Summary of remaining write-ins for Line 23 from overflow page	(2,160,300)	(2,216,831)
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,898,158	(937,846)
2701.	Special surplus from retroactive reinsurance	1,290,296	1,262,084
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)	1,290,296	1,262,084
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page		
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	9,959,547	11,110,558
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	6,555,106	7,528,875
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,940,486	1,753,901
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,564,823	2,459,027
5. Aggregate write-ins for underwriting deductions	938	
6. Total underwriting deductions (Lines 2 through 5)	11,061,353	11,741,803
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,101,806)	(631,245)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,820,048	2,052,509
10. Net realized capital gains (losses) less capital gains tax of $ (49,625) (Exhibit of Capital Gains (Losses))	(92,160)	
11. Net investment gain (loss) (Lines 9 + 10)	1,727,888	2,052,509
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 3,136 amount charged off $ 81,700)	(78,564)	(89,172)
13. Finance and service charges not included in premiums	49,667	55,470
14. Aggregate write-ins for miscellaneous income	(135,388)	(91,152)
15. Total other income (Lines 12 through 14)	(164,285)	(124,854)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	461,797	1,296,410
17. Dividends to policyholders	23,138	26,791
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)	438,659	1,269,619
19. Federal and foreign income taxes incurred	160,325	332,500
20. Net income (Line 18 minus Line 19) (to Line 22)	278,334	937,119
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	21,675,080	21,740,596
22. Net income (from Line 20)	278,334	937,119
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 135,998	252,566	(238,512)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(457,582)	(1,597,430)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	20,872	851,738
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
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	21,876	(18,431)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	116,066	(65,516)
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	21,791,146	21,675,080

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	938	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	938	
1401. Retroactive reinsurance gain/(loss)	31,149	12,140
1402. Other income/(expense)	(166,537)	(103,292)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(135,388)	(91,152)
3701. Other changes in surplus	21,876	(18,431)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	21,876	(18,431)

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	9,662,866	10,879,689
2. Net investment income	1,892,925	2,170,277
3. Miscellaneous income	109,136	(197,503)
4. Total (Lines 1 through 3)	11,664,927	12,852,463
5. Benefit and loss related payments	6,518,522	7,283,178
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	4,572,191	4,420,893
8. Dividends paid to policyholders	22,235	42,161
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	314,293	415,072
10. Total (Lines 5 through 9)	11,427,241	12,161,304
11. Net cash from operations (Line 4 minus Line 10)	237,686	691,159
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	12,492,531	9,768,565
12.2 Stocks	1,469,429	
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		10,672
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,961,960	9,779,237
13. Cost of investments acquired (long-term only):		
13.1 Bonds	19,062,869	7,039,105
13.2 Stocks	70,459	109,740
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	182	
13.7 Total investments acquired (Lines 13.1 to 13.6)	19,133,510	7,148,845
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(5,171,550)	2,630,392
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	2,946,866	172,421
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	2,946,866	172,421
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,986,998)	3,493,972
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,482,997	2,989,025
19.2 End of year (Line 18 plus Line 19.1)	4,495,999	6,482,997

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	219,805	134,270	121,363	232,712
2. Allied lines	126,744	63,190	61,158	128,776
3. Farmowners multiple peril	37			37
4. Homeowners multiple peril	1,190,415	655,830	738,904	1,107,341
5. Commercial multiple peril	133,489	124,725	113,497	144,717
6. Mortgage guaranty				
8. Ocean marine	47,720	16,308	19,203	44,825
9. Inland marine	678,009	40,441	36,519	681,931
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made	2,485	335	431	2,389
12. Earthquake	37,425	20,470	16,575	41,320
13. Group accident and health	3			3
14. Credit accident and health (group and individual)				
15. Other accident and health	49			49
16. Workers' compensation	2,644,437	66,304	53,616	2,657,125
17.1 Other liability—occurrence	540,368	288,735	249,840	579,263
17.2 Other liability—claims-made	253,042	146,221	156,820	242,443
17.3 Excess Workers' Compensation	87,652	32,975	32,518	88,109
18.1 Products liability—occurrence	109,379	61,460	51,754	119,085
18.2 Products liability—claims-made	9,353	2,016	1,660	9,709
19.1,19.2 Private passenger auto liability	2,371,830	1,150,648	1,205,432	2,317,046
19.3,19.4 Commercial auto liability	371,537	161,690	141,869	391,358
21. Auto physical damage	835,825	823,818	848,203	811,440
22. Aircraft (all perils)	69,437	20,057	19,987	69,507
23. Fidelity	12,958	4,239	6,066	11,131
24. Surety	758	1	598	161
26. Burglary and theft	503	306	215	594
27. Boiler and machinery	2,346	1,089	1,135	2,300
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	154,538	14,495	9,576	159,457
32. Reinsurance-Nonproportional Assumed Liability	97,445	12,293	15,193	94,545
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	9,997,589	3,841,916	3,902,132	9,937,373

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	117,538	3,824			121,362
2. Allied lines	58,907	2,250			61,157
3. Farmowners multiple peril					
4. Homeowners multiple peril	738,904				738,904
5. Commercial multiple peril	79,235	34,262			113,497
6. Mortgage guaranty					
8. Ocean marine	13,563	5,639			19,202
9. Inland marine	35,284	1,234			36,518
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liablity—claims-made	431				431
12. Earthquake	16,320	255			16,575
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	1				1
16. Workers' compensation	437,050	55,922		(439,355)	53,617
17.1 Other liability—occurrence	211,734	58,077		(19,971)	249,840
17.2 Other liability—claims-made	103,340	53,480			156,820
17.3 Excess Workers' Compensation	28,396	4,122			32,518
18.1 Products liability—occurrence	39,403	20,838		(8,487)	51,754
18.2 Products liability—claims-made	1,660				1,660
19.1,19.2 Private passenger auto liability	1,205,432				1,205,432
19.3,19.4 Commercial auto liability	157,588	5,062		(20,781)	141,869
21. Auto physical damage	847,408	795			848,203
22. Aircraft (all perils)	19,987				19,987
23. Fidelity	5,885	181			6,066
24. Surety	270	328			598
26. Burglary and theft	215				215
27. Boiler and machinery	1,112	22			1,134
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	9,576				9,576
32. Reinsurance-Nonproportional Assumed Liability	14,891	303			15,194
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	4,144,130	246,594		(488,594)	3,902,130
36. Accrued retrospective premiums based on experience					488,594
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					4,390,724

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	80,764	219,805		80,764		219,805
2. Allied lines	73,254	126,744		73,254		126,744
3. Farmowners multiple peril		37				37
4. Homeowners multiple peril	298,318,294	1,190,415		298,318,294		1,190,415
5. Commercial multiple peril	777,417	133,489		777,417		133,489
6. Mortgage guaranty						
8. Ocean marine	11,718	47,720		11,718		47,720
9. Inland marine	5,728,195	678,009		5,728,195		678,009
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made		2,485				2,485
12. Earthquake	152,870	37,425		152,870		37,425
13. Group accident and health		3				3
14. Credit accident and health (group and individual)						
15. Other accident and health		48				48
16. Workers' compensation	106,183,156	2,644,437		106,183,156		2,644,437
17.1 Other liability—occurrence	764,088	540,368		764,088		540,368
17.2 Other liability—claims-made		253,042				253,042
17.3 Excess Workers' Compensation		87,652				87,652
18.1 Products liability—occurrence	165,197	109,379		165,197		109,379
18.2 Products liability—claims-made		9,353				9,353
19.1,19.2 Private passenger auto liability	196,747,496	2,371,830		196,747,496		2,371,830
19.3,19.4 Commercial auto liability	4,931,870	371,537		4,931,870		371,537
21. Auto physical damage	133,180,173	835,825		133,180,173		835,825
22. Aircraft (all perils)		69,437				69,437
23. Fidelity	11,261	12,958		11,261		12,958
24. Surety		758				758
26. Burglary and theft	5,656	503		5,656		503
27. Boiler and machinery		2,346				2,346
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	154,538				154,538
32. Reinsurance-Nonproportional Assumed Liability	X X X	97,445				97,445
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	747,131,409	9,997,588		747,131,409		9,997,588

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

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

If yes: 1. The amount of such installment premiums $ 107,552,605

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 101,026,910

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	 2 Reinsurance Assumed	 3 Reinsurance Recovered	 4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	48,820	274,665	48,820	274,665	154,372	252,447	176,590	75.883
2. Allied lines	299,281	50,640	299,281	50,640	28,313	51,316	27,637	21.461
3. Farmowners multiple peril		579		579		80	499	1348.649
4. Homeowners multiple peril	184,252,454	817,472	184,252,454	817,472	356,003	545,870	627,605	56.677
5. Commercial multiple peril	808,866	179,591	808,866	179,591	325,224	331,732	173,083	119.601
6. Mortgage guaranty								
8. Ocean marine	8,891	22,626	8,891	22,626	63,047	72,799	12,874	28.721
9. Inland marine	1,537,123	484,334	1,537,123	484,334	107,000	108,648	482,686	70.782
10. Financial guaranty								
11.1 Medical professional liability—occurrence		3		3	595	591	7	
11.2 Medical professional liability—claims-made		2		2	2,214	637	1,579	66.095
12. Earthquake					315	(76)	391	0.946
13. Group accident and health		713		713	2,489	2,874	328	10933.333
14. Credit accident and health (group and individual)								
15. Other accident and health		287		287	2,031	2,218	100	204.082
16. Workers' compensation	50,270,069	1,962,935	50,270,069	1,962,935	9,451,115	9,447,563	1,966,487	74.008
17.1 Other liability—occurrence	750,489	362,422	750,489	362,422	1,829,555	1,699,348	492,629	85.044
17.2 Other liability—claims-made		81,630		81,630	414,820	335,570	160,880	66.358
17.3 Excess Workers' Compensation		14,627		14,627	346,658	282,099	79,186	89.873
18.1 Products liability—occurrence	1,800	31,270	1,800	31,270	525,836	412,914	144,192	121.083
18.2 Products liability—claims-made		700		700	19,809	18,900	1,609	16.572
19.1,19.2 Private passenger auto liability	105,975,335	1,369,342	105,975,335	1,369,342	1,939,429	1,793,643	1,515,128	65.391
19.3,19.4 Commercial auto liability	6,347,400	264,397	6,347,400	264,397	592,293	659,808	196,882	50.307
21. Auto physical damage	74,743,397	422,926	74,743,397	422,926	(4,980)	8,902	409,044	50.410
22. Aircraft (all perils)		32,779		32,779	95,707	81,425	47,061	67.707
23. Fidelity		2,522		2,522	16,267	12,902	5,887	52.888
24. Surety		(47)		(47)	1,741	1,703	(9)	(5.590)
26. Burglary and theft		156		156	225	57	324	54.545
27. Boiler and machinery		122		122	505	(577)	1,204	52.348
28. Credit						2	(2)	
29. International								
30. Warranty					14	14		
31. Reinsurance-Nonproportional Assumed Property	X X X	40,039		40,039	100,788	102,710	38,117	23.904
32. Reinsurance-Nonproportional Assumed Liability	X X X	34,086		34,086	398,293	376,336	56,043	59.277
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	1,297		1,297	4,586	4,494	1,389	
34. Aggregate write-ins for other lines of business								
35. TOTALS	425,043,925	6,452,115	425,043,925	6,452,115	16,774,264	16,606,949	6,619,430	66.611

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	909	109,379	909	109,379	4,697	44,993	4,697	154,372	10,749
2. Allied lines	9,611	13,757	9,611	13,757	56,505	14,556	56,505	28,313	4,933
3. Farmowners multiple peril									
4. Homeowners multiple peril	42,142,356	210,369	42,142,356	210,369	30,856,925	145,634	30,856,925	356,003	105,516
5. Commercial multiple peril	173,562	211,285	173,562	211,285	665,566	113,939	665,566	325,224	107,779
6. Mortgage guaranty									
8. Ocean marine		41,658		41,658	3,240	21,390	3,240	63,048	10,478
9. Inland marine	132,686	26,858	132,686	26,858	148,352	80,142	148,352	107,000	11,406
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		121		121		474		595	17
11.2 Medical professional liablity—claims-made		13		13		2,201		2,214	45
12. Earthquake		174		174	22	141	22	315	15
13. Group accident and health		2,431		2,431		58		(a) 2,489	220
14. Credit accident and health (group and individual)									
15. Other accident and health		184		184		1,847		(a) 2,031	100
16. Workers' compensation	83,819,455	5,263,417	83,819,455	5,263,417	133,467,413	4,187,698	133,467,413	9,451,115	1,240,551
17.1 Other liability—occurrence	1,223,477	664,341	1,223,477	664,341	666,892	1,165,214	666,892	1,829,555	853,285
17.2 Other liability—claims-made		107,132		107,132		307,689		414,821	153,977
17.3 Excess Workers' Compensation		119,092		119,092	190,122	227,566	190,122	346,658	26,373
18.1 Products liability—occurrence	76,000	84,832	76,000	84,832	278,156	441,004	278,156	525,836	256,615
18.2 Products liability—claims-made		50		50		19,759		19,809	11,588
19.1,19.2 Private passenger auto liability	80,864,314	1,195,356	80,864,314	1,195,356	68,938,410	744,074	68,938,410	1,939,430	386,520
19.3,19.4 Commercial auto liability	1,785,792	331,760	1,785,792	331,760	2,642,378	260,533	2,642,378	592,293	100,809
21. Auto physical damage		1,462		1,462	(678,179)	(6,442)	(678,179)	(4,980)	55,917
22. Aircraft (all perils)		53,509		53,509		42,198		95,707	24,484
23. Fidelity		1,546		1,546	9,445	14,721	9,445	16,267	3,149
24. Surety		581		581	40	1,160	40	1,741	(67)
26. Burglary and theft		11		11	2,826	215	2,826	226	1,251
27. Boiler and machinery		5		5		500		505	77
28. Credit									
29. International									
30. Warranty						14		14	
31. Reinsurance-Nonproportional Assumed Property	X X X	52,827		52,827	X X X	47,961		100,788	2,813
32. Reinsurance-Nonproportional Assumed Liability	X X X	133,338		133,338	X X X	264,954		398,292	24,966
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	4,472		4,472	X X X	114		4,586	62
34. Aggregate write-ins for other lines of business									
35. TOTALS	210,228,162	8,629,960	210,228,162	8,629,960	237,252,810	8,144,307	237,252,810	16,774,267	3,393,628

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	26,866,684			26,866,684
1.2 Reinsurance assumed	1,059,524			1,059,524
1.3 Reinsurance ceded	26,866,684			26,866,684
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,059,524			1,059,524
2. Commission and brokerage:				
2.1 Direct, excluding contingent		20,530,701		20,530,701
2.2 Reinsurance assumed, excluding contingent		(390,117)		(390,117)
2.3 Reinsurance ceded, excluding contingent		20,530,701		20,530,701
2.4 Contingent—direct		2,705,307		2,705,307
2.5 Contingent—reinsurance assumed		134,841		134,841
2.6 Contingent—reinsurance ceded		2,705,307		2,705,307
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)		(255,276)		(255,276)
3. Allowances to manager and agents		110,392		110,392
4. Advertising	14,934	188,920	53	203,907
5. Boards, bureaus and associations	2,754	23,299	2	26,055
6. Surveys and underwriting reports	187	31,052	55	31,294
7. Audit of assureds' records		(16)		(16)
8. Salary and related items:				
8.1 Salaries	496,748	1,087,129	10,020	1,593,897
8.2 Payroll taxes	29,930	75,981	573	106,484
9. Employee relations and welfare	103,996	272,442	556	376,994
10. Insurance	31,670	6,746	116	38,532
11. Directors' fees		364		364
12. Travel and travel items	29,440	81,362	183	110,985
13. Rent and rent items	40,815	108,833	182	149,830
14. Equipment	32,401	90,355	161	122,917
15. Cost or depreciation of EDP equipment and software	6,463	47,126	82	53,671
16. Printing and stationery	4,985	19,567	26	24,578
17. Postage, telephone and telegraph, exchange and express	19,159	66,917	330	86,406
18. Legal and auditing	5,253	20,168	331	25,752
19. Totals (Lines 3 to 18)	818,735	2,230,637	12,670	3,062,042
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 7,984		386,334		386,334
20.2 Insurance department licenses and fees		19,029		19,029
20.3 Gross guaranty association assessments		(3,733)		(3,733)
20.4 All other (excluding federal and foreign income and real estate)		3,718		3,718
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		405,348		405,348
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	62,227	184,114	1,797	248,138
25. Total expenses incurred	1,940,486	2,564,823	14,467	(a) 4,519,776
26. Less unpaid expenses—current year	3,393,625	693,846		4,087,471
27. Add unpaid expenses—prior year	3,249,638	888,376		4,138,014
28. Amounts receivable relating to uninsured plans, prior year			234	234
29. Amounts receivable relating to uninsured plans, current year			13	13
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,796,499	2,759,353	14,246	4,570,098

DETAILS OF WRITE-IN LINES				
2401. Other expenses	23,736	184,114	1,797	209,647
2402. Change in unallocated expense reserves	38,491			38,491
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	62,227	184,114	1,797	248,138

(a) Includes management fees of $ 14,466 to affiliates and $ 132,676 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 608,317	618,902
1.1	Bonds exempt from U.S. tax	(a) (4,609)	24,053
1.2	Other bonds (unaffiliated)	(a) 1,123,805	1,085,795
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	70,459	60,777
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 51,081	40,693
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	4,295	4,295
10.	Total gross investment income	1,853,348	1,834,515
11.	Investment expenses		(g) 14,467
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		14,467
17.	Net investment income (Line 10 minus Line 16)		1,820,048

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	4,295	4,295
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)	4,295	4,295
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 $ 15,728 accrual of discount less $ 69,772 amortization of premium and less $ 36,162 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 10,924 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 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					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)	12,860		12,860		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	10,836	(165,481)	(154,645)	388,564	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	23,696	(165,481)	(141,785)	388,564	

	DETAILS OF WRITE-IN LINES					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	19,643	19,977	334
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums	48,859	53,245	4,386
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	15		(15)
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	23,218	37,972	14,754
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	91,735	111,194	19,459
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	91,735	111,194	19,459

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	23,065	23,299	234
2302. Amounts receivable under high deductible policies	153	14,673	14,520
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	23,218	37,972	14,754

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 Illinois Insurance Commissioner, the accompanying financial statements of The First Liberty Insurance Corporation (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.

3. The Company does not own common stocks.

4. The Company does not own preferred stocks.

5. The Company does not own mortgage loans.

6. Mortgage backed/asset backed securities are stated at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. The Company does not own any subsidiaries, controlled or affiliated entities.

8. The Company does not own any joint ventures, partnerships, and limited liability companies.

9. Derivative Securities, refer to Note 8.

10. 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 2009.

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.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. Not used.

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

3. Not used.

4. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2009 as of December 31, 2009: None.

5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009: None.

6. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2009: None.

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

8. Not used.

E. Repurchase Agreements

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

2. The Company maintained collateral for loaned securities.

   a) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral.

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

3. Aggregate amount of contractually obligated open collateral positions for which the borrower may request the return of on demand:

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	809,237	855,726	702,586	333,871	2,701,419

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

NOTES TO FINANCIAL STATEMENTS

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

B. Impairments on joint ventures, partnerships and limited liability companies

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	713,627	44,944	758,571	1,340,000	(581,429)
Total gross DTLs	(1,294,151)	0	(1,294,151)	(1,282,000)	(12,151)
Net DTA (DTL)	(580,524)	44,944	(535,580)	58,000	(593,580)
Net DTA non-admitted			0	0	0
Net Admitted DTA (DTL)			(535,580)	58,000	(593,580)

The Company has not elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period. A statutory valuation allowance adjustment, as described in SSAP No. 10R, paragraph 6e, is not required. Accordingly, total adjusted gross DTAs equal gross DTAs.

The Company has a net DTL; therefore, all DTAs and DTLs are admitted.

B. The Company does not have any DTLs described in SSAP No. 10R, Income Taxes, paragraph 6d.

C. The provisions for income taxes incurred on earnings for the years ended December 31 are:

	2009	2008
Federal	160,324	332,500
Foreign	0	0
Realized capital gains	(49,625)	0
Federal and foreign income taxes incurred	110,699	332,500

The Company's DTAs and DTLs result primarily from loss reserve discounting, unearned premium reserves, deferred compensation, depreciation, capital loss limitations, accrual of market discount and statutory non-admitted assets.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(457,582)
Change in tax effect of unrealized (gains) losses	(135,998)
Total change in net deferred income tax	(593,580)

NOTES TO FINANCIAL STATEMENTS

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt income, loss reserve discounting, unearned premium reserves, deferred compensation, depreciation, intercompany eliminations, capital loss limitations, accrual of market discount and sale of non-admitted assets.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $112,700 from the current year and $296,800 from the preceding year.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

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

B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.

C. Refer to Notes 10F, 22 and 25.

D. At December 31, 2009, the Company reported $306,323 due to 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. Refer to Note 25 for information regarding the Inter-Company Reinsurance Agreement.

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

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

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency, Inc. ("Helmsman") whereby Helmsman provides agent commission payments, accounting, office services and other services under the terms of the Agreement.

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

G. The Company is part of a holding company structure, as illustrated in Schedule Y Part 1.

H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. The Company has no investments in subsidiary, controlled or affiliated companies.

J. Impairment of subsidiaries

Refer to 10 I

K. Investment in foreign insurance subsidiaries.

Refer to 10 I

L. Investment in downstream non-insurance holding companies.

Refer to 10 I

Note 11- Debt

A. Not applicable

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

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

The Company's eligible direct employees are included in the U.S. Liberty Mutual Retirement Benefit Plan, which is a defined benefit plan; the Supplemental Income at Retirement Plan, which has both a defined benefit component and a

NOTES TO FINANCIAL STATEMENTS

defined contribution component; and the Thrift Incentive Plan, which is a defined contribution plan. The Company's eligible direct employees are also included in the Liberty postretirement health and life insurance benefit plans. Each of these plans is sponsored by the holding company, Liberty Mutual Group Inc. ("LMGI"). Accordingly, these plans' assets and obligations are not disclosed in this note. The costs for these plans are allocated by LMGI to LMIC, pursuant to an Employee Benefit Plan Cost-Sharing Agreement, and a portion of the costs, in turn, are allocated to the Company through the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 25.

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

1. Common Stock

   The Company has 30,000 shares authorized, issued and outstanding as of December 31, 2009. All shares have a stated par value of $120.

2. Preferred Stock

   Not applicable

3. Dividend Restrictions

   Not applicable

   There are no dividend restrictions.

4. The Company did not pay a dividend to its parent during 2009.

5. The maximum amount of dividends which can be paid by Illinois-domiciled insurance companies to shareholders without the prior approval of the Insurance Director is the greater of (a) 10% of surplus, subject to the availability of accumulated undistributed earnings, or (b) net income. The maximum dividend payout which may be made without prior approval in 2010 is $2,179,115.

6. As of December 31, 2009, the Company has pre-tax restricted surplus of $1,290,296 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2009.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is $0.

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

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 $214,324 that is offset by future premium tax credits of $33,245. This represents management’s best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company’s share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

NOTES TO FINANCIAL STATEMENTS

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

C. Gain Contingencies

Not applicable

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	$190,000

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

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

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [x]   (g) Per Claimant [ ]

E. All other Contingencies

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

As disclosed in Note 9F, 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:

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$26,519	$112,287
2011	14,790	101,474
2012	14,750	73,173
2013	14,710	44,756
2014	2,535	32,665
2015 & thereafter	8,622	153,932
Total	$81,926	$518,287

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 and 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.

NOTES TO FINANCIAL STATEMENTS

B. Transfers and servicing of financial assets:

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

At December 31, 2009 the total fair value of securities on loan was $5,110,137, with corresponding collateral value of $5,254,816 of which $2,701,419 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 net gain was $867. Claim payment volume was $46,753.

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 amount of credit taken by the Company in determination of its loss reserves was $0 in 2009 and 2008.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $2,617 in 2009 and $5,887 in 2008.

c) The amount the Company was assessed by the Special Disability Trust Fund was $218,178 in 2009 and $529,598 in 2008.

2) Assets in the amount of $10,333,703 and $9,838,950 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

3) Effective September 2, 2009 the Company re-domesticated from Iowa to Illinois.

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.

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.

NOTES TO FINANCIAL STATEMENTS

G. Sub-Prime Lending

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 25, there are no unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of the Company's policyholder's surplus.

B. There are no reinsurance recoverables in dispute from an individual reinsurer that exceed 5% of the Company's policyholder's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's policyholder'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, 2009.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	4,390,724	58,556	353,240,195	10,985,875	(348,849,471)	(10,927,319)
All Other	0	0	0	0	0	0
Total	4,390,724	58,556	353,240,195	10,985,875	(348,849,471)	(10,927,319)

Direct Unearned Premium Reserve: $353,240,195

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, 2009 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	724,383	127,620	724,383	127,620
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(195,000)	0	(195,000)
Totals	724,383	(67,380)	724,383	(67,380)

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

D. The Company has not written off any uncollectible balances in the current year.

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

F. The Company's retroactive reinsurance is a result of the Inter-Company Reinsurance Agreement with LMIC.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(2,294,125)	
	2. Adjustments – Prior Year(s)	272,298	
	3. Adjustments – Current Year	55,589	
	4. Total	$(1,966,238)	
b.	Consideration Paid or Received:		
	1. Initial	$(1,071,048)	
	2. Adjustments – Prior Year(s)	(52,415)	
	3. Adjustments – Current Year	(2,316)	
	4. Total	$(1,125,779)	
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(36,273)	
	2. Adjustments – Prior Year(s)	(348,076)	
	3. Adjustments – Current Year	(88,785)	
	4. Total	$(473,134)	
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$1,259,350	
	2. Adjustments – Prior Year(s)	23,363	
	3. Adjustments – Current Year	30,880	

NOTES TO FINANCIAL STATEMENTS

	4. Current Year Special Surplus	1,290,296	
	5. Cumulative Total Transferred to Unassigned Funds	$23,297	
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(1,966,238)	

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

G. 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	$488,594
Less: Non-admitted amount	48,859
Admitted amount	$439,735

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events in prior years increased in 2009. The increase was primarily the result of third quarter strengthening of asbestos reserves (refer to Note 32), partially offset by small decreases in workers compensation, commercial auto liability and commercial and personal property lines. Original estimates are revised as additional information becomes known regarding individual claims.

Note 25- Inter-Company 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	75.00%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	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 Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

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

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

(b) 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.

(h) Amount due from affiliated entity participating in the Liberty Mutual inter-company pool as at December 31, 2009:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$102,009

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

Effective January 1, 2010, LM General Insurance Company and LM Personal Insurance Company canceled their 100% Quota Share Agreements with Liberty Mutual Property and Casualty Insurance Company and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.10% Pool Participation Percentage.

Effective January 1, 2010, Bridgefield Casualty Insurance Company and Bridgefield Employers Insurance Company novated their 100% Quota Share Reinsurance Agreements with Peerless Insurance Company to substitute LMIC as the reinsurer.

Effective January 1, 2010, Liberty Lloyds of Texas Insurance Company and Liberty Mutual Personal Insurance Company terminated their 100% Quota Share Reinsurance Agreements with LMIC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.00% Pool Participation Percentage.

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2010, the Liberty Mutual Pool structure and participation percentages were revised as follows:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	73.80%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Insurance Company of Illinois (ICIL)	26700	0.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	All Lines
	Liberty Insurance Corporation (LIC)	42404	4.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LMC)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FST)	33588	0.10%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.10%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.10%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $1,069,928 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 $1,069,928 as of December 31, 2009.

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

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
The Prudential Insurance Company of America Newark, New Jersey	Yes	$519,414
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$321,511

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

As of December 31, 2009, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $4,785,644 and the amount billed and recoverable on paid claims was $229,759.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of $1,114,682 net of all reinsurance.

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. 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.

NOTES TO FINANCIAL STATEMENTS

Upon their de-affiliation from the Nationwide Group and re-affiliation with the Company, EICOW, 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 environmental damage, (v) the uncertainty as to the number and identity of insured’s with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

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

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

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

In the third quarter of 2009, the Company completed its biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company’s direct, assumed, and ceded asbestos claims. As part of the internal review, potential exposures of certain policyholders were individually evaluated using the company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insured's.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition
The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

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

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

Asbestos:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	1,702,462	1,998,250	1,849,761	1,682,306	1,563,172
Incurred losses and LAE	554,239	100,519	231,201	142,645	549,288
Calendar year payments	258,451	249,008	398,656	261,779	261,014

NOTES TO FINANCIAL STATEMENTS

Ending Reserves	1,998,250	1,849,761	1,682,306	1,563,172	1,851,446
Assumed Reinsurance Basis					
Beginning Reserves	489,591	513,880	543,463	708,252	670,538
Incurred losses and LAE	54,444	48,811	191,647	(7,572)	(152,757)
Calendar year payments	30,155	19,228	26,858	30,142	37,845
Ending Reserves	513,880	543,463	708,252	670,538	479,936
Net of Ceded Reinsurance Basis					
Beginning Reserves	951,468	1,042,356	897,022	797,334	659,357
Incurred losses and LAE	219,369	12,204	85,126	14,245	395,552
Calendar year payments	128,481	157,538	184,814	152,222	168,038
Ending Reserves	1,042,356	897,022	797,334	659,357	886,871

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	1,225,785
Assumed Reinsurance Basis	357,324
Net of Ceded Reinsurance Basis	732,557

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	659,658
Assumed Reinsurance Basis	3,618
Net of Ceded Reinsurance Basis	263,007

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	710,180	685,997	505,514	450,873	373,242
Incurred losses and LAE	158,566	47,851	5,881	6,838	28,154
Calendar year payments	182,749	228,334	60,522	84,469	94,857
Ending Reserves	685,997	505,514	450,873	373,242	306,539
Assumed Reinsurance Basis					
Beginning Reserves	70,885	52,320	47,947	40,855	40,740
Incurred losses and LAE	(12,230)	880	1,475	3,590	17,188
Calendar year payments	6,335	5,253	8,567	3,705	5,176
Ending Reserves	52,320	47,947	40,855	40,740	52,752
Net of Ceded Reinsurance Basis					
Beginning Reserves	526,713	426,821	395,366	363,636	311,587
Incurred losses and LAE	509	20,201	9,819	(13)	(3)
Calendar year payments	100,401	51,656	41,549	52,036	47,888
Ending Reserves	426,821	395,366	363,636	311,587	263,696

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	175,318
Assumed Reinsurance Basis	36,572
Net of Ceded Reinsurance Basis	163,599

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	141,573

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis	653
Net of Ceded Reinsurance Basis	97,161

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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 [X] No [ ]

2.2 If yes, date of change: 09/02/2009

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). 06/24/2006

3.4 By what department or departments?
Iowa Insurance Division

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

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

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

4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

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

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

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

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

10. 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 [ ] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved 0

11.13 Total book/adjusted carrying value $ 0

11.2 If yes, provide explanation:

GENERAL INTERROGATORIES

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules, and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code. Yes [X] No [ ]

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

GENERAL INTERROGATORIES

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

18.21	To directors or other officers	$ 0
18.22	To stockholders not officers	$ 0
18.23	Trustees, supreme or grand (Fraternal only)	$ 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [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 [ ] No [X]

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

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes [X] No [ ]

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

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

Please reference Note 17B

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

22.5 If answer to 22.4 is yes, report amount of collateral. $ 5,254,816

22.6 If answer to 22.4 is no, report amount of collateral. $ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes [X] No [ ]

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

23.21	Subject to repurchase agreements	$ 0
23.22	Subject to reverse repurchase agreements	$ 0
23.23	Subject to dollar repurchase agreements	$ 0
23.24	Subject to reverse dollar repurchase agreements	$ 0
23.25	Pledged as collateral	$ 0
23.26	Placed under option agreements	$ 0
23.27	Letter stock or securities restricted as to sale	$ 0
23.28	On deposit with state or other regulatory body	$ 10,333,703
23.29	Other	$ 0

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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	43,462,642	44,640,417	1,177,775
28.2 Preferred stocks	0	0	0
28.3 Totals	43,462,642	44,640,417	1,177,775

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

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

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

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

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

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ 9,040

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Workers Compensation Rating & INSP Bureau of MA	9,040
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0
1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0
1.6 Individual policies:

Most current three years:
1.61 Total premium earned $ 0
1.62 Total incurred claims $ 0
1.63 Number of covered lives 0

All years prior to most current three years:
1.64 Total premium earned $ 0
1.65 Total incurred claims $ 0
1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:
1.71 Total premium earned $ 0
1.72 Total incurred claims $ 0
1.73 Number of covered lives 0

All years prior to most current three years:
1.74 Total premium earned $ 0
1.75 Total incurred claims $ 0
1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 52	$ 65
2.2	Premium Denominator	$ 9,959,547	$ 11,110,558
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 4,841	$ 5,425
2.5	Reserve Denominator	$ 25,310,701	$ 25,055,344
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

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

3.21 Participating policies $ 0

3.22 Non-participating policies $ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [ ] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [X]

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 20C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

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

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 5

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [X]

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

8.2 If yes, give full information

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

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

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

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 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 [X]

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [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 $ 160,623
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 73,115

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? $ 149,405

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [X] No [ ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 4.00
12.42 To 6.00

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 8,173,180
12.62 Collateral and other funds $ 732,451

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 49,025

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. 11

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [X]

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

17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

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

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

18.1	Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.	$ 0
18.3	Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
18.4	If yes, please provide the balance of the funds adminstered as of the reporting date.	$ 0

FIVE – YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	315,181,890	308,502,506	305,815,108	287,136,082	225,477,013
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	141,119,223	137,681,442	127,383,792	117,850,290	104,110,953
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	300,550,873	269,767,242	239,226,200	188,919,706	133,430,919
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	25,028	(145,553)	302,354	250,877	200,744
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	251,983	231,309	187,616	114,714	82,052
6. Total (Line 35)	757,128,997	716,036,946	672,915,070	594,271,669	463,301,681
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	6,390,083	7,076,698	7,853,543	7,591,870	6,987,663
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,898,311	1,833,381	1,838,551	1,955,454	1,803,807
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,443,444	1,723,435	1,971,641	1,953,135	1,522,900
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	13,767	(158,282)	298,228	248,958	199,668
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	251,983	231,309	187,616	114,714	82,052
12. Total (Line 35)	9,997,588	10,706,541	12,149,579	11,864,131	10,596,090
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,101,806)	(631,245)	(653,813)	(358,426)	(783,850)
14. Net investment gain (loss) (Line 11)	1,727,888	2,052,509	2,046,490	1,899,791	1,924,634
15. Total other income (Line 15)	(164,285)	(124,854)	(114,326)	(88,351)	(124,567)
16. Dividends to policyholders (Line 17)	23,138	26,791	69,773	51,028	36,108
17. Federal and foreign income taxes incurred (Line 19)	160,325	332,500	420,890	661,114	357,682
18. Net income (Line 20)	278,334	937,119	787,688	740,872	622,427
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	51,133,059	47,456,214	47,641,180	45,620,600	41,986,665
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	1,187,716	1,245,880	1,061,695	823,107	699,342
20.2 Deferred and not yet due (Line 13.2)	2,815,315	2,426,714	2,750,482	2,752,816	2,069,783
20.3 Accrued retrospective premiums (Line 13.3)	439,735	479,172	510,790	695,816	704,100
21. Total liabilities excluding protected cell business (Page 3, Line 24)	29,341,913	25,781,134	25,900,584	24,607,092	21,610,953
22. Losses (Page 3, Line 1)	16,774,264	16,606,950	16,593,890	15,292,424	14,207,137
23. Loss adjustment expenses (Page 3, Line 3)	3,393,626	3,249,639	3,389,530	3,134,723	2,909,746
24. Unearned premiums (Page 3, Line 9)	4,390,724	4,374,334	4,846,758	4,683,768	4,199,301
25. Capital paid up (Page 3, Lines 28 & 29)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	21,791,146	21,675,080	21,740,596	21,013,508	20,375,712
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	237,686	691,159	1,848,188	3,302,613	1,653,745
Risk-Based Capital Analysis					
28. Total adjusted capital	21,791,146	21,675,080	21,740,596	21,013,508	20,375,712
29. Authorized control level risk-based capital	1,506,057	1,443,415	1,674,524	1,477,665	1,311,180
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	90.1	81.8	89.4	91.0	89.3
31. Stocks (Lines 2.1 & 2.2)		2.8	3.4	3.5	3.5
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	9.9	15.4	7.2	5.5	7.2
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)			0.0	0.0	
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	252,566	(238,512)	(44,564)	7,755	(37,549)
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	116,066	(65,516)	727,088	637,796	709,183
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	167,432,421	154,759,578	142,160,826	120,793,625	94,650,805
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	77,861,342	74,460,030	67,798,714	59,765,486	54,067,265
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	186,123,380	141,277,652	87,825,375	86,107,684	62,038,239
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,475	109,277	31,891	16,384	53,160
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	75,422	88,275	107,245	152,130	109,279
56. Total (Line 35)	431,496,040	370,694,812	297,924,051	266,835,309	210,918,748
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	4,087,328	4,848,064	4,014,854	3,742,266	3,737,061
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,232,721	1,085,220	1,000,008	1,129,319	919,584
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,053,169	1,321,356	891,242	833,475	964,647
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,475	109,277	31,891	16,384	53,160
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	75,422	88,275	107,245	152,130	109,279
62. Total (Line 35)	6,452,115	7,452,192	6,045,240	5,873,574	5,783,731
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	65.8	67.8	61.9	61.1	63.8
65. Loss expenses incurred (Line 3)	19.5	15.8	15.9	15.3	18.8
66. Other underwriting expenses incurred (Line 4)	25.8	22.1	27.8	26.8	24.9
67. Net underwriting gain (loss) (Line 8)	(11.1)	(5.7)	(5.5)	(3.2)	(7.6)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	27.3	24.1	27.9	26.4	25.6
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	85.3	83.5	77.8	76.4	82.6
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	45.9	49.4	55.9	56.5	52.0
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	241	(334)	313	499	515
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)	1.1	(1.5)	1.5	2.4	2.6
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(58)	237	1,131	1,349	1,339
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)	(0.3)	1.1	5.6	6.9	7.1

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

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	744	240	212	62	38		23	692	X X X
2. 2000	9,145	1,600	7,545	7,410	1,349	619	97	766	16	192	7,333	X X X
3. 2001	9,461	1,664	7,797	7,259	1,734	584	99	728	13	237	6,725	X X X
4. 2002	10,738	2,197	8,541	6,853	1,499	540	85	825	10	361	6,624	X X X
5. 2003	11,924	2,911	9,013	6,212	1,395	507	58	875	13	377	6,128	X X X
6. 2004	12,278	3,252	9,026	5,982	1,571	444	76	863	47	367	5,595	X X X
7. 2005	12,503	2,996	9,507	6,979	2,138	421	82	863	62	355	5,981	X X X
8. 2006	13,558	3,175	10,383	5,631	1,083	366	43	916	68	346	5,719	X X X
9. 2007	14,416	3,501	10,915	5,873	1,400	325	41	916	83	395	5,590	X X X
10. 2008	15,365	4,254	11,111	6,249	1,618	250	32	977	69	334	5,757	X X X
11. 2009	14,633	4,671	9,962	3,970	1,440	94	16	781	12	202	3,377	X X X
12. Totals	X X X	X X X	X X X	63,162	15,467	4,362	691	8,548	393	3,189	59,521	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	4,629	1,424	2,359	1,418	285	237	1,042	366	105		54	4,975	X X X
2. 2000	324	117	127	102	8	2	30	17	6		4	257	X X X
3. 2001	387	160	174	139	8	4	48	22	7		4	299	X X X
4. 2002	331	209	256	203	10	4	49	15	7		8	222	X X X
5. 2003	329	134	552	229	13	6	60	23	9		12	571	X X X
6. 2004	384	129	603	170	12	3	105	22	36		19	816	X X X
7. 2005	514	176	733	308	15	2	139	22	32	3	26	922	X X X
8. 2006	721	175	967	315	25	4	245	44	45		37	1,465	X X X
9. 2007	1,041	207	1,339	342	36	6	342	54	68	1	53	2,216	X X X
10. 2008	1,677	365	2,191	530	47	7	502	105	179	5	76	3,584	X X X
11. 2009	1,681	285	3,302	703	43	3	529	79	362	4	198	4,843	X X X
12. Totals	12,018	3,381	12,603	4,459	502	278	3,091	769	856	13	491	20,170	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	4,146	829
2. 2000	9,290	1,700	7,590	101.586	106.250	100.596			0.100	232	25
3. 2001	9,195	2,171	7,024	97.188	130.469	90.086			0.100	262	37
4. 2002	8,871	2,025	6,846	82.613	92.171	80.155			0.100	175	47
5. 2003	8,557	1,858	6,699	71.763	63.827	74.326			0.100	518	53
6. 2004	8,429	2,018	6,411	68.651	62.054	71.028			0.100	688	128
7. 2005	9,696	2,793	6,903	77.549	93.224	72.610			0.100	763	159
8. 2006	8,916	1,732	7,184	65.762	54.551	69.190			0.100	1,198	267
9. 2007	9,940	2,134	7,806	68.951	60.954	71.516			0.100	1,831	385
10. 2008	12,072	2,731	9,341	78.568	64.198	84.070			0.100	2,973	611
11. 2009	10,762	2,542	8,220	73.546	54.421	82.514			0.100	3,995	848
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	16,781	3,389

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) 1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	12,266	13,462	14,191	14,868	15,765	16,482	16,937	17,489	17,371	17,782	411	293
2. 2000	6,004	6,269	6,306	6,518	6,691	6,747	6,792	6,858	6,866	6,864	(2)	6
3. 2001	XXX	6,117	5,944	6,038	5,956	6,143	6,235	6,283	6,298	6,326	28	43
4. 2002	XXX	XXX	5,993	5,668	5,675	5,879	5,986	6,028	6,050	6,046	(4)	18
5. 2003	XXX	XXX	XXX	6,217	5,576	5,416	5,742	5,837	5,836	5,868	32	31
6. 2004	XXX	XXX	XXX	XXX	6,139	5,722	5,572	5,616	5,624	5,620	(4)	4
7. 2005	XXX	XXX	XXX	XXX	XXX	6,667	6,333	6,201	6,137	6,140	3	(61)
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	6,748	6,492	6,400	6,368	(32)	(124)
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,254	7,142	6,986	(156)	(268)
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,406	8,371	(35)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,222	XXX	XXX
										12. Totals	241	(58)

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) 1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	2,730	4,990	6,578	7,996	9,063	9,945	10,779	11,536	12,190	XXX	XXX
2. 2000	2,676	4,173	4,952	5,494	5,992	6,197	6,344	6,448	6,530	6,583	XXX	XXX
3. 2001	XXX	2,756	4,152	4,855	5,273	5,580	5,742	5,868	5,953	6,010	XXX	XXX
4. 2002	XXX	XXX	2,587	3,964	4,765	5,160	5,492	5,641	5,745	5,809	XXX	XXX
5. 2003	XXX	XXX	XXX	2,380	3,615	4,215	4,653	4,953	5,137	5,266	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	2,152	3,306	3,848	4,291	4,589	4,779	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX	2,467	3,781	4,436	4,879	5,180	XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	2,402	3,666	4,386	4,871	XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,480	3,956	4,757	XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,061	4,849	XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,608	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED) 1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior	4,112	2,859	1,967	1,573	1,364	1,647	1,711	1,840	1,473	1,726
2. 2000	1,639	617	260	175	144	105	85	103	73	46
3. 2001	XXX	1,693	676	398	193	163	131	121	82	66
4. 2002	XXX	XXX	1,776	686	294	223	177	162	111	89
5. 2003	XXX	XXX	XXX	2,570	1,043	463	550	515	423	384
6. 2004	XXX	XXX	XXX	XXX	2,786	1,563	1,037	802	661	554
7. 2005	XXX	XXX	XXX	XXX	XXX	2,991	1,619	1,058	752	591
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	3,146	1,809	1,226	905
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,286	2,038	1,344
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,493	2,154
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,174

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	9,378,646	8,341,336	7	4,079,165	5,376,146	4,936,355	26,564	
2. Alaska AK	L	102,113	69,209		56,529	54,989	132,832		
3. Arizona AZ	L	12,932,885	12,720,781		5,541,273	6,066,215	2,282,841	24,632	
4. Arkansas AR	L	776,995	848,222		517,343	397,228	722,293	1,000	
5. California CA	L	3,995,686	5,673,741		2,892,507	2,917,013	10,823,626		
6. Colorado CO	L	2,863,556	2,729,372		1,846,474	1,608,620	1,317,071	6,446	
7. Connecticut CT	L	9,832,402	10,074,008		6,540,650	7,764,903	10,282,791	38,437	
8. Delaware DE	L	1,739,610	1,771,256		754,168	1,083,213	2,694,774	6,996	
9. District of Columbia DC	L	1,114,976	1,302,104		910,589	1,118,715	1,429,743	3,370	
10. Florida FL	L	84,464,791	93,416,661	61,717	48,235,039	46,625,221	73,955,260	100,451	
11. Georgia GA	L	57,005,151	53,411,357		75,551,962	80,892,455	20,347,163	113,825	
12. Hawaii HI	L	273,431	262,197		546,346	337,808	687,919		
13. Idaho ID	L	280,467	263,663		120,535	238,308	178,766	1,180	
14. Illinois IL	L	8,829,259	8,682,914		5,189,452	7,328,120	9,604,801	14,686	
15. Indiana IN	L	4,882,253	4,768,350		1,743,068	2,695,325	4,139,469	5,079	
16. Iowa IA	L	8,505,768	7,978,809		4,156,819	4,269,278	2,186,042	41,885	
17. Kansas KS	L	1,972,956	2,222,005		1,967,338	2,195,425	3,218,607	1,853	
18. Kentucky KY	L	7,894,940	8,157,504		2,109,088	4,552,726	6,412,396	5,621	
19. Louisiana LA	L	2,809,376	2,859,170		1,007,671	2,025,383	3,584,187	2,895	
20. Maine ME	L	2,580,852	2,713,120		978,004	1,150,664	1,449,882	14,627	
21. Maryland MD	L	11,636,190	11,361,798		8,865,180	9,938,563	10,683,729	41,415	
22. Massachusetts MA	L	9,125,667	8,928,149	8,246	4,073,218	4,089,835	6,602,111	22,017	
23. Michigan MI	L	4,304,037	4,356,288		1,391,466	2,302,941	4,438,809	28	
24. Minnesota MN	L	2,476,469	2,005,275		1,028,803	1,222,989	1,890,440	4,871	
25. Mississippi MS	L	1,126,772	992,508		677,925	595,899	1,634,064	650	
26. Missouri MO	L	3,751,697	3,473,470		1,085,434	1,817,790	1,836,067	9,183	
27. Montana MT	L	2,885,231	2,663,989		744,444	2,300,916	3,851,308	1,215	
28. Nebraska NE	L	1,844,275	1,939,869		809,999	1,285,385	2,222,816	700	
29. Nevada NV	L	1,811,461	1,583,155		646,718	1,068,315	1,143,230	5,496	
30. New Hampshire NH	L	4,710,102	5,126,761	80,367	2,452,845	2,478,976	3,263,187	22,825	
31. New Jersey NJ	L	6,471,986	6,950,225		5,512,745	3,899,466	24,853,596	30	
32. New Mexico NM	L	1,111,851	932,661		350,075	597,062	579,642	2,408	
33. New York NY	L	145,785,253	132,896,200		56,320,870	60,449,205	51,259,693	755,026	
34. North Carolina NC	L	2,954,410	3,325,881	(1)	1,323,337	2,066,726	5,072,344		
35. North Dakota ND	L	(169,752)	(159,668)		22,833	30,570	14,050	84	
36. Ohio OH	L	1,967,150	1,884,285		1,073,892	1,622,335	1,967,092	10,762	
37. Oklahoma OK	L	2,722,377	2,351,569	(2)	1,513,594	1,313,969	2,042,006	5,663	
38. Oregon OR	L	1,991,535	1,755,359		678,186	844,621	675,495	6,730	
39. Pennsylvania PA	L	214,728,252	208,222,973		112,672,115	124,535,018	104,609,225	1,342,061	
40. Rhode Island RI	L	630,681	788,225		763,244	1,127,293	1,299,012		
41. South Carolina SC	L	1,379,870	1,752,477		1,198,252	1,197,098	3,716,230		
42. South Dakota SD	L	317,831	256,683		53,264	201,791	260,587	44	
43. Tennessee TN	L	15,431,544	13,024,206		7,532,638	8,469,041	5,813,386	63,456	
44. Texas TX	L	5,964,103	5,424,485		1,703,091	1,859,362	11,379,180		
45. Utah UT	L	418,488	363,357		100,561	47,255	170,498	1,026	
46. Vermont VT	L	2,728,143	2,700,487	140,747	875,328	1,418,639	2,488,040	6,270	
47. Virginia VA	L	73,606,766	78,701,708		44,377,971	43,228,194	28,504,579	478,664	
48. Washington WA	L	64,976	65,190		77,702	(407)	58,239		
49. West Virginia WV	L	480,351	406,652		296,620	418,401	171,479	1,349	
50. Wisconsin WI	L	2,574,792	2,267,084	85,352	2,033,152	2,534,309	4,496,916	4,842	
51. Wyoming WY	L	62,175	59,284		43,360	80,157	94,182	220	
52. American Samoa AS	N								
53. Guam GU	L	11	7			3	3		
54. Puerto Rico PR	N	(94)	87		1,050	1,023	77		
55. U.S. Virgin Islands VI	L	29	25			(176)	40		
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	X X X	667	987			246	2,802		
59. Totals	(a) 53	747,131,409	734,667,470	376,433	425,043,932	461,740,565	447,480,972	3,196,582	

DETAILS OF WRITE-INS									
5801. Other alien	X X X	667	987			246	2,802		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	667	987			246	2,802		

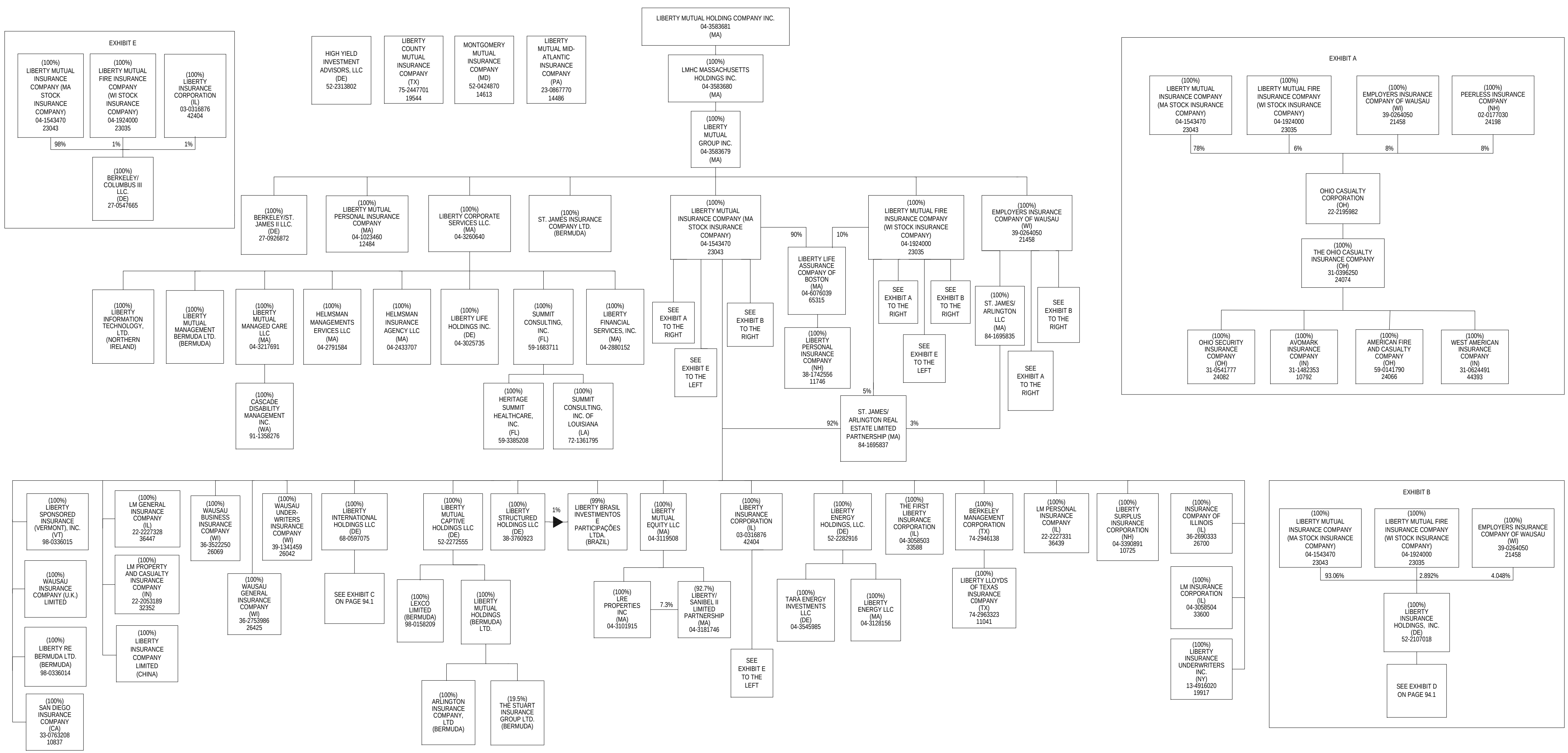
Explanation of basis of allocation of premiums by states, etc.

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
*State of employee's main work place - Worker's Compensation
*Location of 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, Warranty
*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 L responses except for Canada and Other Alien.

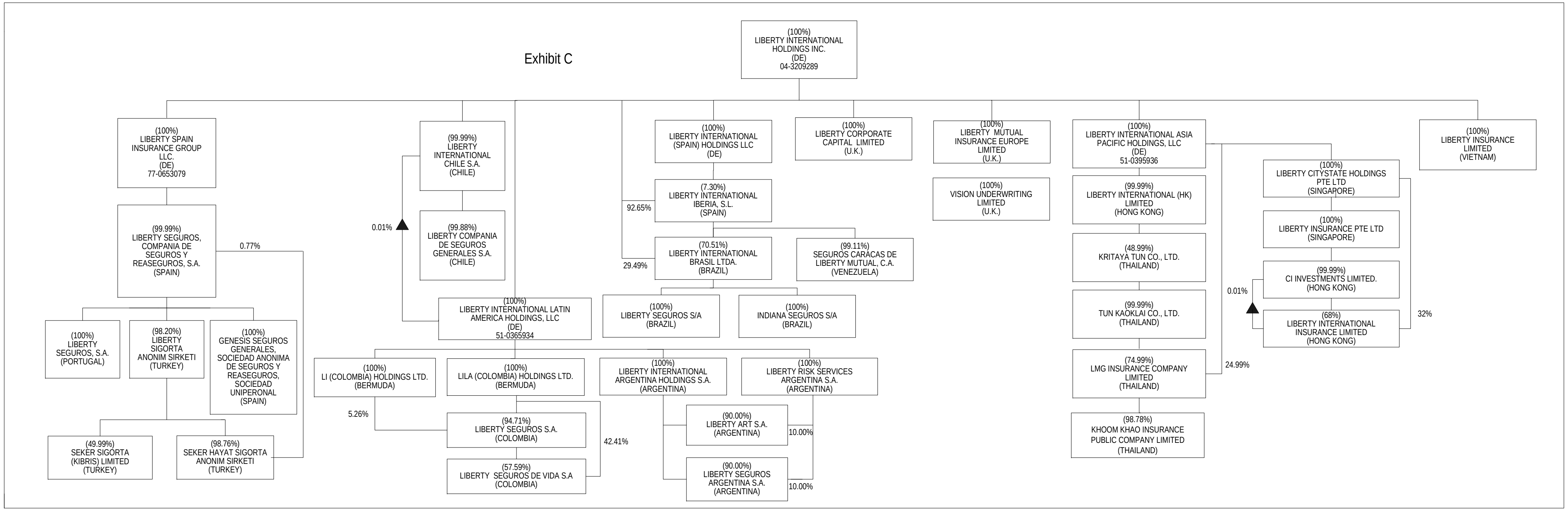
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

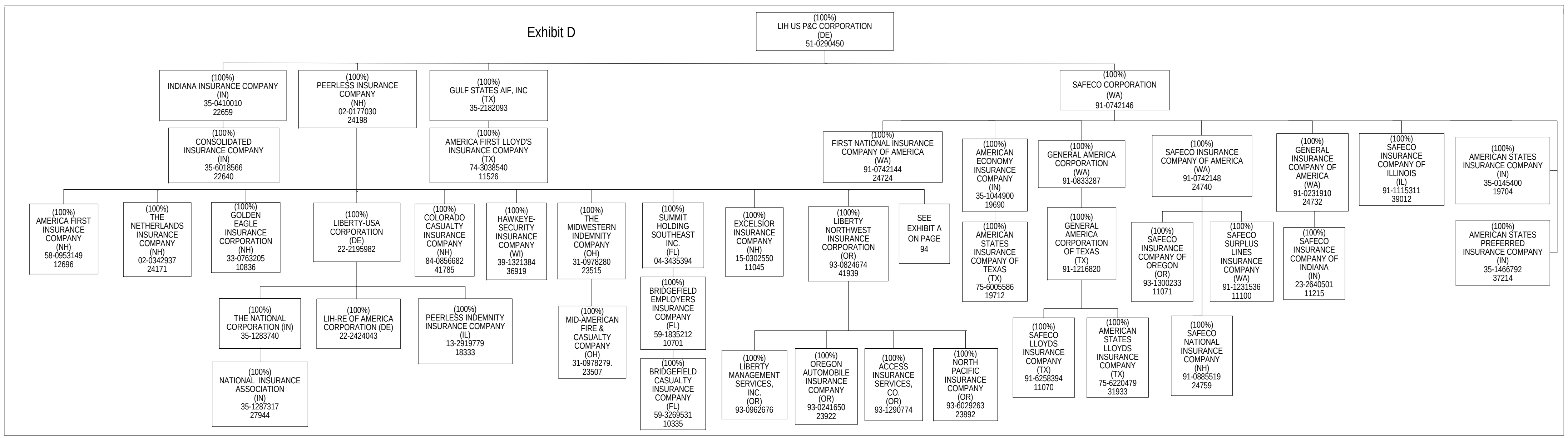
PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART





OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2304. Equities and deposits in pools and associations	36,713		36,713	47,486
2397. Totals (Lines 2301. through 2396.) (Page 2, Line 2398)	36,713		36,713	47,486

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	1 Current Year	2 Prior Year
2304. Private passenger auto escrow	938	
2305. Retroactive reinsurance reserves	(2,161,238)	(2,216,831)
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	(2,160,300)	(2,216,831)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT