ANNUAL STATEMENT

OF THE

GENERAL INSURANCE COMPANY OF AMERICA

of SEATTLE

in the state of WASHINGTON

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

24732200920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

General Insurance Company of America

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24732 **Employer's ID Number** 91-0231910

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

Country of Domicile United States of America

Incorporated/Organized: March 20, 1923 **Commenced Business:** May 1, 1923

Statutory Home Office: 1001 Fourth Avenue, Safeco Plaza (Street and Number) , Seattle, WA 98154 (City or Town, State and Zip Code)

Main Administrative Office: 1001 Fourth Avenue, Safeco Plaza (Street and Number)

Seattle, WA 98154 (City or Town, State and Zip Code) 206-545-5000 (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.SAFECO.COM

Statutory Statement Contact: Joanne Connolly (Name) 617-357-9500 x44393 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

Gary Richard Gregg

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
Gary Richard Gregg	Dexter Robert Legg	Michael Joseph Fallon
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Secretary	Chief Financial Officer and 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)	1,701,440,016		1,701,440,016	1,529,250,806
2. Stocks (Schedule D):				
2.1 Preferred stocks	17,970,230		17,970,230	34,017,623
2.2 Common stocks	18,354,661		18,354,661	13,038,237
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	15,660,130		15,660,130	
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 ($ 15,893,417, Schedule E - Part 1), cash equivalents ($ 6,134,852, Schedule E - Part 2), and short-term investments ($ 81,931,587, Schedule DA)	103,959,856		103,959,856	210,621,761
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				5,905,507
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,857,384,893		1,857,384,893	1,792,833,934
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	21,505,060		21,505,060	22,275,370
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	42,234,574	5,784,807	36,449,767	114,460,712
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (6,525,601) earned but unbilled premiums)	258,650,610	(160,603)	258,811,213	192,480,558
13.3 Accrued retrospective premiums	1,707,715	205,383	1,502,332	537,089
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	18,609,125		18,609,125	31,083,605
14.2 Funds held by or deposited with reinsured companies				1,049,957
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				18,226,010
16.2 Net deferred tax asset	81,144,000	25,709,300	55,434,700	51,197,952
17. Guaranty funds receivable or on deposit	1,703,263		1,703,263	1,791,803
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	1,089,450		1,089,450	75,085,435
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	10,020,784	2,278,720	7,742,064	1,020,349
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,294,049,474	33,817,607	2,260,231,867	2,302,042,774
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	2,294,049,474	33,817,607	2,260,231,867	2,302,042,774

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	5,213,506		5,213,506	
2302. Other assets	2,623,285	2,278,720	344,565	1,020,349
2303. Equities and deposits in pools and associations	2,183,993		2,183,993	
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	10,020,784	2,278,720	7,742,064	1,020,349

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	864,827,432	891,773,290
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	55,754,833	61,307,143
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	205,900,191	207,882,820
4.	Commissions payable, contingent commissions and other similar charges	24,506,544	33,030,738
5.	Other expenses (excluding taxes, licenses and fees)	29,092,699	58,615,104
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	8,819,167	16,734,553
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	2,828,451	
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 119,099,641 and including warranty reserves of $ 0)	423,304,339	464,642,504
10.	Advance premium	3,013,114	7,299,922
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	781,078	1,508,929
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,083,978	29,290,201
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	(278,975)	4,133,885
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	30,230,522	
19.	Payable to parent, subsidiaries and affiliates	1,527,699	72,041,845
20.	Payable for securities	15,427,684	1,174,791
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $ 0 and interest thereon $ 0		
23.	Aggregate write-ins for liabilities	45,415,026	4,988,246
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	1,712,233,782	1,854,423,971
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	1,712,233,782	1,854,423,971
27.	Aggregate write-ins for special surplus funds	10,466,785	
28.	Common capital stock	5,000,000	5,000,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds		
31.	Surplus notes		
32.	Gross paid in and contributed surplus	170,891,058	170,891,058
33.	Unassigned funds (surplus)	361,640,242	271,727,745
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)	547,998,085	447,618,803
36.	Totals (Page 2, Line 26, Col. 3)	2,260,231,867	2,302,042,774

	DETAILS OF WRITE-IN LINES		
2301.	Collateral held for securities loaned	22,243,145	
2302.	Retroactive reinsurance reserves	8,286,299	
2303.	Other liabilities	6,923,603	4,532,007
2398.	Summary of remaining write-ins for Line 23 from overflow page	7,961,979	456,239
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	45,415,026	4,988,246
2701.	SSAP 10R incremental change	8,632,671	
2702.	Special surplus from retroactive reinsurance	1,834,114	
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page		
2799.	Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	10,466,785	
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)	963,840,745	1,271,834,736
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	488,813,155	706,060,880
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	114,436,853	146,221,888
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	319,960,654	385,673,726
5.	Aggregate write-ins for underwriting deductions	150,367	
6.	Total underwriting deductions (Lines 2 through 5)	923,361,029	1,237,956,494
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	40,479,716	33,878,242
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	84,664,667	85,871,467
10.	Net realized capital gains (losses) less capital gains tax of $ (2,254,981) (Exhibit of Capital Gains (Losses))	(4,187,821)	(25,713,595)
11.	Net investment gain (loss) (Lines 9 + 10)	80,476,846	60,157,872
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 43,169 amount charged off $ 4,309,579)	(4,266,410)	(7,625,299)
13.	Finance and service charges not included in premiums	8,217,447	5,955,321
14.	Aggregate write-ins for miscellaneous income	(5,576,898)	3,736,470
15.	Total other income (Lines 12 through 14)	(1,625,861)	2,066,492
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	119,330,701	96,102,606
17.	Dividends to policyholders	4,123,899	1,528,468
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)	115,206,802	94,574,138
19.	Federal and foreign income taxes incurred	27,483,031	20,532,444
20.	Net income (Line 18 minus Line 19) (to Line 22)	87,723,771	74,041,694
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	447,618,803	594,347,376
22.	Net income (from Line 20)	87,723,771	74,041,694
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 2,811,869	5,665,895	(63,901,178)
25.	Change in net unrealized foreign exchange capital gain (loss)		(1,831,622)
26.	Change in net deferred income tax	530,527	(2,391,370)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(2,837,049)	(30,161,156)
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		7,325,440
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		(123,000,000)
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	9,296,138	(6,810,381)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	100,379,282	(146,728,573)
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	547,998,085	447,618,803

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	150,367	
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)	150,367	
1401.	Retroactive reinsurance gain/(loss)	(124,263)	3,736,470
1402.	Other income/(expense)	(5,452,635)	
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(5,576,898)	3,736,470
3701.	SSAP 10R incremental change	8,632,671	
3702.	Other changes in surplus	663,467	(6,810,381)
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	9,296,138	(6,810,381)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	824,567,986	1,234,863,032
2.	Net investment income	90,368,055	92,573,474
3.	Miscellaneous income	(4,640,319)	2,638,513
4.	Total (Lines 1 through 3)	910,295,722	1,330,075,019
5.	Benefit and loss related payments	478,606,320	673,903,039
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	475,661,765	532,742,131
8.	Dividends paid to policyholders	4,851,751	1,707,329
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	4,173,589	26,652,854
10.	Total (Lines 5 through 9)	963,293,425	1,235,005,353
11.	Net cash from operations (Line 4 minus Line 10)	(52,997,703)	95,069,666
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	532,741,923	155,829,033
	12.2 Stocks	17,157,212	245,659,646
	12.3 Mortgage loans	48,518	
	12.4 Real estate		
	12.5 Other invested assets		173,000
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	(6,174)	(208)
	12.7 Miscellaneous proceeds	5,402,377	
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	555,343,856	401,661,471
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	710,530,355	154,185,530
	13.2 Stocks	3,691,637	79,947,739
	13.3 Mortgage loans	15,708,648	
	13.4 Real estate		
	13.5 Other invested assets		44,550
	13.6 Miscellaneous applications	(14,252,893)	8,397,026
	13.7 Total investments acquired (Lines 13.1 to 13.6)	715,677,747	242,574,845
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)	(160,333,891)	159,086,626
	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		123,000,000
	16.6 Other cash provided (applied)	106,669,689	54,069,755
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	106,669,689	(68,930,245)
	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)	(106,661,905)	185,226,047
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	210,621,761	25,395,714
	19.2 End of year (Line 18 plus Line 19.1)	103,959,856	210,621,761

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	9,888,005	14,698,116	8,741,937	15,844,184
2. Allied lines	9,300,678	10,819,220	7,032,620	13,087,278
3. Farmowners multiple peril	6,621,145	3,419,078	3,411,439	6,628,784
4. Homeowners multiple peril	83,182,382	71,065,786	69,051,107	85,197,061
5. Commercial multiple peril	198,425,876	65,972,816	89,818,837	174,579,855
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	16,394,689	7,933,625	7,657,633	16,670,681
10. Financial guaranty				
11.1 Medical professional liability—occurrence	(6,012)	150,347	37,198	107,137
11.2 Medical professional liability—claims-made	3,669	9,119	3,614	9,174
12. Earthquake	1,156,728	3,888,874	1,653,333	3,392,269
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	(899,409)	1,559,917	7,326	653,182
16. Workers' compensation	147,947,905	11,945,923	34,737,061	125,156,767
17.1 Other liability—occurrence	54,068,882	22,688,617	25,714,297	51,043,202
17.2 Other liability—claims-made	(695,110)	3,768,024	912,837	2,160,077
17.3 Excess Workers' Compensation	132,805		45,192	87,613
18.1 Products liability—occurrence	1,755,768	627,703	888,772	1,494,699
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	143,573,628	83,506,721	52,294,749	174,785,600
19.3,19.4 Commercial auto liability	86,260,680	37,445,888	39,561,221	84,145,347
21. Auto physical damage	121,719,166	64,223,421	46,117,697	139,824,890
22. Aircraft (all perils)				
23. Fidelity	1,027,529	89,530	504,307	612,752
24. Surety	51,090,854	56,927,402	39,736,570	68,281,686
26. Burglary and theft	46,793	24,343	17,597	53,539
27. Boiler and machinery	28,079		3,118	24,961
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	10			10
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	931,024,740	460,764,470	427,948,462	963,840,748

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

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

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	8,741,937				8,741,937
2.	Allied lines	7,032,583	37			7,032,620
3.	Farmowners multiple peril	3,411,439				3,411,439
4.	Homeowners multiple peril	69,051,107				69,051,107
5.	Commercial multiple peril	87,588,886		2,224,769	5,182	89,818,837
6.	Mortgage guaranty					
8.	Ocean marine					
9.	Inland marine	7,609,686	47,927	20		7,657,633
10.	Financial guaranty					
11.1	Medical professional liability—occurrence	37,198				37,198
11.2	Medical professional liablity—claims-made	3,614				3,614
12.	Earthquake	1,653,333				1,653,333
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health	7,326				7,326
16.	Workers' compensation	32,888,365	10,157	1,771,162	67,378	34,737,062
17.1	Other liability—occurrence	25,151,891	127,930	424,426	10,050	25,714,297
17.2	Other liability—claims-made	910,003	1,756	1,078		912,837
17.3	Excess Workers' Compensation	45,192				45,192
18.1	Products liability—occurrence	745,556		143,216		888,772
18.2	Products liability—claims-made					
19.1,19.2	Private passenger auto liability	52,294,740		9		52,294,749
19.3,19.4	Commercial auto liability	39,107,749	456,640	20	(3,188)	39,561,221
21.	Auto physical damage	46,013,653	104,045			46,117,698
22.	Aircraft (all perils)					
23.	Fidelity	184,951	319,356			504,307
24.	Surety	17,346,712	22,389,858			39,736,570
26.	Burglary and theft	17,597				17,597
27.	Boiler and machinery	3,118				3,118
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance-Nonproportional Assumed Property					
32.	Reinsurance-Nonproportional Assumed Liability					
33.	Reinsurance-Nonproportional Assumed Financial Lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	399,846,636	23,457,706	4,564,700	79,422	427,948,464
36.	Accrued retrospective premiums based on experience					(79,422)
37.	Earned but unbilled premiums					(4,564,700)
38.	Balance (Sum of Lines 35 through 37)					423,304,342

	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	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	4,583,452	9,888,005		4,583,452		9,888,005
2. Allied lines	6,981,081	9,300,669		6,981,071		9,300,679
3. Farmowners multiple peril		6,621,145				6,621,145
4. Homeowners multiple peril	7,544,233	83,182,382		7,544,233		83,182,382
5. Commercial multiple peril	60,382,564	198,425,876		60,382,564		198,425,876
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	746,295	16,394,689		746,295		16,394,689
10. Financial guaranty						
11.1 Medical professional liability--occurrence	885,357	(6,012)		885,357		(6,012)
11.2 Medical professional liability--claims-made	99,356	3,669		99,356		3,669
12. Earthquake	537,516	1,156,728		537,516		1,156,728
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		(899,409)				(899,409)
16. Workers' compensation	5,004,458	147,969,080		5,025,633		147,947,905
17.1 Other liability—occurrence	15,003,217	54,068,882		15,003,217		54,068,882
17.2 Other liability—claims-made	15,739,812	(695,110)		15,739,812		(695,110)
17.3 Excess Workers' Compensation		132,805				132,805
18.1 Products liability—occurrence	509,617	1,755,768		509,617		1,755,768
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	61,070,165	130,431,392		47,927,930		143,573,627
19.3,19.4 Commercial auto liability	61,157,875	86,260,680		61,157,875		86,260,680
21. Auto physical damage	55,928,970	109,695,364		43,905,168		121,719,166
22. Aircraft (all perils)						
23. Fidelity	38,282	1,027,529		38,282		1,027,529
24. Surety	3,132,004	50,354,565		2,395,715		51,090,854
26. Burglary and theft	17,645	46,793		17,645		46,793
27. Boiler and machinery	238,775	28,079		238,775		28,079
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X	10				10
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	299,600,674	905,143,579		273,719,513		931,024,740

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 [ ] No [X]

If yes: 1. The amount of such installment premiums $ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	4,793,014	12,472,176	5,999,363	11,265,827	2,846,626	7,221,894	6,890,559	43.490
2. Allied lines	23,160,001	11,772,153	23,160,001	11,772,153	2,379,255	5,172,716	8,978,692	68.606
3. Farmowners multiple peril		4,023,472		4,023,472	2,245,089	1,617,562	4,650,999	70.164
4. Homeowners multiple peril	7,593,406	77,470,698	7,593,406	77,470,698	26,782,790	51,190,991	53,062,497	62.282
5. Commercial multiple peril	36,152,279	61,165,489	36,152,279	61,165,489	148,496,751	120,967,500	88,694,740	50.805
6. Mortgage guaranty								
8. Ocean marine		157,972	140,179	17,793	1,346	29,656	(10,517)	
9. Inland marine	457,484	5,408,945	457,484	5,408,945	2,436,334	1,538,606	6,306,673	37.831
10. Financial guaranty						62	(62)	
11.1 Medical professional liability—occurrence	10,000	233,757	10,000	233,757	200,140	382,143	51,754	48.306
11.2 Medical professional liability—claims-made	140,000	116,716	140,000	116,716	44,568	173,061	(11,777)	(128.374)
12. Earthquake	1,000	(426)	1,000	(426)	5,534	29,291	(24,183)	(0.713)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		1,340,934		1,340,934	707,954	1,897,990	150,898	23.102
16. Workers' compensation	9,822,254	(81,292,891)	14,054,481	(85,525,118)	315,419,140	144,834,123	85,059,899	67.963
17.1 Other liability—occurrence	6,220,782	22,194,615	12,441,927	15,973,470	81,803,571	91,103,223	6,673,818	13.075
17.2 Other liability—claims-made	16,282,239	7,952,492	16,282,239	7,952,492	2,599,422	10,760,722	(208,808)	(9.667)
17.3 Excess Workers' Compensation		23,250		23,250	40,187		63,437	72.406
18.1 Products liability—occurrence	840,996	331,675	840,996	331,675	2,671,391	3,103,922	(100,856)	(6.748)
18.2 Products liability—claims-made		216		216	71	361	(74)	
19.1,19.2 Private passenger auto liability	37,991,034	264,115,180	58,847,856	243,258,358	135,218,771	285,824,936	92,652,193	53.009
19.3,19.4 Commercial auto liability	31,752,814	45,862,247	31,752,814	45,862,247	89,272,589	91,881,979	43,252,857	51.403
21. Auto physical damage	30,225,453	81,189,252	30,549,176	80,865,529	6,607,520	9,425,298	78,047,751	55.818
22. Aircraft (all perils)		110,658		110,658	(62,400)	184,841	(136,583)	
23. Fidelity		(35,173)		(35,173)	207,199	36,787	135,239	22.071
24. Surety	(539,429)	5,710,569	(539,429)	5,710,569	27,623,181	18,734,927	14,598,823	21.380
26. Burglary and theft		5,830		5,830	14,889	7,247	13,472	25.163
27. Boiler and machinery	3,982	(11,889)	3,982	(11,889)	4,779	11,248	(18,358)	(73.547)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X	28,439,715	18,174	28,421,541	17,260,734	45,642,207	40,068	400680.000
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	13,188,325	13,188,325					
34. Aggregate write-ins for other lines of business								
35. TOTALS	204,907,309	561,945,957	251,094,253	515,759,013	864,827,431	891,773,293	488,813,151	50.715

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

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

Line of Business	Reported Losses 1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1. Fire	545,363	2,035,258	545,363	2,035,258	142,234	811,368	142,234	2,846,626	352,340
2. Allied lines	4,562,761	2,101,025	4,562,761	2,101,025	187,843	278,230	187,843	2,379,255	238,111
3. Farmowners multiple peril		1,900,820		1,900,820	26	344,269	26	2,245,089	513,535
4. Homeowners multiple peril	1,631,106	20,256,440	1,631,106	20,256,440	404,606	6,526,351	404,606	26,782,791	5,652,939
5. Commercial multiple peril	38,606,341	90,311,794	38,606,341	90,311,794	17,482,039	58,184,957	17,482,039	148,496,751	74,059,624
6. Mortgage guaranty									
8. Ocean marine		1,346		1,346				1,346	
9. Inland marine	88,100	1,027,596	88,100	1,027,596	19,716	1,408,739	19,716	2,436,335	323,492
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		82,028		82,028	1,283,835	118,113	1,283,835	200,141	89,024
11.2 Medical professional liablity—claims-made	415,000	38,180	415,000	38,180	69,440	6,388	69,440	44,568	10,803
12. Earthquake		5,534		5,534				5,534	(672)
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health		707,954		707,954				(a) 707,954	(7)
16. Workers' compensation	75,130,501	174,024,445	75,130,501	174,024,445	37,522,136	141,394,695	37,522,136	315,419,140	43,396,812
17.1 Other liability—occurrence	29,012,593	30,199,445	29,012,593	30,199,445	22,698,911	51,604,126	22,698,911	81,803,571	27,777,413
17.2 Other liability—claims-made	15,595,884	1,372,869	15,595,884	1,372,869	13,257,897	1,226,553	13,257,897	2,599,422	1,660,323
17.3 Excess Workers' Compensation		54,946		54,946		(14,759)		40,187	(10,929)
18.1 Products liability—occurrence	10,764,706	1,710,422	10,764,706	1,710,422	461,200	960,969	461,200	2,671,391	1,314,764
18.2 Products liability—claims-made						71		71	
19.1,19.2 Private passenger auto liability	32,125,596	110,799,196	32,125,596	110,799,196	8,499,656	24,419,575	8,499,656	135,218,771	27,152,840
19.3,19.4 Commercial auto liability	53,849,501	53,056,264	53,849,501	53,056,264	31,685,992	36,216,326	31,685,992	89,272,590	13,729,907
21. Auto physical damage	761,443	3,763,821	761,443	3,763,821	989,472	2,843,699	989,472	6,607,520	1,949,195
22. Aircraft (all perils)		9,853		9,853		(72,253)		(62,400)	
23. Fidelity		48,695		48,695	1,618	158,504	1,618	207,199	42,392
24. Surety	634,672	(4,803,892)	634,672	(4,803,892)	1,566,166	32,427,073	1,566,166	27,623,181	7,624,066
26. Burglary and theft		14,225		14,225	410	664	410	14,889	5,822
27. Boiler and machinery					4,558	4,779	4,558	4,779	8,529
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	9,377,586		9,377,586	X X X	7,883,149		17,260,735	9,866
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	263,723,567	498,095,850	263,723,567	498,095,850	136,277,755	366,731,586	136,277,755	864,827,436	205,900,189

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	26,279,271			26,279,271
1.2 Reinsurance assumed	32,635,417			32,635,417
1.3 Reinsurance ceded	26,279,271			26,279,271
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	32,635,417			32,635,417
2. Commission and brokerage:				
2.1 Direct, excluding contingent		44,422,403		44,422,403
2.2 Reinsurance assumed, excluding contingent		138,696,566		138,696,566
2.3 Reinsurance ceded, excluding contingent		44,422,403		44,422,403
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		15,093,184		15,093,184
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		153,789,750		153,789,750
3. Allowances to manager and agents		76,844	2	76,846
4. Advertising	1,111,234	5,187,714	2,250	6,301,198
5. Boards, bureaus and associations	95,545	2,330,569	67	2,426,181
6. Surveys and underwriting reports	17,477	5,090,582	2,329	5,110,388
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	38,999,233	61,900,855	420,262	101,320,350
8.2 Payroll taxes	2,340,491	5,478,632	24,114	7,843,237
9. Employee relations and welfare	7,863,512	19,406,873	23,386	27,293,771
10. Insurance	4,630,431	625,915	4,880	5,261,226
11. Directors' fees		2,453		2,453
12. Travel and travel items	2,076,631	3,990,074	7,690	6,074,395
13. Rent and rent items	4,582,912	7,540,710	7,638	12,131,260
14. Equipment	2,723,567	5,137,403	6,757	7,867,727
15. Cost or depreciation of EDP equipment and software	1,601,181	2,693,035	3,464	4,297,680
16. Printing and stationery	371,840	1,269,991	1,109	1,642,940
17. Postage, telephone and telegraph, exchange and express	1,600,302	5,153,509	13,875	6,767,686
18. Legal and auditing	299,065	1,227,910	18,222	1,545,197
19. Totals (Lines 3 to 18)	68,313,421	127,113,069	536,045	195,962,535
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 339,088		23,247,065		23,247,065
20.2 Insurance department licenses and fees		2,005,733		2,005,733
20.3 Gross guaranty association assessments		(131,467)		(131,467)
20.4 All other (excluding federal and foreign income and real estate)		805,819		805,819
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		25,927,150		25,927,150
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	13,488,015	13,130,685	75,605	26,694,305
25. Total expenses incurred	114,436,853	319,960,654	611,650	(a) 435,009,157
26. Less unpaid expenses—current year	205,900,191	62,418,410		268,318,601
27. Add unpaid expenses—prior year	207,882,823	108,380,395		316,263,218
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	116,419,485	365,922,639	611,650	482,953,774

DETAILS OF WRITE-IN LINES				
2401. Other expenses	5,078,676	13,130,685	75,605	18,284,966
2402. Change in unallocated expense reserves	8,409,339			8,409,339
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	13,488,015	13,130,685	75,605	26,694,305

(a) Includes management fees of $ 608,606 to affiliates and $ 4,310 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 7,258,015	8,311,021
1.1	Bonds exempt from U.S. tax	(a) 48,797,492	47,385,007
1.2	Other bonds (unaffiliated)	(a) 27,029,262	26,823,889
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 2,273,969	1,968,827
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	9,706	9,706
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 119,498	206,316
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 1,171,165	1,161,307
7.	Derivative instruments	(f)	
8.	Other invested assets	579	579
9.	Aggregate write-ins for investment income	(590,336)	(590,336)
10.	Total gross investment income	86,069,350	85,276,316
11.	Investment expenses		(g) 611,649
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)		611,649
17.	Net investment income (Line 10 minus Line 16)		84,664,667

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	59,909	59,909
0902.	Investment Income/(Expense) - Pooling Restatement	(650,245)	(650,245)
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	(590,336)	(590,336)
1501.			
1502.	NONE		
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 $ 2,406,393 accrual of discount less $ 7,312,147 amortization of premium and less $ 1,183,972 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 $ 51,407 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 $ 170,587 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	(60)		(60)		
1.1	Bonds exempt from U.S. tax	2,901,382	(6,419,000)	(3,517,618)	4,055,411	
1.2	Other bonds (unaffiliated)	(1,267,203)	(1,419,658)	(2,686,861)	1,455,659	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	5,521,912	(5,754,000)	(232,088)	1,341,907	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)				1,180,936	
2.21	Common stocks of affiliates				443,852	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	16,720	(22,895)	(6,175)		
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	7,172,751	(13,615,553)	(6,442,802)	8,477,765	

	DETAILS OF WRITE-IN LINES					
0901.						
0902.		NONE				
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		22,725	22,725
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	5,784,807	6,819,256	1,034,449
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	(160,603)	373,751	534,354
13.3 Accrued retrospective premiums	205,383	59,677	(145,706)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	25,709,300	32,227,391	6,518,091
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	2,278,720	110,429	(2,168,291)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	33,817,607	39,613,229	5,795,622
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	33,817,607	39,613,229	5,795,622

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	2,278,720	110,429	(2,168,291)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,278,720	110,429	(2,168,291)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

There are no differences between Washington prescribed or permitted practices and NAIC statutory accounting practices that resulted in a difference for the Company.

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

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual.

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

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 carries its investments in SCA companies in accordance with SSAP No. 97, Investment in Subsidiaries, Controlled Entities and Affiliates, and the SVO Manual. Schedule D Part 6-Section 1 illustrates the valuation method used for each SCA company.

8. 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

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

NOTES TO FINANCIAL STATEMENTS

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.

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

During 2009, the company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2009 were 10.25% and 5.24% respectively.
(2) During 2009, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2009 was 75%.
(4) No loans had interest more than 180 days past due.
(5) There were $143 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) There was no recorded investment in impaired loans as of December 31, 2009.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) There was no average recorded investment in impaired loans for 2009.
(9) There was no interest income recognized for impaired loans during 2009.
(10) There was no interest income recognized on a cash basis for impaired loans during 2009.
(11)
a) There was no allowance for credit losses in 2009 or 2008.
b) There were no additions charged to operations.
c) There were no direct write-downs charged against the allowance.
d) There were no recoveries of amounts previously charged off.
e) The balance in the allowance for credit losses was $0 in 2009 and $0 in 2008.

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

B. Troubled Debt Restructuring for Creditors

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

C. Reverse Mortgages

The company has no reverse mortgages.

D. 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:

	1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value (C1-C2)
Aggregate Intent to Sell			
Aggregate Intent & Ability	1,815,900	177,901	1,321,949

NOTES TO FINANCIAL STATEMENTS

5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009:

1 CUSIP	2 Book/Adj Carrying Value Amortized cost before current period OTTI	3 Projected Cash Flows	4 Recognized other-than-temporary impairment	5 Amortized cost after other-than-temporary impairment	6 Fair Value
59023XAB2	670,877	586,823	84,053	586,823	587,691
59023XAB2	444,875	386,128	58,747	386,128	307,378
61749BAB9	700,147	665,047	35,101	665,047	426,880

6. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2009:

	1 Less Than 12 Months	2 Greater Than 12 Months
Gross Unrealized Loss	(1,195,594)	(6,086,167)

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.

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	6,663,155	7,045,937	5,785,001	2,749,052	22,243,145

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

F. Real Estate

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

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

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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 (180 days for mortgage loans).

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	82,546,435	3,003,365	85,549,800	89,598,051	(4,048,251)
Total gross DTLs	(4,405,800)	0	(4,405,800)	(6,172,708)	1,766,908
Net DTA (DTL)	78,140,635	3,003,365	81,144,000	83,425,343	(2,281,343)
Net DTA non-admitted			(25,709,300)	(32,227,391)	6,518,091
Net Admitted DTA (DTL)			55,434,700	51,197,952	4,236,748

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

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

Ordinary	8,632,671
Capital	0
Total increase in net admitted DTAs	8,632,671

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	28,119,000	1,380,000	29,499,000	51,197,952
Lesser of:				
Expected to be recognized within one year (10bi.)	15,679,664	1,623,365	17,303,029	0
10% of adjusted capital and surplus (10bii.)			47,064,408	38,640,986
Adj. gross DTAs offset against existing DTLs (10c.)	4,405,800	0	4,405,800	6,172,708

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	28,119,000	1,380,000	29,499,000
Lesser of:			
Expected to be recognized within three years (10eiia.)	24,312,335	1,623,365	25,935,700
15% of adjusted capital and surplus (10eiib.)			70,596,612
Adj. gross DTAs offset against existing DTLs (10eiii.)	4,405,800	0	4,405,800

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	539,365,414
Authorized control level	89,687,686

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

	December 31, 2009
Admitted DTA	46,802,029
Admitted asset	2,251,599,196
Statutory surplus	539,365,414
Total adjust capital	539,365,414

Admitted DTA, admitted assets and statutory surplus increased by $8,632,671 resulting from the use of paragraph 10e.

NOTES TO FINANCIAL STATEMENTS

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

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

	2009	2008
Federal	27,483,031	20,532,444
Foreign		
Realized capital gains	(2,254,981)	(7,707,977)
Federal and foreign income taxes incurred	25,228,050	12,824,467

The Company's DTAs and DTLs result primarily from limits on unearned premium reserve deduction, discounting of unpaid losses and LAE reserves, statutory non-admitted assets, severance, unrealized gains and losses, postretirement benefit obligations and allowance for doubtful accounts.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	530,526
Change in tax effect of unrealized (gains) losses	(2,811,869)
Total change in net deferred income tax	(2,281,343)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, limits on unearned premium reserve deduction, and discounting of unpaid losses and LAE reserves.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $24,354,050 from the current year and $2,902,750 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
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

NOTES TO FINANCIAL STATEMENTS

Gulf States AIF, Inc.	S.C. Bellevue, Inc.
Hawkeye-Security Insurance Company	Safecare Company, Inc.
Heritage-Summit HealthCare, Inc.	Safeco Corporation
Indiana Insurance Company	Safeco General Agency, Inc.
Insurance Company of Illinois	Safeco Insurance Company of America
LEXCO Limited	Safeco Insurance Company of Illinois
Liberty - USA Corporation	Safeco Insurance Company of Indiana
Liberty Assignment Corporation	Safeco Insurance Company of Oregon
Liberty Energy Canada, Inc.	Safeco Lloyds Insurance Company
Liberty Financial Services, Inc.	Safeco National Insurance Company
Liberty Hospitality Group, Inc.	Safeco Properties, Inc.
Liberty Insurance Company of America (merged 9/17/2009)	Safeco Surplus Lines Insurance Company
Liberty Insurance Corporation	San Diego Insurance Company
SCIT, Inc.	The Ohio Casualty Insurance Company
St. James Insurance Company Ltd.	The Ohio Life Brokerage Services, Inc.
State Agency, Inc. (Indiana corporation)	Wausau Business Insurance Company
State Agency, Inc. (Wisconsin corporation)	Wausau General Insurance Company
Summit Consulting, Inc.	Wausau Service Corporation
Summit Consulting, Inc. of Louisiana	(dissolved 10/21/2009)
Summit Holding Southeast, Inc.	Wausau Underwriters Insurance Company
The First Liberty Insurance Corporation	West American Insurance Company
The Midwestern Indemnity Company	Winmar Company, Inc.
The National Corporation	Winmar of the Desert, Inc.
The Netherlands Insurance Company	Winmar Oregon, Inc.
	Winmar-Metro, Inc

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Safeco Corporation ("Safeco"), a company incorporated in Washington. Safeco is wholly owned by LIH US P&C Corporation, an insurance holding company incorporated in Delaware. LIH US P&C Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is owned by Liberty Mutual Insurance Company ("LMIC" 93%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company ("LMFIC" 4%), a Wisconsin insurance company; and Employers Insurance Company of Wausau ("EICOW" 3%), a Wisconsin insurance company. The ultimate parent of LMIC, LMFIC and EICOW is Liberty Mutual Holding Company Inc., a Massachusetts company.

B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.

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

D. At December 31, 2009, the Company reported $438,249 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 Amended and Restated Reinsurance Pooling Agreement.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

I. The Company has no investments in SCA companies greater than 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its SCA companies during the statement period.

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

L. Investments in downstream non-insurance holding companies

Refer to 10I

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

As a result of the acquisition of the Company's parent, Safeco Corporation, by Liberty Mutual on September 22, 2008, the Company's eligible U.S. employees became employees of Liberty Mutual and began participating in non contributory defined benefit pension plans and contributory defined contribution pension plans sponsored by LMGI, effective January 1, 2009. The Safeco 401(k) plan assets merged into the Liberty Mutual Employees' Thrift-Incentive plan in May of 2009.

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

The Safeco Corporation continues to sponsor a cash balance defined benefit pension plan (CBP) covering a wide range of former Company employees. Safeco Corporation terminated the CBP effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The CBP pension costs are subject to the inter-company pooling agreement described in Note 25. These costs amounted to \$131,193 and \$55,568 in 2009 and 2008, respectively. Also, a CBP additional minimum liability of \$456,689 and \$898,970, also subject to the inter-company pooling agreement, was recognized in 2009 and 2008 respectively in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The Company has no legal obligation for benefits under this plan.

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

1. Common Stock

   The Company has 20,000 shares authorized, issued and outstanding as of December 31, 2009. All shares have a stated par value of \$250.

2. Preferred Stock

   Not applicable

3. Dividend Restrictions

   Not applicable

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

5. The maximum amount of dividends that can be paid by Washington-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, subject to the availability of accumulated undistributed earnings, or (b) net income. The maximum dividend payout that may be made without prior approval in 2010 is \$87,723,771.

6. As of December 31, 2009, the Company has restricted surplus of \$8,632,671, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of \$1,834,114 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2009 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized gain is \$2,953,265 after applicable deferred taxes of \$1,106,047.

11. Surplus Notes

    Not applicable

NOTES TO FINANCIAL STATEMENTS

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

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $7,335,792 that is offset by future premium tax credits of $1,225,318. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

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

C. Gain Contingencies

   Not applicable

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	$375,383

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

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

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

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

E. All other Contingencies

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

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

   Pursuant to North Carolina General Statute #58-36-25, the potential interest payable to policyholders for the 2009 Private Passenger Automobile Escrow was $1,792.

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:

NOTES TO FINANCIAL STATEMENTS

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$521,874	$4,557,458
2011	521,874	4,530,684
2012	521,874	3,990,988
2013	521,874	1,472,004
2014	43,490	1,250,057
2015 & thereafter	0	2,957,834
Total	$2,130,986	$18,759,025

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. The Company did not sell premium receivables.

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 $22,681,148 with corresponding collateral value of $23,660,910 of which $22,243,145 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

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, the Company's affiliate, Safeco Insurance Company of America and other members of the Peerless Amended and Restated Reinsurance Pooling Agreement (refer to note 25) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as a third party administrator and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2009, the Company recorded CEA administrative fees of $95,060.

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.

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of $80,886,451 and $81,501,894 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

2) 2009 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the company was $114,111 at December 31, 2009.

3) During the current year, certain members of the Peerless Pool, of which the Company is a member, changed the nature of their cash disbursement accounts, so that disbursement transactions reflect the characteristics of drafts. In prior years, cash disbursement transactions were accounted for as checks. The Company's cash accounts were not changed. The Company's year end drafts outstanding balance increased by $27,394,387, which represents the Company's pool share of the Peerless Pool's increase in drafts outstanding. (Refer to Note 25)

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	CT	80,000	80,000
Total		80,000	80,000

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

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

(3) Impairment Loss

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

G. Sub-Prime Lending

1. The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.

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

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other Then Temporary Impairments Recognized
$2,408,882	$2,420,452	$2,214,987	$170,415

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

NOTES TO FINANCIAL STATEMENTS

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the inter-company Reinsurance Agreement, as described in Note 25, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.

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

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	423,304,339	59,262,607	119,099,641	16,673,950	304,204,698	42,588,658
All Other	-	-	-	-	-	-
Total	423,304,339	59,262,607	119,099,641	16,673,950	304,204,698	42,588,658

Direct Unearned Premium Reserve of 119,099,641

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

Direct	$0
Assumed	23,641,843
Ceded	0
Net	23,641,843

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

D. The Company did not write off any uncollectible balances in 2009.

E. The Company did not commute any reinsurance treaties in the current year.

F. The Company has one assumed retroactive contract that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	43,683,128	
	2. Adjustment – Prior Year(s)	(34,027,831)	
	3. Adjustment – Current Year	(1,368,999)	
	4. Total	8,286,299	
b.	Consideration Paid or Received:		
	1. Initial Reserves	47,446,459	
	2. Adjustment – Prior Year(s)	1,370,150	
	3. Adjustment – Current Year	-	
	4. Total	48,816,609	
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	-	
	2. Adjustment – Prior Year(s)	41,892,152	
	3. Adjustment – Current Year	2,461,280	
	4. Total	44,353,432	
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	2,416,577	
	2. Adjustment – Prior Year(s)	(7,514,939)	
	3. Adjustment – Current Year	(191,890)	
	4. Total	1,834,114	
	5. Cumulative Total Transferred to Unassigned Funds	(3,456,138)	
e.	Other insurers included in the above transactions:		
	Peerless Insurance Company	8,286,299	

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.

NOTES TO FINANCIAL STATEMENTS

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

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

B. Accrued retrospective premiums are recorded as a component of written premiums.

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 non-admitted and charged to surplus.

a. Total accrued retro premium	$1,707,715
b. Less: Non-admitted amount	205,383
c. Admitted amount	$1,502,332

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased $70,957,729 during 2009. This decrease was primarily the result of improving loss trends in the Other Liability $26,301,530, Private Passenger Auto Liability $14,347,598, Commercial Mulit-Peril $10,931,779, Workers' Compensation $8,242,712, Fidelity/Surety $5,325,121 and Commercial Auto Liability $3,790,765 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 25- Intercompany Pooling Arrangements

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

		NAIC Company Number	2009 Pooling Percentage
Lead Company	Peerless Insurance Company (“PIC”)	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company (“OCIC”)	24074	20.40%
	Safeco Insurance Company of America (“SICOA”)	24740	15.20%
	General Insurance Company of America (“GICA”)	24732	9.20%
	American States Insurance Company (“ASIC”)	19704	7.60%
	American Economy Insurance Company (“AEIC”)	19690	5.60%
	Indiana Insurance Company (“IIC”)	22659	4.80%
	Golden Eagle Insurance Corporation (“GEIC”)	10836	3.00%
	Peerless Indemnity Insurance Company (“PIIC”)	18333	3.00%
	Safeco Insurance Company of Illinois (“SICIL”)	39012	2.00%
	The Netherlands Insurance Company (“NIC”)	24171	1.80%
	American States Preferred Insurance Company (“ASPCO”)	37214	0.80%
	First National Insurance Company of America (“FNICA”)	24724	0.80%
	American Fire and Casualty Company (“AFCIC”)	24066	0.60%
	America First Insurance Company (“AFIC”)	12696	0.00%
	America First Lloyd’s Insurance Company (“AFLIC”)	11526	0.00%
	American States Insurance Company of Texas (“ASICT”)	19712	0.00%
	American States Lloyds Insurance Company (“ASLCO”)	31933	0.00%
	Avomark Insurance Company (“AVOIC”)	10792	0.00%
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%
	Consolidated Insurance Company (“CIC”)	22640	0.00%
	Excelsior Insurance Company (“EIC”)	11045	0.00%
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%
	Insurance Company of Illinois (“ICIL”)	26700	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%
	National Insurance Association (“NIA”)	27944	0.00%
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%
	Safeco National Insurance Company (“SNIC”)	24759	0.00%
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%
	West American Insurance Company (“WAIC”)	44393	0.00%
			100.00%
100% Quota	Bridgefield Employers Insurance Company (“BEIC”)	10701	0.00%

NOTES TO FINANCIAL STATEMENTS

Share Affiliated Companies	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%
	North Pacific Insurance Company ("NPIC")	23892	0.00%
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%

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

(a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company.

(b) Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.

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

(d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

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

(f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

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

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

Affiliate:	Amount:
Peerless Insurance Company	41,703,436

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

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

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

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

		NAIC Company Number	2010 Pooling Percentage
Lead Company	Peerless Insurance Company ("PIC")	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%
	Safeco Insurance Company of America ("SICOA")	24740	15.20%
	General Insurance Company of America ("GICA")	24732	9.20%
	American States Insurance Company ("ASIC")	19704	7.60%
	American Economy Insurance Company ("AEIC")	19690	5.60%
	Indiana Insurance Company ("IIC")	22659	4.80%
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%
	The Netherlands Insurance Company ("NIC")	24171	1.80%
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%
	First National Insurance Company of America ("FNICA")	24724	0.80%
	American Fire and Casualty Company ("AFCIC")	24066	0.60%
	America First Insurance Company ("AFIC")	12696	0.00%
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%

NOTES TO FINANCIAL STATEMENTS

	American States Insurance Company of Texas (“ASICT”)	19712	0.00%
	American States Lloyds Insurance Company (“ASLCO”)	31933	0.00%
	Avomark Insurance Company (“AVOIC”)	10792	0.00%
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%
	Consolidated Insurance Company (“CIC”)	22640	0.00%
	Excelsior Insurance Company (“EIC”)	11045	0.00%
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%
	National Insurance Association (“NIA”)	27944	0.00%
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%
	Safeco National Insurance Company (“SNIC”)	24759	0.00%
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%
	West American Insurance Company (“WAIC”)	44393	0.00%
			100.00%
100% Quota Share Affiliated Companies	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.00%
	North Pacific Insurance Company (“NPIC”)	23892	0.00%
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.00%

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $10,769,310 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 $10,769,310 as of December 31, 2009.

B. Not applicable

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

The Company does not have any high deductible policies.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of $13,843,860, 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’s. In establishing the Company's asbestos and environmental reserves, the Company estimates case basis reserves for anticipated losses and bulk reserves for loss adjustment expenses and incurred but not reported losses. The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of expected recoveries from reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Asbestos:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	10,990,313	13,645,061	15,776,235	14,883,165	15,399,176
Incurred losses and LAE	3,756,326	3,246,245	861,685	2,269,209	196,666
Calendar year payments	1,101,578	1,115,071	1,570,752	1,753,198	1,188,630
Ending Reserves	13,645,061	15,776,235	15,067,168	15,399,176	14,407,212
Assumed Reinsurance Basis					
Beginning Reserves	9,945,095	10,044,015	9,907,753	12,236,513	10,474,367
Incurred losses and LAE	677,216	433,977	2,819,373	(415,782)	5,177,706
Calendar year payments	578,296	570,239	949,222	1,346,364	1,060,124
Ending Reserves	10,044,015	9,907,753	11,777,904	10,474,367	14,591,949
Net of Ceded Reinsurance Basis					
Beginning Reserves	17,082,359	19,507,475	20,748,128	21,974,828	21,080,626
Incurred losses and LAE	4,025,512	2,771,398	3,044,000	1,107,884	5,845,956
Calendar year payments	1,600,396	1,530,745	2,098,093	2,002,086	2,104,394
Ending Reserves	19,507,475	20,748,128	21,694,035	21,080,626	24,822,188

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

Direct Basis	8,166,913
Assumed Reinsurance Basis	8,212,813

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis	15,109,151
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	4,920,947
Assumed Reinsurance Basis	26,758
Net of Ceded Reinsurance Basis	4,149,595

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	16,535,548	18,466,531	17,991,417	17,105,887	14,613,911
Incurred losses and LAE	4,043,428	1,698,851	4,733,484	376,637	(634,355)
Calendar year payments	2,112,445	2,173,965	3,420,639	2,868,613	1,530,929
Ending Reserves	18,466,531	17,991,417	19,304,262	14,613,911	12,448,627
Assumed Reinsurance Basis					
Beginning Reserves	5,124,860	3,743,307	3,379,140	3,284,348	3,158,132
Incurred losses and LAE	(1,143,320)	74,464	49,357	185	(804,884)
Calendar year payments	238,233	438,631	86,168	126,401	79,950
Ending Reserves	3,743,307	3,379,140	3,342,329	3,158,132	2,273,298
Net of Ceded Reinsurance Basis					
Beginning Reserves	20,457,392	20,211,692	18,819,691	18,818,738	16,049,789
Incurred losses and LAE	1,747,481	1,008,433	5,222,653	(331,366)	(1,696,036)
Calendar year payments	1,993,181	2,400,434	2,902,564	2,437,583	1,514,256
Ending Reserves	20,211,692	18,819,691	21,139,780	16,049,789	12,839,497

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	8,279,080
Assumed Reinsurance Basis	1,431,827
Net of Ceded Reinsurance Basis	8,473,194
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	4,228,773
Assumed Reinsurance Basis	10,239
Net of Ceded Reinsurance Basis	4,120,400

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

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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: 01/01/2009

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005

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. 12/31/2005

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). 06/12/2007

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

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 [X] No [ ] N/A [ ]

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?
William M Finn, FCAS, MAAA
62 Maple Avenue Keene, NH 03431
Vice President & Chief Actuary of Liberty Mutual Agency Markets

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

11.11 Name of real estate holding company

11.12 Number of parcels involved 0

11.13 Total book/adjusted carrying value $ 0

11.2 If yes, provide explanation:

GENERAL INTERROGATORIES

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

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

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

13.21 If the response to 13.2 is yes, provide information related to amendment(s).
Safeco companies changed from Safeco Code of Conduct to Liberty Mutual Group Code of Conduct as of 1/1/2009

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 [X] No [ ]

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

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (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. $ 23,660,910

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	$ 80,886,451
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 [X] No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
The Bank of New York Mellon	JP Morgan Chase	01/02/2009	Transfer to Liberty Mutual Custodian

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
N/A	Stancorp Mortgage Investors	1100 SW Sixth Avenue, Portland, OR 97204

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	1,789,506,454	1,820,453,597	30,947,143
28.2 Preferred stocks	17,970,230	17,970,230	0
28.3 Totals	1,807,476,684	1,838,423,827	30,947,143

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

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

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

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

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

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

30.2 If no, list exceptions:

OTHER

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

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 653,182	$ 0
2.2	Premium Denominator	$ 963,840,745	$ 1,271,834,736
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 715,280	$ 3,457,907
2.5	Reserve Denominator	$ 1,549,786,794	$ 1,160,963,253
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. 1

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

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [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 $ 4,633,247

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 514,770

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? $ 1,430,033

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 0.00

12.42 To 9.00

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

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

12.61 Letters of Credit $ 3,481,863

12.62 Collateral and other funds $ 33,110,381

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 39,568,091

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

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

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

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

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [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,	579,391,011	773,491,159	843,478,819	864,503,788	911,367,081
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	215,277,207	508,013,126	601,552,546	584,301,284	614,424,890
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	356,423,054	379,131,460	423,512,058	417,469,168	430,139,738
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	53,652,971	109,872,047	95,307,263	81,392,216	69,701,627
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10	2,455	254	322	3,292
6. Total (Line 35)	1,204,744,253	1,770,510,247	1,963,850,940	1,947,666,778	2,025,636,628
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,	433,042,214	511,916,829	555,931,468	558,699,927	574,914,663
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	158,506,060	310,584,442	322,922,816	332,769,041	364,074,099
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	288,257,482	302,198,913	332,346,864	324,307,115	333,834,294
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	51,218,974	103,716,469	89,711,882	75,396,760	64,387,927
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10	2,455	254	322	3,292
12. Total (Line 35)	931,024,740	1,228,419,108	1,300,913,284	1,291,173,165	1,337,214,275
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	40,479,716	33,878,242	83,535,267	149,543,577	122,030,887
14. Net investment gain (loss) (Line 11)	80,476,846	60,157,872	124,565,428	139,892,810	105,008,208
15. Total other income (Line 15)	(1,625,861)	2,066,492	4,083,469	(1,258,464)	1,983,453
16. Dividends to policyholders (Line 17)	4,123,899	1,528,468	1,091,252	1,527,200	655,408
17. Federal and foreign income taxes incurred (Line 19)	27,483,031	20,532,444	42,250,530	60,753,595	57,975,032
18. Net income (Line 20)	87,723,771	74,041,694	168,842,382	225,897,128	170,392,108
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	2,260,231,867	2,302,042,774	2,432,373,782	2,702,742,949	2,725,413,697
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	36,449,767	114,460,712	156,705,443	141,533,937	120,528,103
20.2 Deferred and not yet due (Line 13.2)	258,811,213	192,480,558	170,011,887	189,068,306	220,197,984
20.3 Accrued retrospective premiums (Line 13.3)	1,502,332	537,089	468,585	555,040	551,638
21. Total liabilities excluding protected cell business (Page 3, Line 24)	1,712,233,782	1,854,423,971	1,838,026,406	1,826,146,338	1,911,152,939
22. Losses (Page 3, Line 1)	864,827,432	891,773,290	878,701,037	867,930,439	906,375,165
23. Loss adjustment expenses (Page 3, Line 3)	205,900,191	207,882,820	209,208,686	221,600,829	222,902,360
24. Unearned premiums (Page 3, Line 9)	423,304,339	464,642,504	507,766,123	492,678,051	495,621,995
25. Capital paid up (Page 3, Lines 28 & 29)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	547,998,085	447,618,803	594,347,376	876,596,611	814,260,758
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(52,997,703)	95,069,666	149,637,541	176,130,672	184,464,898
Risk-Based Capital Analysis					
28. Total adjusted capital	547,998,085	447,618,803	594,347,376	876,596,611	814,260,758
29. Authorized control level risk-based capital	89,691,682	105,596,083	113,439,557	113,069,635	113,565,966
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)	91.6	85.3	81.5	85.0	87.8
31. Stocks (Lines 2.1 & 2.2)	2.0	2.6	17.2	15.0	11.8
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.8				
33. Real estate (Lines 4.1, 4.2 & 4.3)					0.4
34. Cash, cash equivalents and short-term investments (Line 5)	5.6	11.7	1.3	0.0	0.0
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)			0.0	0.0	
37. Receivables for securities (Line 8)		0.3	0.0	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)	13,461,491	13,017,640	12,570,000	12,203,000	11,660,000
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	13,461,491	13,017,640	12,570,000	12,203,000	11,660,000
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)	2.5	2.9	2.1	1.4	1.4

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)	5,665,895	(63,901,178)	(24,712,419)	14,100,953	(10,769,993)
49. Dividends to stockholders (Line 35)		(123,000,000)	(425,000,000)	(170,000,000)	(65,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	100,379,282	(146,728,573)	(282,249,235)	62,335,853	93,231,482
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,	362,597,376	496,946,725	548,819,203	481,397,364	466,803,322
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	169,484,882	273,704,542	295,269,063	317,398,430	325,412,375
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	186,666,067	255,007,682	190,089,390	172,968,513	173,871,205
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,476,901	5,400,655	(737,546)	3,593,591	18,379,472
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	41,628,040	5,925,868	4,105,764	775,724	3,400,241
56. Total (Line 35)	766,853,266	1,036,985,472	1,037,545,874	976,133,622	987,866,615
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,	228,227,063	293,734,129	336,461,323	306,527,933	303,018,490
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	109,317,858	176,639,184	179,099,810	187,491,828	191,289,694
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	142,776,221	201,239,486	154,451,706	147,300,125	144,797,921
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,016,330	5,246,594	(720,454)	5,989,922	15,761,307
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	28,421,541	4,859,322	3,192,809	(115,951)	2,435,855
62. Total (Line 35)	515,759,013	681,718,715	672,485,194	647,193,857	657,303,267
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	50.7	55.5	53.1	47.1	49.7
65. Loss expenses incurred (Line 3)	11.9	11.5	9.7	11.4	12.7
66. Other underwriting expenses incurred (Line 4)	33.2	30.3	30.7	30.0	28.6
67. Net underwriting gain (loss) (Line 8)	4.2	2.7	6.5	11.6	9.1
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	34.6	31.2	30.0	30.1	28.4
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.6	67.0	62.9	58.5	62.3
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)	169.9	274.4	218.9	147.3	164.2
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)	(70,964)	(35,823)	(33,792)	(32,081)	(23,503)
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)	(15.9)	(6.0)	(3.9)	(3.9)	(3.3)
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)	(102,257)	(51,404)	(70,869)	(29,394)	(29,880)
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)	(17.2)	(5.9)	(8.7)	(4.1)	(4.8)

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 1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss and Loss Expense Payments: Loss Payments 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
1. Prior	X X X	X X X	X X X	10,689	4,041	3,343	278	978	51	385	10,640	X X X
2. 2000	788,970	48,207	740,763	541,507	34,141	36,898	2,437	59,274	1,737	28,669	599,364	X X X
3. 2001	793,147	47,891	745,256	505,194	34,178	36,576	1,899	61,077	1,882	27,240	564,888	X X X
4. 2002	869,537	82,456	787,081	474,587	45,445	34,535	3,158	60,078	2,892	27,109	517,705	X X X
5. 2003	953,094	76,479	876,615	462,552	38,416	31,566	2,257	67,579	3,068	27,203	517,956	X X X
6. 2004	1,035,933	54,370	981,563	473,724	18,297	28,704	1,017	67,421	1,369	34,236	549,166	X X X
7. 2005	1,091,625	41,581	1,050,044	479,085	18,220	29,382	1,054	70,057	995	31,508	558,255	X X X
8. 2006	1,100,547	45,788	1,054,759	463,127	9,851	25,152	1,247	69,438	1,467	26,792	545,152	X X X
9. 2007	1,111,678	51,106	1,060,572	442,531	9,187	19,658	1,073	67,680	885	25,729	518,724	X X X
10. 2008	1,097,838	38,828	1,059,010	448,840	12,455	13,427	540	73,261	634	22,118	521,899	X X X
11. 2009	1,025,120	61,280	963,840	266,104	18,492	4,451	839	52,224	299	11,717	303,149	X X X
12. Totals	X X X	X X X	X X X	4,567,940	242,723	263,692	15,799	649,067	15,279	262,706	5,206,898	X X X

	Losses Unpaid: Case Basis 13 Direct and Assumed	14 Ceded	Bulk + IBNR 15 Direct and Assumed	16 Ceded	Defense and Cost Containment Unpaid: Case Basis 17 Direct and Assumed	18 Ceded	Bulk + IBNR 19 Direct and Assumed	20 Ceded	Adjusting and Other Unpaid 21 Direct and Assumed	22 Ceded	23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
1. Prior	96,824	27,877	55,218	6,608	4,276	405	13,999	1,394	8,975	262	1,876	142,746	X X X
2. 2000	12,732	3,681	5,320	1,287	128	67	1,893	214	1,123	86	190	15,861	X X X
3. 2001	13,257	3,617	6,143	1,267	261	56	2,197	159	1,445	74	479	18,130	X X X
4. 2002	13,898	2,517	6,804	1,227	285	11	2,609	166	1,261	27	350	20,909	X X X
5. 2003	11,229	1,524	8,952	1,316	347	3	3,277	159	1,413	7	801	22,209	X X X
6. 2004	15,323	2,716	11,220	1,541	442	2	4,078	197	1,813	2	1,947	28,418	X X X
7. 2005	24,589	2,035	16,018	2,151	819	3	6,053	316	3,037	2	1,267	46,009	X X X
8. 2006	42,702	3,152	23,477	3,127	1,408	4	9,922	464	4,742	3	3,434	75,501	X X X
9. 2007	73,211	3,062	37,020	4,372	2,267	6	17,082	693	7,709	5	3,307	129,151	X X X
10. 2008	103,693	2,542	77,534	10,066	2,728	11	27,111	1,329	13,176	9	7,813	210,285	X X X
11. 2009	149,492	6,133	155,646	3,658	1,891	23	33,431	408	31,270	3	22,851	361,505	X X X
12. Totals	556,950	58,856	403,352	36,620	14,852	591	121,652	5,499	75,964	480	44,315	1,070,724	X X X

	Total Losses and Loss Expenses Incurred 26 Direct and Assumed	27 Ceded	28 Net	Loss and Loss Expense Percentage (Incurred/Premiums Earned) 29 Direct and Assumed	30 Ceded	31 Net	Nontabular Discount 32 Loss	33 Loss Expense	34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount 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	117,557	25,189
2. 2000	658,875	43,650	615,225	83.511	90.547	83.053			9.200	13,084	2,777
3. 2001	626,150	43,132	583,018	78.945	90.063	78.231			9.200	14,516	3,614
4. 2002	594,057	55,443	538,614	68.319	67.239	68.432			9.200	16,958	3,951
5. 2003	586,915	46,750	540,165	61.580	61.128	61.619			9.200	17,341	4,868
6. 2004	602,725	25,141	577,584	58.182	46.241	58.843			9.200	22,286	6,132
7. 2005	629,040	24,776	604,264	57.624	59.585	57.547			9.200	36,421	9,588
8. 2006	639,968	19,315	620,653	58.150	42.184	58.843			9.200	59,900	15,601
9. 2007	667,158	19,283	647,875	60.014	37.731	61.087			9.200	102,797	26,354
10. 2008	759,770	27,586	732,184	69.206	71.047	69.139			9.200	168,619	41,666
11. 2009	694,509	29,855	664,654	67.749	48.719	68.959			9.200	295,347	66,158
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	864,826	205,898

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	436,214	454,411	468,921	489,414	494,383	509,602	517,720	523,207	523,552	540,840	17,288	17,633
2. 2000	522,950	542,168	547,847	557,254	556,609	557,888	557,282	557,751	555,142	557,542	2,400	(209)
3. 2001	X X X	519,360	516,810	520,300	522,456	523,444	520,581	523,082	519,620	523,279	3,659	197
4. 2002	X X X	X X X	503,231	499,796	495,140	484,762	483,955	480,400	478,340	480,933	2,593	533
5. 2003	X X X	X X X	X X X	501,942	491,624	479,441	477,349	479,969	476,272	474,921	(1,351)	(5,048)
6. 2004	X X X	X X X	X X X	X X X	570,882	553,179	544,913	521,466	516,467	510,522	(5,945)	(10,944)
7. 2005	X X X	X X X	X X X	X X X	X X X	598,544	576,454	545,704	539,341	532,879	(6,462)	(12,825)
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	596,640	579,150	560,994	548,810	(12,184)	(30,340)
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	635,439	613,132	574,185	(38,947)	(61,254)
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	679,234	647,219	(32,015)	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	581,976	X X X	X X X
										12. Totals	(70,964)	(102,257)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	130,795	219,239	274,213	309,287	335,473	357,400	374,332	390,911	400,624	X X X	X X X
2. 2000	268,681	392,234	450,728	489,436	511,595	525,242	531,947	536,527	539,349	541,827	X X X	X X X
3. 2001	X X X	257,479	371,841	424,910	459,203	478,444	489,907	496,716	502,378	505,693	X X X	X X X
4. 2002	X X X	X X X	225,079	332,580	384,457	420,582	439,105	450,076	456,808	460,519	X X X	X X X
5. 2003	X X X	X X X	X X X	229,085	332,105	382,960	415,620	437,648	447,452	453,445	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	238,922	360,743	418,696	453,059	473,116	483,114	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	247,031	368,400	427,437	465,294	489,193	X X X	X X X
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	251,724	377,742	433,174	477,181	X X X	X X X
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	260,393	391,186	451,929	X X X	X X X
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	299,890	449,271	X X X	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	251,224	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	171,122	125,617	102,634	97,087	76,563	70,039	63,590	56,853	61,824	67,399
2. 2000	107,747	52,447	31,884	23,387	16,849	13,266	12,235	9,351	6,303	6,603
3. 2001	X X X	123,061	58,840	33,493	24,709	17,225	15,057	9,933	8,837	7,740
4. 2002	X X X	X X X	157,316	80,222	46,471	27,439	19,721	12,912	9,751	8,759
5. 2003	X X X	X X X	X X X	146,013	72,873	42,205	29,580	21,650	16,382	11,428
6. 2004	X X X	X X X	X X X	X X X	186,042	92,964	61,854	35,102	25,213	14,361
7. 2005	X X X	X X X	X X X	X X X	X X X	206,267	103,899	55,870	34,455	20,316
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	186,104	98,694	59,952	30,675
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	199,755	103,329	49,846
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	211,083	94,078
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	185,525

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.		1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	2,683,463	2,657,999		1,135,751	953,450	3,251,917	34,009	
2. Alaska	AK	L	225,750	185,007		5,535	(34,014)	68,485	2,861	
3. Arizona	AZ	L	1,748,926	2,001,059		1,869,155	914,439	5,930,720	22,165	
4. Arkansas	AR	L	713,763	829,538		179,703	319,392	751,914	9,046	
5. California	CA	L	49,565,203	54,805,877		30,261,508	22,940,960	84,819,043	628,158	
6. Colorado	CO	L	2,702,648	2,989,937		2,164,336	1,956,022	4,089,313	34,252	
7. Connecticut	CT	L	3,684,090	4,860,023		3,752,376	3,809,132	8,946,959	46,690	
8. Delaware	DE	L	263,309	199,991		9,003	21,896	100,348	3,337	
9. District of Columbia	DC	L	235,557	238,672		15,785	(115,165)	213,296	2,985	
10. Florida	FL	L	14,824,959	15,100,699		6,733,234	6,674,697	14,478,617	187,882	
11. Georgia	GA	L	8,015,550	8,551,926		12,208,434	5,622,596	6,081,320	101,584	
12. Hawaii	HI	L	84,110	78,565			(58,551)	46,040	1,066	
13. Idaho	ID	L	2,108,789	2,208,384		1,338,613	1,623,640	5,140,055	26,726	
14. Illinois	IL	L	3,149,914	4,802,180		2,956,071	841,314	16,154,742	39,920	
15. Indiana	IN	L	1,816,943	(2,713,501)		1,963,378	1,588,038	2,696,319	23,027	
16. Iowa	IA	L	336,519	401,643		52,122	(12,170)	249,612	4,265	
17. Kansas	KS	L	1,149,853	1,279,289		998,303	1,130,524	1,602,373	14,573	
18. Kentucky	KY	L	1,263,328	1,360,560		482,792	283,625	1,895,605	16,011	
19. Louisiana	LA	L	42,409,092	43,276,171		21,652,199	19,778,797	19,608,252	537,466	
20. Maine	ME	L	143,210	150,647		27,151	38,219	101,070	1,815	
21. Maryland	MD	L	977,612	1,170,886		487,244	495,049	2,064,592	12,390	
22. Massachusetts	MA	L	1,624,841	1,429,502		226,729	530,458	1,491,408	20,592	
23. Michigan	MI	L	2,859,200	4,399,632		2,264,616	1,022,991	4,027,595	36,236	
24. Minnesota	MN	L	1,890,691	2,466,467		2,185,511	1,383,674	9,964,116	23,961	
25. Mississippi	MS	L	989,636	1,128,903		907,591	547,441	3,211,509	12,542	
26. Missouri	MO	L	2,619,537	3,096,863		1,382,698	98,279	2,902,330	33,198	
27. Montana	MT	L	3,035,480	3,126,083		1,553,588	591,263	6,871,942	38,470	
28. Nebraska	NE	L	181,932	234,565		162,141	169,711	350,100	2,306	
29. Nevada	NV	L	1,572,339	1,738,226		389,823	691,879	1,627,983	19,927	
30. New Hampshire	NH	L	634,045	611,385		399,670	277,634	404,845	8,035	
31. New Jersey	NJ	L	2,653,857	3,195,020		1,663,762	(231,097)	7,719,822	33,633	
32. New Mexico	NM	L	1,057,528	1,000,471		589,326	821,607	2,584,148	13,402	
33. New York	NY	L	21,679,871	23,280,786		10,176,873	20,122,865	43,693,386	274,757	
34. North Carolina	NC	L	5,725,809	6,034,706		3,084,581	991,575	2,956,315	72,565	
35. North Dakota	ND	L	258,493	240,545		(2,402)	45,523	241,702	3,276	
36. Ohio	OH	L	1,400,051	1,508,326		1,334,186	250,554	3,813,447	17,743	
37. Oklahoma	OK	L	1,261,444	1,428,206		1,056,529	1,007,258	2,028,019	15,987	
38. Oregon	OR	L	7,592,325	7,729,681		2,936,829	5,975,426	26,154,110	96,220	
39. Pennsylvania	PA	L	8,397,987	8,770,844		4,029,304	5,669,971	7,965,357	106,431	
40. Rhode Island	RI	L	210,943	257,845		15,763	(51,392)	253,433	2,673	
41. South Carolina	SC	L	1,692,259	1,746,612		1,341,797	315,162	1,666,158	21,447	
42. South Dakota	SD	L	520,335	505,918		420,946	350,384	492,925	6,594	
43. Tennessee	TN	L	3,279,312	3,325,655		3,216,511	3,826,878	12,816,888	41,560	
44. Texas	TX	L	47,486,398	50,841,604		47,694,837	42,877,247	35,211,604	601,813	
45. Utah	UT	L	2,020,463	2,264,424		3,281,422	1,291,039	3,880,613	25,606	
46. Vermont	VT	L	6,355,925	6,812,500		4,094,065	2,388,511	3,382,879	80,551	
47. Virginia	VA	L	14,438,364	14,802,329		6,136,529	7,992,699	3,967,664	182,983	
48. Washington	WA	L	16,641,947	22,744,560		12,169,522	(12,982,393)	29,339,414	210,910	
49. West Virginia	WV	L	1,932,556	1,883,234		2,129,818	1,061,798	965,586	24,492	
50. Wisconsin	WI	L	441,542	560,383		523,213	9,260	881,285	5,596	
51. Wyoming	WY	L	1,042,986	1,231,810		1,248,844	349,429	624,302	13,218	
52. American Samoa	AS	N								
53. Guam	GU	L		77			(6)			
54. Puerto Rico	PR	L		(16,697)			(302,781)			
55. U.S. Virgin Islands	VI	L		17,532			(7,130)			
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N		279,841			118,430	219,847		
58. Aggregate Other Alien	OT	XXX		21,297			(49)			
59. Totals		(a) 54	299,600,684	323,134,687		204,907,315	155,975,988	400,001,324	3,796,952	

DETAILS OF WRITE-INS									
5801. Other alien	XXX		21,297			(49)			
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		21,297			(49)			

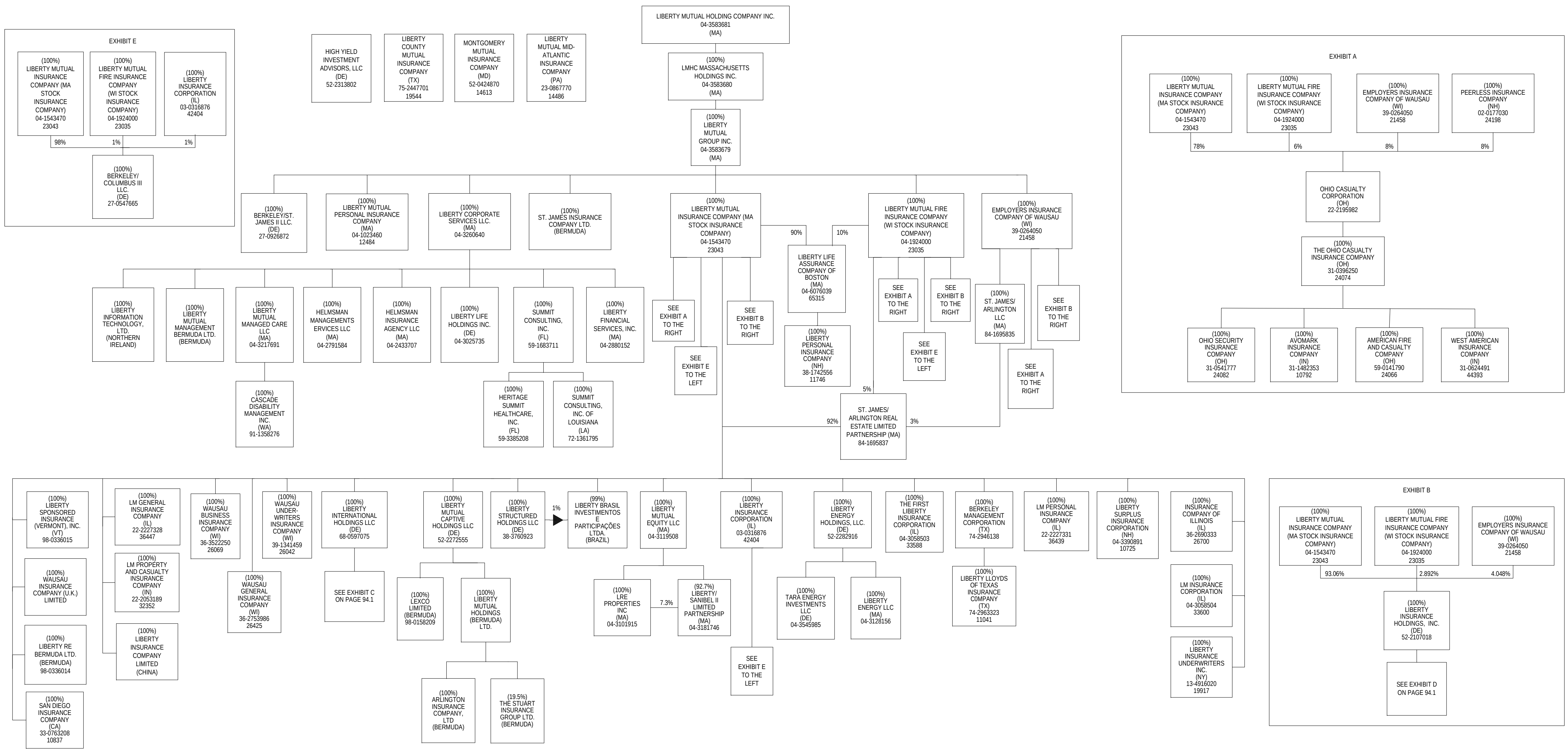
Explanation of basis of allocation of premiums by states, etc.

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

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

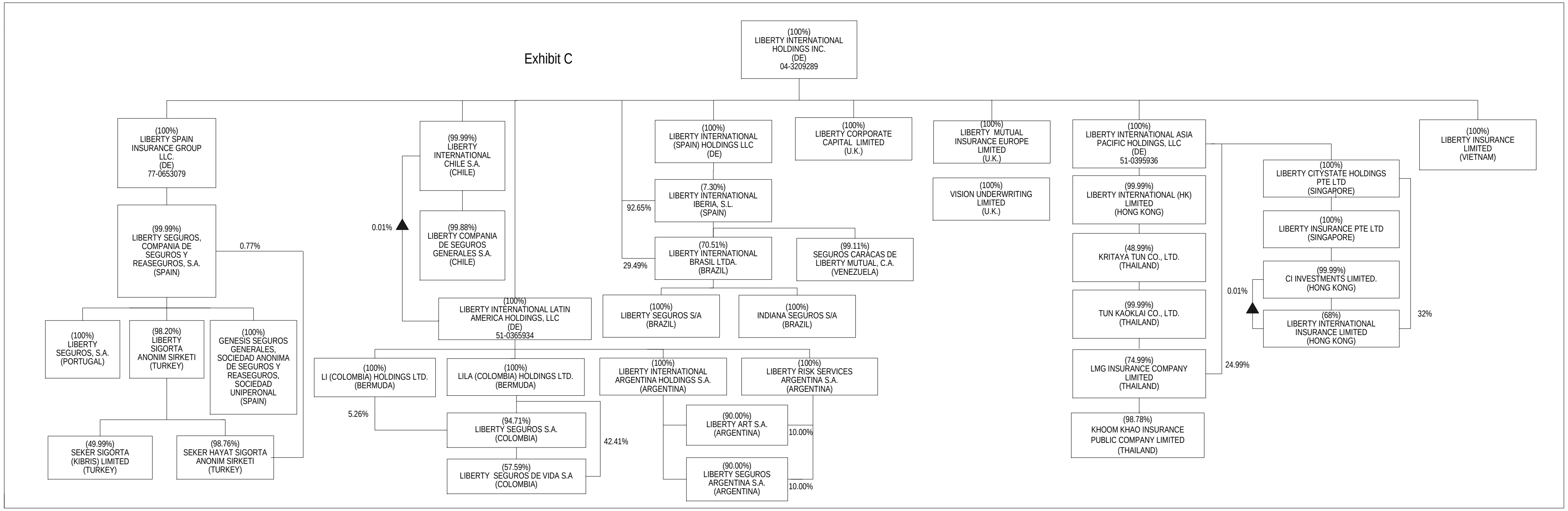
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

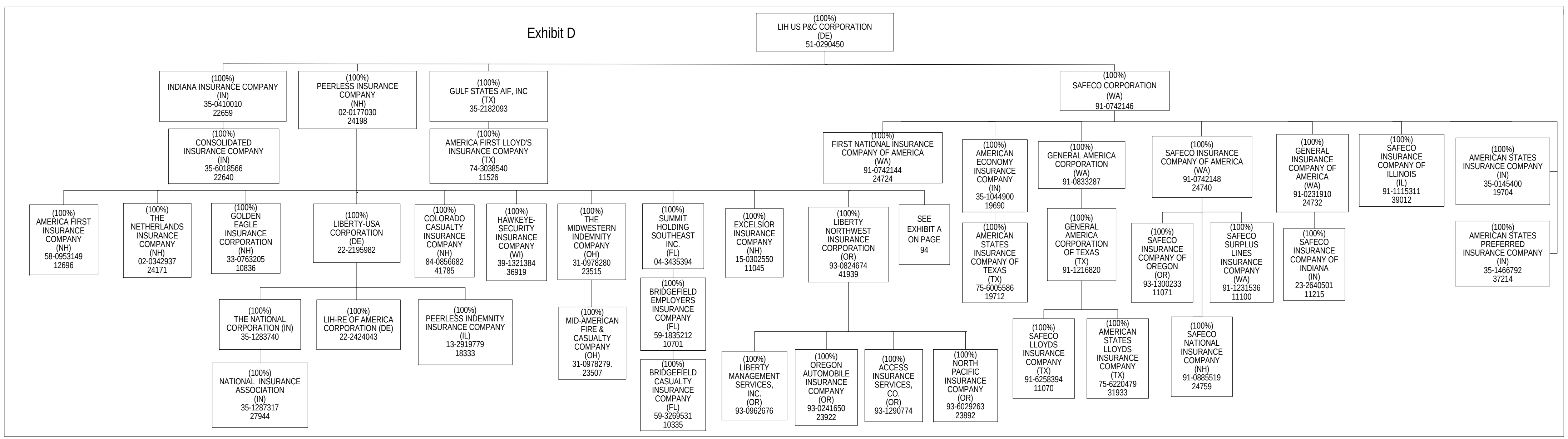
PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART





OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	1 Current Year	2 Prior Year
2304. Amounts held under uninsured plans	6,670,270	
2305. Accrued return retrospective premiums	1,141,342	456,239
2306. Private passenger auto escrow	150,367	
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	7,961,979	456,239

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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