ANNUAL STATEMENT

OF THE

INDIANA INSURANCE COMPANY

of INDIANAPOLIS

in the state of INDIANA

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

ANNUAL STATEMENT

22659200920100100

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

Indiana Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 22659 **Employer's ID Number** 35-0410010

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

Country of Domicile United States of America

Incorporated/Organized: February 13, 1851 **Commenced Business:** February 13, 1851

Statutory Home Office: 350 East 96th Street (Street and Number), Indianapolis, IN 46240 (City or Town, State and Zip Code)

Main Administrative Office: 350 East 96th Street (Street and Number)
Indianapolis, IN 46240 (City or Town, State and Zip Code) 317-581-6400 (Area Code) (Telephone Number)

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

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

Internet Web Site Address: www.LibertyMutualAgencyMarkets.com

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

OFFICERS

Chairman of the Board

Gary Richard Gregg

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

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

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	865,835,594		865,835,594	826,518,719
2. Stocks (Schedule D):				
2.1 Preferred stocks	50,160		50,160	23,100
2.2 Common stocks	23,260,595		23,260,595	51,922,896
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 34,496,328, Schedule E - Part 1), cash equivalents ($ 13,084,039, Schedule E - Part 2), and short-term investments ($ 75,916,528, Schedule DA)	123,496,895		123,496,895	70,269,052
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)	43,099,846		43,099,846	41,049,230
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,055,743,090		1,055,743,090	989,782,997
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	8,989,527		8,989,527	9,149,366
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	22,035,431	3,018,160	19,017,271	16,507,812
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (3,404,661) earned but unbilled premiums)	134,948,144	(83,793)	135,031,937	127,415,297
13.3 Accrued retrospective premiums	890,982	107,157	783,825	2,452,198
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	41,590,470	8,455,870	33,134,600	26,286,880
17. Guaranty funds receivable or on deposit	888,659		888,659	633,366
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets ($ 0)	42,128	42,128		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	2,619,030		2,619,030	11,674,811
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	5,228,209	1,188,897	4,039,312	7,832,856
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,272,975,670	12,728,419	1,260,247,251	1,191,735,583
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,272,975,670	12,728,419	1,260,247,251	1,191,735,583

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	2,720,090		2,720,090	4,422,363
2302. Other assets	1,368,644	1,188,897	179,747	3,379,631
2303. Equities and deposits in pools and associations	1,139,475		1,139,475	30,862
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	5,228,209	1,188,897	4,039,312	7,832,856

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	451,214,312	472,816,954
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	29,089,478	24,725,919
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	107,426,187	108,270,182
4. Commissions payable, contingent commissions and other similar charges	12,786,023	12,868,554
5. Other expenses (excluding taxes, licenses and fees)	15,178,800	15,789,486
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,601,304	9,780,197
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	8,001,112	1,046,227
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 $ 149,885,808 and including warranty reserves of $ 0)	220,854,438	202,357,845
10. Advance premium	1,572,059	1,320,573
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	407,519	287,236
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	(145,552)	892,013
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	15,772,446	2,901,264
19. Payable to parent, subsidiaries and affiliates	2,306,461	18,521,949
20. Payable for securities	6,175,313	
21. Liability for amounts held under uninsured plans		
22. Capital notes $ 0 and interest thereon $ 0		
23. Aggregate write-ins for liabilities	52,278,939	42,548,886
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	927,518,839	914,127,285
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	927,518,839	914,127,285
27. Aggregate write-ins for special surplus funds	4,949,866	
28. Common capital stock	4,000,000	4,000,000
29. Preferred capital stock	1,850,000	1,850,000
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	45,442,432	45,442,432
33. Unassigned funds (surplus)	276,486,114	226,315,866
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)	332,728,412	277,608,298
36. Totals (Page 2, Line 26, Col. 3)	1,260,247,251	1,191,735,583

DETAILS OF WRITE-IN LINES		
2301. Collateral held for securities loaned	40,188,128	27,960,737
2302. Retroactive reinsurance reserves	4,323,286	10,034,697
2303. Other liabilities	3,613,448	4,553,452
2398. Summary of remaining write-ins for Line 23 from overflow page	4,154,077	
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	52,278,939	42,548,886
2701. SSAP 10R incremental change	3,992,937	
2702. Special surplus from retroactive reinsurance	956,929	
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	4,949,866	
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)	502,873,432	478,501,985
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	255,032,950	250,584,342
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	59,706,184	51,866,665
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	166,935,851	161,763,994
5.	Aggregate write-ins for underwriting deductions	78,453	
6.	Total underwriting deductions (Lines 2 through 5)	481,753,438	464,215,001
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	21,119,994	14,286,984
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	44,235,954	49,472,900
10.	Net realized capital gains (losses) less capital gains tax of $ (3,117,944) (Exhibit of Capital Gains (Losses))	(5,790,467)	(2,004,476)
11.	Net investment gain (loss) (Lines 9 + 10)	38,445,487	47,468,424
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 22,523 amount charged off $ 2,248,476)	(2,225,953)	(1,885,237)
13.	Finance and service charges not included in premiums	4,287,364	394,538
14.	Aggregate write-ins for miscellaneous income	(2,651,183)	(4,911,263)
15.	Total other income (Lines 12 through 14)	(589,772)	(6,401,962)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	58,975,709	55,353,446
17.	Dividends to policyholders	2,151,599	3,123,793
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)	56,824,110	52,229,653
19.	Federal and foreign income taxes incurred	18,359,394	13,963,133
20.	Net income (Line 18 minus Line 19) (to Line 22)	38,464,716	38,266,520
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	277,608,298	302,045,761
22.	Net income (from Line 20)	38,464,716	38,266,520
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 3,397,635	7,339,899	(8,338,224)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(11,026,895)	14,826,302
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	15,929,580	(15,651,746)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(895,400)	(55,243,899)
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	5,308,214	1,703,584
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	55,120,114	(24,437,463)
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	332,728,412	277,608,298

	DETAILS OF WRITE-IN LINES		
0501.	Private Passenger Auto Escrow	78,453	
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)	78,453	
1401.	Retroactive reinsurance gain/(loss)	(64,833)	88,096
1402.	Other income/(expense)	(2,586,350)	(4,999,359)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(2,651,183)	(4,911,263)
3701.	SSAP 10R incremental change	3,992,937	
3702.	Other changes in surplus	1,315,277	1,703,584
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	5,308,214	1,703,584

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	513,542,791	489,445,339
2.	Net investment income	44,340,547	49,610,095
3.	Miscellaneous income	4,014,506	(6,234,828)
4.	Total (Lines 1 through 3)	561,897,844	532,820,606
5.	Benefit and loss related payments	259,984,615	158,551,269
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	233,425,691	191,745,528
8.	Dividends paid to policyholders	2,031,317	2,924,204
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	8,286,565	22,599,337
10.	Total (Lines 5 through 9)	503,728,188	375,820,338
11.	Net cash from operations (Line 4 minus Line 10)	58,169,656	157,000,268
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	148,698,599	119,747,618
	12.2 Stocks	37,466,868	
	12.3 Mortgage loans		
	12.4 Real estate		33,809,840
	12.5 Other invested assets		
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		2,598
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	186,165,467	153,560,056
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	193,151,308	202,959,077
	13.2 Stocks	1,796,540	2,798,097
	13.3 Mortgage loans		
	13.4 Real estate		13,471,769
	13.5 Other invested assets	2,066,160	39,959,417
	13.6 Miscellaneous applications	(6,175,313)	
	13.7 Total investments acquired (Lines 13.1 to 13.6)	190,838,695	259,188,360
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)	(4,673,228)	(105,628,304)
	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	895,400	55,243,899
	16.6 Other cash provided (applied)	626,815	(1,821,997)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(268,585)	(57,065,896)
	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)	53,227,843	(5,693,932)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	70,269,052	75,962,984
	19.2 End of year (Line 18 plus Line 19.1)	123,496,895	70,269,052

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	10,678,309	2,149,232	4,561,010	8,266,531
2. Allied lines	8,481,895	2,015,444	3,669,193	6,828,146
3. Farmowners multiple peril	3,562,335	1,676,043	1,779,881	3,458,497
4. Homeowners multiple peril	65,663,969	14,813,336	36,026,664	44,450,641
5. Commercial multiple peril	82,724,553	55,222,591	46,862,002	91,085,142
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	8,130,809	4,562,225	3,995,287	8,697,747
10. Financial guaranty				
11.1 Medical professional liability—occurrence	75,305		19,408	55,897
11.2 Medical professional liability—claims-made	6,672		1,886	4,786
12. Earthquake	2,195,908	436,580	862,609	1,769,879
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	344,613		3,822	340,791
16. Workers' compensation	60,378,622	23,044,242	18,123,684	65,299,180
17.1 Other liability—occurrence	25,969,357	14,078,033	13,416,155	26,631,235
17.2 Other liability—claims-made	1,600,151	3,108	476,263	1,126,996
17.3 Excess Workers' Compensation	31,331	37,959	23,578	45,712
18.1 Products liability—occurrence	677,229	566,321	463,707	779,843
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	100,279,411	18,197,292	27,284,217	91,192,486
19.3,19.4 Commercial auto liability	40,272,951	24,269,606	20,640,637	43,901,920
21. Auto physical damage	76,903,461	20,110,063	24,061,407	72,952,117
22. Aircraft (all perils)				
23. Fidelity	178,128	404,685	263,116	319,697
24. Surety	38,609,720	17,747,631	20,732,124	35,625,227
26. Burglary and theft	27,603	9,511	9,181	27,933
27. Boiler and machinery	6,808	7,842	1,627	13,023
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	5			5
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	526,799,145	199,351,744	223,277,458	502,873,431

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	4,561,009	1			4,561,010
2. Allied lines	3,669,174	19			3,669,193
3. Farmowners multiple peril	1,779,881				1,779,881
4. Homeowners multiple peril	36,026,664				36,026,664
5. Commercial multiple peril	45,698,549		1,160,749	2,704	46,862,002
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	3,970,271	25,006	11		3,995,288
10. Financial guaranty					
11.1 Medical professional liability—occurrence	19,408				19,408
11.2 Medical professional liablity—claims-made	1,886				1,886
12. Earthquake	862,609				862,609
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	3,822				3,822
16. Workers' compensation	17,159,147	5,299	924,085	35,154	18,123,685
17.1 Other liability—occurrence	13,122,726	66,746	221,440	5,243	13,416,155
17.2 Other liability—claims-made	474,784	916	563		476,263
17.3 Excess Workers' Compensation	23,578				23,578
18.1 Products liability—occurrence	388,986		74,721		463,707
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	27,284,212		5		27,284,217
19.3,19.4 Commercial auto liability	20,404,043	238,247	10	(1,663)	20,640,637
21. Auto physical damage	24,007,123	54,284			24,061,407
22. Aircraft (all perils)					
23. Fidelity	96,496	166,620			263,116
24. Surety	9,050,459	11,681,665			20,732,124
26. Burglary and theft	9,181				9,181
27. Boiler and machinery	1,627				1,627
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	208,615,635	12,238,803	2,381,584	41,438	223,277,460
36. Accrued retrospective premiums based on experience					(41,438)
37. Earned but unbilled premiums					(2,381,584)
38. Balance (Sum of Lines 35 through 37)					220,854,438

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	2,205,239	10,678,309		2,205,239		10,678,309
2. Allied lines	1,981,600	8,481,895		1,981,600		8,481,895
3. Farmowners multiple peril	4,500,684	3,562,335		4,500,684		3,562,335
4. Homeowners multiple peril	65,613,360	65,663,969		65,613,360		65,663,969
5. Commercial multiple peril	37,890,917	82,724,553		37,890,917		82,724,553
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	3,377,832	8,130,809		3,377,832		8,130,809
10. Financial guaranty						
11.1 Medical professional liability--occurrence		75,305				75,305
11.2 Medical professional liability--claims-made		6,672				6,672
12. Earthquake	3,351,690	2,195,908		3,351,690		2,195,908
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		344,613				344,613
16. Workers' compensation	23,420,949	60,378,622		23,420,949		60,378,622
17.1 Other liability—occurrence	33,568,393	25,969,357		33,568,393		25,969,357
17.2 Other liability—claims-made		1,600,151				1,600,151
17.3 Excess Workers' Compensation		31,331				31,331
18.1 Products liability—occurrence	94,089	677,229		94,089		677,229
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	60,090,186	100,279,411		60,090,186		100,279,411
19.3,19.4 Commercial auto liability	14,831,576	40,272,951		14,831,576		40,272,951
21. Auto physical damage	46,836,054	76,903,461		46,836,054		76,903,461
22. Aircraft (all perils)						
23. Fidelity		178,128				178,128
24. Surety	2,365	38,609,720		2,365		38,609,720
26. Burglary and theft	3,808	27,603		3,808		27,603
27. Boiler and machinery	33,678	6,808		33,678		6,808
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X	5				5
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	297,802,420	526,799,145		297,802,420		526,799,145

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

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	803,469	2,974,348	803,469	2,974,348	1,485,196	864,473	3,595,071	43.489
2. Allied lines	1,555,858	3,977,931	1,555,858	3,977,931	1,241,350	534,747	4,684,534	68.606
3. Farmowners multiple peril	3,287,530	2,448,575	3,287,530	2,448,575	1,171,351	1,193,317	2,426,609	70.164
4. Homeowners multiple peril	50,204,472	24,598,430	50,204,472	24,598,430	13,973,630	10,887,278	27,684,782	62.282
5. Commercial multiple peril	23,361,812	64,124,073	23,361,812	64,124,073	77,476,565	95,325,123	46,275,515	50.805
6. Mortgage guaranty								
8. Ocean marine		(6,189)		(6,189)	702	(2)	(5,485)	
9. Inland marine	1,704,534	3,531,208	1,704,534	3,531,208	1,271,132	1,511,902	3,290,438	37.831
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(77,419)		(77,419)	104,421		27,002	48.307
11.2 Medical professional liability—claims-made		(29,397)		(29,397)	23,253		(6,144)	(128.374)
12. Earthquake		8,758		8,758	2,887	24,263	(12,618)	(0.713)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		(290,638)		(290,638)	369,367		78,729	23.102
16. Workers' compensation	16,616,594	98,347,905	16,616,594	98,347,905	164,566,508	218,535,334	44,379,079	67.963
17.1 Other liability—occurrence	6,628,070	9,651,675	6,628,070	9,651,675	42,680,124	48,849,807	3,481,992	13.075
17.2 Other liability—claims-made		(1,461,327)		(1,461,327)	1,356,220	3,836	(108,943)	(9.667)
17.3 Excess Workers' Compensation		77,503		77,503	20,968	65,372	33,099	72.408
18.1 Products liability—occurrence		218,764		218,764	1,393,769	1,665,154	(52,621)	(6.748)
18.2 Products liability—claims-made		(75)		(75)	37		(38)	
19.1,19.2 Private passenger auto liability	35,019,278	6,991,566	35,019,278	6,991,566	70,548,924	29,200,215	48,340,275	53.009
19.3,19.4 Commercial auto liability	8,586,855	25,089,578	8,586,855	25,089,578	46,577,003	49,099,873	22,566,708	51.403
21. Auto physical damage	30,023,641	39,595,276	30,023,641	39,595,276	3,447,402	2,322,112	40,720,566	55.818
22. Aircraft (all perils)		(38,705)		(38,705)	(32,556)		(71,261)	
23. Fidelity		124,256		124,256	108,104	161,800	70,560	22.071
24. Surety		5,697,948		5,697,948	14,412,094	12,493,298	7,616,744	21.380
26. Burglary and theft		5,034		5,034	7,768	5,774	7,028	25.160
27. Boiler and machinery		4,135		4,135	2,493	16,206	(9,578)	(73.547)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X	(8,927,622)		(8,927,622)	9,005,600	57,070	20,908	418160.000
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	177,792,113	276,635,591	177,792,113	276,635,591	451,214,312	472,816,952	255,032,951	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	143,344	1,061,874	143,344	1,061,874	44,579	423,322	44,579	1,485,196	183,828
2. Allied lines	143,169	1,096,187	143,169	1,096,187	40,867	145,163	40,867	1,241,350	124,232
3. Farmowners multiple peril	1,300,651	991,732	1,300,651	991,732	121,513	179,619	121,513	1,171,351	267,932
4. Homeowners multiple peril	11,444,368	10,568,577	11,444,368	10,568,577	2,045,410	3,405,052	2,045,410	13,973,629	2,949,359
5. Commercial multiple peril	27,486,742	47,119,197	27,486,742	47,119,197	13,388,314	30,357,369	13,388,314	77,476,566	38,639,804
6. Mortgage guaranty									
8. Ocean marine		702		702				702	
9. Inland marine	776,538	536,137	776,538	536,137	168,353	734,995	168,353	1,271,132	168,779
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		42,797		42,797		61,624		104,421	46,447
11.2 Medical professional liablity—claims-made		19,920		19,920		3,333		23,253	5,636
12. Earthquake		2,887		2,887				2,887	(351)
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health		369,367		369,367				(a) 369,367	(3)
16. Workers' compensation	36,580,757	90,795,362	36,580,757	90,795,362	14,931,889	73,771,145	14,931,889	164,566,507	22,641,815
17.1 Other liability—occurrence	25,866,921	15,756,232	25,866,921	15,756,232	29,869,374	26,923,892	29,869,374	42,680,124	14,492,563
17.2 Other liability—claims-made		716,279		716,279		639,941		1,356,220	866,256
17.3 Excess Workers' Compensation		28,668		28,668		(7,700)		20,968	(5,702)
18.1 Products liability—occurrence	32,482	892,394	32,482	892,394	224,723	501,375	224,723	1,393,769	685,964
18.2 Products liability—claims-made						37		37	
19.1,19.2 Private passenger auto liability	36,385,340	57,808,276	36,385,340	57,808,276	8,188,177	12,740,648	8,188,177	70,548,924	14,166,699
19.3,19.4 Commercial auto liability	8,369,058	27,681,529	8,369,058	27,681,529	7,623,575	18,895,474	7,623,575	46,577,003	7,163,430
21. Auto physical damage	2,638,192	1,963,733	2,638,192	1,963,733	697,975	1,483,669	697,975	3,447,402	1,016,971
22. Aircraft (all perils)		5,141		5,141		(37,697)		(32,556)	
23. Fidelity		25,406		25,406		82,698		108,104	22,118
24. Surety		(2,506,378)		(2,506,378)	282	16,918,473	282	14,412,095	3,977,773
26. Burglary and theft		7,422		7,422		347		7,769	3,038
27. Boiler and machinery					589	2,493	589	2,493	4,450
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX	4,892,653		4,892,653	XXX	4,112,947		9,005,600	5,148
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	151,167,562	259,876,094	151,167,562	259,876,094	77,345,620	191,338,219	77,345,620	451,214,313	107,426,186

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	(21,528,036)			(21,528,036)
1.2 Reinsurance assumed	17,027,174			17,027,174
1.3 Reinsurance ceded	(21,528,036)			(21,528,036)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	17,027,174			17,027,174
2. Commission and brokerage:				
2.1 Direct, excluding contingent		42,772,884		42,772,884
2.2 Reinsurance assumed, excluding contingent		72,363,426		72,363,426
2.3 Reinsurance ceded, excluding contingent		42,772,884		42,772,884
2.4 Contingent—direct		1,040,505		1,040,505
2.5 Contingent—reinsurance assumed		7,874,705		7,874,705
2.6 Contingent—reinsurance ceded		1,040,505		1,040,505
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)		80,238,131		80,238,131
3. Allowances to manager and agents		40,092	1	40,093
4. Advertising	579,774	2,706,633	1,163	3,287,570
5. Boards, bureaus and associations	49,850	1,215,949	34	1,265,833
6. Surveys and underwriting reports	9,119	2,655,956	1,204	2,666,279
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	20,347,426	32,296,098	217,227	52,860,751
8.2 Payroll taxes	1,221,126	2,858,417	12,464	4,092,007
9. Employee relations and welfare	4,102,702	10,125,325	12,088	14,240,115
10. Insurance	2,415,877	326,564	2,522	2,744,963
11. Directors' fees		1,280		1,280
12. Travel and travel items	1,083,460	2,081,778	3,975	3,169,213
13. Rent and rent items	2,391,085	3,934,284	3,948	6,329,317
14. Equipment	1,420,991	2,680,384	3,492	4,104,867
15. Cost or depreciation of EDP equipment and software	835,399	1,405,062	1,791	2,242,252
16. Printing and stationery	194,003	662,604	573	857,180
17. Postage, telephone and telegraph, exchange and express	834,940	2,688,788	7,172	3,530,900
18. Legal and auditing	156,034	640,649	7,191	803,874
19. Totals (Lines 3 to 18)	35,641,786	66,319,863	274,845	102,236,494
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 176,916		12,128,903		12,128,903
20.2 Insurance department licenses and fees		1,046,469		1,046,469
20.3 Gross guaranty association assessments		(68,592)		(68,592)
20.4 All other (excluding federal and foreign income and real estate)		420,427		420,427
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		13,527,207		13,527,207
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	7,037,225	6,850,650	41,177	13,929,052
25. Total expenses incurred	59,706,185	166,935,851	316,022	(a) 226,958,058
26. Less unpaid expenses—current year	107,426,186	32,566,127		139,992,313
27. Add unpaid expenses—prior year	108,270,182	38,438,237		146,708,419
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)	60,550,181	172,807,961	316,022	233,674,164

DETAILS OF WRITE-IN LINES				
2401. Other expenses	2,649,744	6,850,650	41,177	9,541,571
2402. Change in unallocated expense reserves	4,387,481			4,387,481
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	7,037,225	6,850,650	41,177	13,929,052

(a) Includes management fees of $ 314,588 to affiliates and $ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 7,160,264	7,395,312
1.1	Bonds exempt from U.S. tax	(a) 12,320,517	12,553,693
1.2	Other bonds (unaffiliated)	(a) 22,443,997	22,137,416
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	1,796,540	1,549,675
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 2,097	2,097
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 549,030	474,415
7.	Derivative instruments	(f)	
8.	Other invested assets	56,857	56,857
9.	Aggregate write-ins for investment income	382,514	382,514
10.	Total gross investment income	44,711,816	44,551,979
11.	Investment expenses		(g) 316,024
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)		316,024
17.	Net investment income (Line 10 minus Line 16)		44,235,955

	DETAILS OF WRITE-IN LINES		
0901.	Investment Income/(Expense) - Pooling Restatement	226,172	226,172
0902.	Miscellaneous Income/(Expense)	156,342	156,342
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	382,514	382,514
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes $ 844,206 accrual of discount less $ 787,728 amortization of premium and less $ 602,102 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 2,097 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 90,625 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	783		783		
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)	168,769	(4,946,318)	(4,777,549)	(415,546)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)		(69,960)	(69,960)	97,020	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	276,300	(4,337,984)	(4,061,684)	10,026,054	
2.21	Common stocks of affiliates				1,043,657	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets				(13,651)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	445,852	(9,354,262)	(8,908,410)	10,737,534	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	3,018,160	2,062,147	(956,013)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	(83,793)	520,637	604,430
13.3 Accrued retrospective premiums	107,157	242,262	135,105
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	8,455,870	29,728,120	21,272,250
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	42,128	50,312	8,184
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	1,188,897	47,458	(1,141,439)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	12,728,419	32,650,936	19,922,517
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	12,728,419	32,650,936	19,922,517

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	1,188,897	47,458	(1,141,439)
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)	1,188,897	47,458	(1,141,439)

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

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

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

3. 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. The Company does not own mortgage loans.

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

7. The Company 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)

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method, including Mezzanine Real Estate Loans.

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in Mortgage Loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned 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	975,864	369,952	614,366

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
021468AD5	975,864	605,912	369,952	605,912	614,366

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	(269,905)	(243,525)

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.

NOTES TO FINANCIAL STATEMENTS

8. Not used.

E. Repurchase Agreements

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

2. The Company maintained collateral for loaned securities.

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

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

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

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	12,038,752	12,730,351	10,452,136	4,966,890	40,188,128

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

B. Impairments, partnerships and limited liability companies.

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	37,608,361	6,406,169	44,014,530	57,996,000	(13,981,470)
Total gross DTLs	(2,424,060)	0	(2,424,060)	(1,981,000)	(443,060)
Net DTA (DTL)	35,184,301	6,406,169	41,590,470	56,015,000	(14,424,530)
Net DTA non-admitted			(8,455,870)	(29,728,000)	21,272,130
Net Admitted DTA (DTL)			33,134,600	26,287,000	6,847,600

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, as described in SSAP No. 10R, paragraph 6e. is not required. Accordingly, total adjusted gross DTAs equal to gross DTAs.

NOTES TO FINANCIAL STATEMENTS

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

Ordinary	3,992,937
Capital	0
Total increase in net admitted DTAs	3,992,937

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.)	21,954,000	398,000	22,352,000	25,085,000
Lesser of:				
Expected to be recognized within one year (10bi.)	795,563	5,994,100	6,789,663	1,202,000
10% of adjusted capital and surplus (10bii.)			29,325,968	23,238,000
Adj. gross DTAs offset against existing DTLs (10c.)	2,424,060	0	2,424,060	1,981,000

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.)	24,436,000	398,000	24,834,000
Lesser of:			
Expected to be recognized within three years (10eiia.)	2,306,500	5,994,100	8,300,600
15% of adjusted capital and surplus (10eiib.)			43,988,952
Adj. gross DTAs offset against existing DTLs (10eiii.)	2,424,060	0	2,424,060

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	328,735,475
Authorized control level	45,570,639

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

	December 31, 2009
Admitted DTA	29,141,663
Admitted assets	1,256,254,314
Statutory surplus	328,735,475
Total adjust capital	328,735,475

Admitted DTA, admitted assets and statutory surplus increased by $3,992,937 resulting from the use of paragraph 10e.

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

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

	2009	2008
Federal	18,359,394	13,963,133
Foreign	0	0
Realized capital gains	(3,117,944)	(1,079,333)
Federal and foreign income taxes incurred	15,241,450	12,883,800

The Company’s DTAs and DTLs result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, capital loss limitation, allowance for doubtful accounts, investment impairments, deferred intercompany transactions, and non-admitted assets.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(11,026,895)
Change in tax effect of unrealized (gains) losses	(3,397,635)
Total change in net deferred income tax	(14,424,530)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, goodwill, capital loss limitation, intercompany transactions, revisions to prior year estimates, and limits on unearned premium reserve deductions.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $16,592,450 from the current year and $11,300,100 from the preceding year.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 10- Information concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by LIH US P&C Corporation ("LIH US"), an insurance holding company incorporated in Delaware. LIH US 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 entered into by the Company with its affiliates are described on Schedule Y Part 2.

C. As of December 31, 2009, the Company had the following capital transactions with its parent and subsidiaries:

Received return of capital distributions of $280

Contributed capital in the amount of $2,066,440

D. At December 31, 2009, the Company reported $312,569 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company has made no guarantee or initiated an undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. 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).

The Company is a party to a revolving credit agreement under which the Company may borrow up to $50,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2009, there have been no drawings under this agreement.

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

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

I. The Company has no investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets,

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

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

L. Investments in downstream non-insurance holding companies

The company does not hold investments in downstream non-insurance holding companies.

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 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.

NOTES TO FINANCIAL STATEMENTS

As a result of, Liberty Mutual's acquisition of Safeco Corporation, the ultimate parent of fifteen property and casualty insurance companies (Safeco Companies), the Safeco Companies eligible U.S. employees became employees of Liberty Mutual and began participating in the Liberty Mutual benefit plans. The Safeco Corporation continues to sponsor a cash balance defined benefit pension plan (CBP) covering a wide range of former Safeco Company employees. Safeco Corporation terminated the CBP effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The CBP pension costs are subject to the inter-company pooling agreement described in Note 25. These costs amounted to $68,448 and $28,992 in 2009 and 2008, respectively. Also, a CBP additional minimum liability of $238,273 and $469,028, 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 4,800,000 common shares authorized, and 3,200,000 shares issued and outstanding as of December 31, 2009. All shares have a stated par value of $1.25.

   The Company has 4,500,000 preferred shares authorized and 925,000 shares are issued and outstanding as of December 31, 2009. All shares have a stated par value of $2.00.

2. Preferred Stock

   The dividend rate is equal to the yield on 5 year Treasury Notes as of the issue date, adjusted every five years. Dividends are paid on the last business day of each calendar quarter. The Company paid $895,400 in dividends on the last business day of each calendar quarter. The stock is redeemable at $20 per share with 30 days notice. In the event of liquidation, holders of the preferred stock are entitled to receive an amount equal to $20 per share.

3. Dividend Restrictions

   There are no dividend restrictions.

4. The Company paid ordinary dividends to its parent in 2009 of:

   Refer to Note 13.2

5. The maximum amount of dividends which can be paid by Indiana-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2010 is 38,464,716.

6. As of December 31, 2009, the Company has restricted surplus of $3,992,937, 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 $956,929 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 gains is $16,294,496 after applicable deferred at taxes of $699,419.

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

NOTES TO FINANCIAL STATEMENTS

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 $3,827,370 that is offset by future premium tax credits of $639,296. 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 obligation and bad faith losses stemming from lawsuits.

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$3,250

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

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

D. All other Contingencies

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

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

Note 15- Leases

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$272,282	$2,377,804
2011	272,282	2,363,835
2012	272,282	2,082,255
2013	272,282	768,002
2014	22,690	652,204
2015 & thereafter	0	1,543,218
Total	$1,111,818	$9,787,318

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

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

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

A. Transfers of Receivables reported as sales:

The Company did not 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 $47,240,421 with corresponding collateral value of $48,743,772 of which $40,188,128 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 $49,920.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1. Assets in the amount of $1,713,525 and $1,703,896 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

2. 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. As a result of this change, the Company increased its cash disbursement accounts balance by $ 58,556 and increased its year end drafts outstanding by $14,292,723, which represents the Company's pool share of the Peerless Pool's increase in drafts outstanding. (Refer to Note 25)

NOTES TO FINANCIAL STATEMENTS

3. Interrogatory 6.1

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

   Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

   The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

   The Company does not hold 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
$208,280	$208,280	$229,156	$71,790

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the inter-company Reinsurance Agreement, as described in Note 25, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's 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	220,854,438	30,919,621	149,885,808	20,984,013	70,968,629	9,935,608
All Other	-	-	-	-	-	-
Total	220,854,438	30,919,621	149,885,808	20,984,013	70,968,629	9,935,608

Direct Unearned Premium Reserve of 149,885,808

NOTES TO FINANCIAL STATEMENTS

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	12,334,874
Ceded	0
Net	$12,334,874

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 does not have ceded commutations.

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	22,791,197	
	2. Adjustment – Prior Year(s)	(17,753,651)	
	3. Adjustment – Current Year	(714,260)	
	4. Total	4,323,286	
b.	Consideration Paid or Received:		
	1. Initial Reserves	24,754,674	
	2. Adjustment – Prior Year(s)	714,861	
	3. Adjustment – Current Year	-	
	4. Total	25,469,535	
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	-	
	2. Adjustment – Prior Year(s)	21,856,775	
	3. Adjustment – Current Year	1,284,146	
	4. Total	23,140,921	
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	1,260,823	
	2. Adjustment – Prior Year(s)	(3,920,838)	
	3. Adjustment – Current Year	(100,117)	
	4. Total	956,929	
	5. Cumulative Total Transferred to Unassigned Funds	(1,803,202)	
e.	Other insurers included in the above transactions:		
	Peerless Insurance Company	4,323,286	

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

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

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. 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 of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, retrospectively Rated contracts, has been non-admitted.

a. Total accrued retro premium	$890,982
b. Less: Non-admitted amount	107,157
c. Admitted amount	$783,825

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 $37,021,424 during 2009. This decrease was primarily the result of improving loss trends in the Other Liability $13,722,538, Private Passenger Auto Liability $7,485,703, Commercial Mulit-Peril $5,703,537, Workers' Compensation $4,300,545, Fidelity/Surety $2,778,324 and

NOTES TO FINANCIAL STATEMENTS

Commercial Auto Liability $1,977,790 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 Share Affiliated Companies	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%
	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.

NOTES TO FINANCIAL STATEMENTS

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

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

Affiliate:	Amount:
Peerless Insurance Company	$12,614,759

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%
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	Peerless Indemnity Insurance Company (“PIIC”)	18333	3.00%
	Safeco Insurance Company of Illinois (“SICIL”)	39012	2.00%
	The Netherlands Insurance Company (“NIC”)	24171	1.80%
	American States Preferred Insurance Company (“ASPCO”)	37214	0.80%
	First National Insurance Company of America (“FNICA”)	24724	0.80%
	American Fire and Casualty Company (“AFCIC”)	24066	0.60%
	America First Insurance Company (“AFIC”)	12696	0.00%
	America First Lloyd’s Insurance Company (“AFLIC”)	11526	0.00%
	American States Insurance Company of Texas (“ASICT”)	19712	0.00%
	American States Lloyds Insurance Company (“ASLCO”)	31933	0.00%
	Avomark Insurance Company (“AVOIC”)	10792	0.00%
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%
	Consolidated Insurance Company (“CIC”)	22640	0.00%
	Excelsior Insurance Company (“EIC”)	11045	0.00%
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%
	National Insurance Association (“NIA”)	27944	0.00%
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%
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	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%

NOTES TO FINANCIAL STATEMENTS

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $5,618,770 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 $5,618,770 as of December 31, 2009.

B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

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 $7,222,883 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 insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

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

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.

NOTES TO FINANCIAL STATEMENTS

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	5,734,076	7,119,162	8,231,079	7,765,129	8,034,353
Incurred losses and LAE	1,959,822	1,693,693	449,575	1,183,935	102,608
Calendar year payments	574,736	581,776	819,523	914,712	620,155
Ending Reserves	7,119,162	8,231,079	7,861,131	8,034,352	7,516,806
Assumed Reinsurance Basis					
Beginning Reserves	5,188,745	5,240,355	5,169,263	6,384,267	5,464,887
Incurred losses and LAE	353,330	226,424	1,470,977	(216,930)	2,701,412
Calendar year payments	301,720	297,516	495,246	702,451	553,108
Ending Reserves	5,240,355	5,169,263	6,144,994	5,464,886	7,613,191
Net of Ceded Reinsurance Basis					
Beginning Reserves	8,912,535	10,177,813	10,825,111	11,465,128	10,998,587
Incurred losses and LAE	2,100,267	1,445,947	1,588,174	578,027	3,050,064
Calendar year payments	834,989	798,649	1,094,657	1,044,567	1,097,945
Ending Reserves	10,177,813	10,825,111	11,318,628	10,998,588	12,950,706

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	4,260,998
Assumed Reinsurance Basis	4,284,946
Net of Ceded Reinsurance Basis	7,883,035
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	2,567,450
Assumed Reinsurance Basis	13,961
Net of Ceded Reinsurance Basis	2,165,006

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	8,627,242	9,634,711	9,386,826	8,924,811	7,624,649
Incurred losses and LAE	2,109,614	886,357	2,469,644	196,506	(330,968)

NOTES TO FINANCIAL STATEMENTS

Calendar year payments	1,102,145	1,134,242	1,784,681	1,496,668	798,746
Ending Reserves	9,634,711	9,386,826	10,071,789	7,624,649	6,494,935
Assumed Reinsurance Basis					
Beginning Reserves	2,673,840	1,953,029	1,763,028	1,713,573	1,647,721
Incurred losses and LAE	(596,515)	38,850	25,752	96	(419,939)
Calendar year payments	124,296	228,851	44,957	65,948	41,713
Ending Reserves	1,953,029	1,763,028	1,743,823	1,647,721	1,186,069
Net of Ceded Reinsurance Basis					
Beginning Reserves	10,673,422	10,545,231	9,818,970	9,818,472	8,373,802
Incurred losses and LAE	911,729	526,139	2,724,862	(172,887)	(884,889)
Calendar year payments	1,039,920	1,252,400	1,514,381	1,271,783	790,046
Ending Reserves	10,545,231	9,818,970	11,029,451	8,373,802	6,698,867

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	4,319,520
Assumed Reinsurance Basis	747,040
Net of Ceded Reinsurance Basis	4,420,797
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	2,206,316
Assumed Reinsurance Basis	5,342
Net of Ceded Reinsurance Basis	2,149,774

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? Indiana

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

2.2 If yes, date of change:

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

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/26/2006

3.4 By what department or departments?
Indiana Department of Insurance

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
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 [X] No [ ]

11.11 Name of real estate holding company: Liberty Parkwood Crossing LLC
11.12 Number of parcels involved: 2
11.13 Total book/adjusted carrying value: $ 42,011,926

11.2 If yes, provide explanation:
Indiana Insurance Company directly owns 100% of Liberty Parkwood Crossing LLC.

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

19.21	Rented from others	$ 0
19.22	Borrowed from others	$ 0
19.23	Leased from others	$ 0
19.24	Other	$ 0

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

20.2 If answer is yes:

20.21	Amount paid as losses or risk adjustment	$ 0
20.22	Amount paid as expenses	$ 0
20.23	Other amounts paid	$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [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. $ 48,743,772

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	$ 1,713,525
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? If no, attach a description with this statement. Yes [ ] No [ ] N/A [X]

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	954,836,161	988,414,534	33,578,373
28.2 Preferred stocks	50,160	101,640	51,480
28.3 Totals	954,886,321	988,516,174	33,629,853

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? $ 7,812

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
NCCI Holdings Inc	7,812
	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	$ 340,791	$ 1,291
2.2	Premium Denominator	$ 502,873,432	$ 478,501,985
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 373,189	$ (0)
2.5	Reserve Denominator	$ 808,584,415	$ 808,170,900
2.6	Reserve Ratio (2.4/2.5)	0.00	(0.00)

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

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

3.21	Participating policies	$ 2,742,653
3.22	Non-participating policies	$ 295,059,766

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 $ 2,417,346

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 268,575

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? $ 746,104

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 $ 1,816,624

12.62 Collateral and other funds $ 17,274,981

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 20,644,221

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,	361,296,222	369,419,218	337,494,790	320,151,677	281,446,764
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	164,174,208	115,491,596	114,366,792	108,758,710	110,747,048
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	259,996,304	240,452,710	280,261,326	282,762,687	289,742,433
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	39,134,826	46,868,306	142,231	1,070,051	175,079
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	5				
6. Total (Line 35)	824,601,565	772,231,830	732,265,139	712,743,125	682,111,324
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,	229,291,029	232,655,134	209,120,582	200,821,887	147,601,173
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	106,417,985	58,188,505	65,826,763	63,138,868	57,120,133
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	151,957,665	136,482,621	179,928,453	175,320,853	154,758,194
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	39,132,461	46,865,952	138,729	1,064,641	169,702
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	5				
12. Total (Line 35)	526,799,145	474,192,212	455,014,527	440,346,249	359,649,202
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	21,119,994	14,286,984	7,445,459	1,278,677	5,641,052
14. Net investment gain (loss) (Line 11)	38,445,487	47,468,424	39,971,231	73,268,814	32,852,645
15. Total other income (Line 15)	(589,772)	(6,401,962)	(302,357)	845,583	(96,314)
16. Dividends to policyholders (Line 17)	2,151,599	3,123,793	1,061,498	1,186,775	583,865
17. Federal and foreign income taxes incurred (Line 19)	18,359,394	13,963,133	10,585,086	16,546,282	11,947,049
18. Net income (Line 20)	38,464,716	38,266,520	35,467,749	57,660,017	25,866,469
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	1,260,247,251	1,191,735,583	1,103,547,812	1,024,857,370	959,695,375
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	19,017,271	16,507,812	21,427,307	29,594,768	42,775,392
20.2 Deferred and not yet due (Line 13.2)	135,031,937	127,415,297	140,597,455	129,451,062	95,001,964
20.3 Accrued retrospective premiums (Line 13.3)	783,825	2,452,198	1,179,447	1,407,329	
21. Total liabilities excluding protected cell business (Page 3, Line 24)	927,518,839	914,127,285	801,502,050	756,097,528	607,241,327
22. Losses (Page 3, Line 1)	451,214,312	472,816,954	388,247,531	359,505,001	259,056,039
23. Loss adjustment expenses (Page 3, Line 3)	107,426,187	108,270,182	88,850,313	82,487,349	62,032,517
24. Unearned premiums (Page 3, Line 9)	220,854,438	202,357,845	207,270,504	193,681,977	172,879,099
25. Capital paid up (Page 3, Lines 28 & 29)	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000
26. Surplus as regards policyholders (Page 3, Line 35)	332,728,412	277,608,298	302,045,761	268,759,842	352,454,048
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	58,169,656	157,000,268	95,120,998	197,213,758	61,646,941
Risk-Based Capital Analysis					
28. Total adjusted capital	332,728,412	277,608,298	302,045,761	268,759,842	352,454,048
29. Authorized control level risk-based capital	45,572,863	45,039,005	43,146,376	37,941,806	33,902,454
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)	82.0	83.5	82.2	80.1	76.8
31. Stocks (Lines 2.1 & 2.2)	2.2	5.2	6.9	7.2	13.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)			2.3	1.8	2.0
34. Cash, cash equivalents and short-term investments (Line 5)	11.7	7.1	8.4	9.9	7.6
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)	4.1	4.1	0.1	0.1	0.1
37. Receivables for securities (Line 8)				0.9	
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)	23,260,595	22,216,939	24,280,439	22,490,083	55,773,959
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	42,011,926	39,959,417			
46. Total of above Lines 40 to 45	65,272,521	62,176,356	24,280,439	22,490,083	55,773,959
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)	19.6	22.4	8.0	8.4	15.8

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)	7,339,899	(8,338,224)	(219,778)	(32,992,200)	1,407,420
49. Dividends to stockholders (Line 35)	(895,400)	(55,243,899)	(1,108,651)	(109,606,250)	(851,000)
50. Change in surplus as regards policyholders for the year (Line 38)	55,120,114	(24,437,463)	33,285,919	(83,694,206)	32,442,257
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,	205,659,570	113,323,311	163,088,141	89,373,049	147,349,457
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	84,180,057	62,849,261	50,007,384	48,964,317	45,512,963
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	167,984,133	184,580,095	139,326,179	169,556,727	135,846,946
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,531,566	(3,943,484)	41,346	244,813	87,391
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(8,927,622)	34,453	17,952	(64,181)	
56. Total (Line 35)	454,427,704	356,843,636	352,481,002	308,074,725	328,796,757
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,	138,808,773	41,328,299	93,092,731	15,986,272	64,650,834
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	50,092,555	33,268,516	28,824,694	25,315,126	23,284,695
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	91,130,319	95,327,133	75,774,093	68,386,635	55,681,831
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,531,566	(3,943,484)	41,626	245,133	87,908
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(8,927,622)	34,453	17,952	(64,181)	
62. Total (Line 35)	276,635,591	166,014,917	197,751,096	109,868,985	143,705,268
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	50.7	52.4	51.4	54.3	49.3
65. Loss expenses incurred (Line 3)	11.9	10.8	11.3	11.9	13.2
66. Other underwriting expenses incurred (Line 4)	33.2	33.8	35.6	33.5	35.9
67. Net underwriting gain (loss) (Line 8)	4.2	3.0	1.7	0.3	1.6
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	31.8	35.5	34.6	31.7	35.3
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.6	63.2	62.7	66.2	62.5
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)	158.3	170.8	150.6	163.8	102.0
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(37,023)	(42,591)	(33,047)	(6,581)	(7,585)
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)	(13.3)	(14.1)	(12.3)	(1.9)	(2.4)
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)	(53,349)	(73,569)	(27,596)	2,289	(2,119)
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)	(17.7)	(27.4)	(7.8)	0.7	(0.8)

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			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	5,577	2,108	1,744	145	510	27	201	5,551	X X X
2. 2000	411,637	25,151	386,486	282,525	17,813	19,251	1,271	30,925	906	14,958	312,711	X X X
3. 2001	413,816	24,987	388,829	263,580	17,832	19,083	991	31,866	982	14,212	294,724	X X X
4. 2002	453,671	43,020	410,651	247,611	23,711	18,018	1,648	31,345	1,509	14,144	270,106	X X X
5. 2003	497,267	39,902	457,365	241,332	20,043	16,469	1,178	35,258	1,601	14,193	270,237	X X X
6. 2004	540,487	28,367	512,120	247,161	9,546	14,976	530	35,176	714	17,862	286,523	X X X
7. 2005	569,543	21,694	547,849	249,958	9,506	15,330	550	36,551	519	16,439	291,264	X X X
8. 2006	574,199	23,889	550,310	241,631	5,140	13,123	651	36,229	766	13,978	284,426	X X X
9. 2007	580,006	26,664	553,342	230,886	4,793	10,256	560	35,311	462	13,424	270,638	X X X
10. 2008	572,785	20,258	552,527	234,177	6,498	7,006	282	38,223	331	11,540	272,295	X X X
11. 2009	534,845	31,972	502,873	138,837	9,648	2,322	438	27,247	156	6,113	158,164	X X X
12. Totals	X X X	X X X	X X X	2,383,275	126,638	137,578	8,244	338,641	7,973	137,064	2,716,639	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	50,517	14,545	28,810	3,448	2,231	211	7,304	727	4,682	137	979	74,476	X X X
2. 2000	6,643	1,920	2,776	671	67	35	988	112	586	45	99	8,277	X X X
3. 2001	6,917	1,887	3,205	661	136	29	1,146	83	754	39	250	9,459	X X X
4. 2002	7,251	1,313	3,550	640	149	6	1,361	87	658	14	183	10,909	X X X
5. 2003	5,858	795	4,671	687	181	2	1,710	83	737	4	418	11,586	X X X
6. 2004	7,994	1,417	5,854	804	231	1	2,128	103	946	1	1,016	14,827	X X X
7. 2005	12,829	1,062	8,357	1,122	427	1	3,158	165	1,585	1	661	24,005	X X X
8. 2006	22,279	1,644	12,249	1,631	734	2	5,177	242	2,474	2	1,792	39,392	X X X
9. 2007	38,197	1,597	19,315	2,281	1,183	3	8,912	361	4,022	3	1,725	67,384	X X X
10. 2008	54,101	1,326	40,452	5,252	1,423	6	14,145	694	6,874	5	4,076	109,712	X X X
11. 2009	77,996	3,200	81,207	1,908	986	12	17,442	213	16,315	2	11,922	188,611	X X X
12. Totals	290,582	30,706	210,446	19,105	7,748	308	63,471	2,870	39,633	253	23,121	558,638	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	61,334	13,142
2. 2000	343,761	22,773	320,988	83.511	90.545	83.053			4.800	6,828	1,449
3. 2001	326,687	22,504	304,183	78.945	90.063	78.231			4.800	7,574	1,885
4. 2002	309,943	28,928	281,015	68.319	67.243	68.432			4.800	8,848	2,061
5. 2003	306,216	24,393	281,823	61.580	61.132	61.619			4.800	9,047	2,539
6. 2004	314,466	13,116	301,350	58.182	46.237	58.844			4.800	11,627	3,200
7. 2005	328,195	12,926	315,269	57.624	59.583	57.547			4.800	19,002	5,003
8. 2006	333,896	10,078	323,818	58.150	42.187	58.843			4.800	31,253	8,139
9. 2007	348,082	10,060	338,022	60.014	37.729	61.087			4.800	53,634	13,750
10. 2008	396,401	14,394	382,007	69.206	71.053	69.138			4.800	87,975	21,737
11. 2009	362,352	15,577	346,775	67.749	48.721	68.959			4.800	154,095	34,516
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	451,217	107,421

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	227,590	237,084	244,654	255,347	257,939	265,879	270,115	272,978	273,157	282,178	9,021	9,200
2. 2000	272,844	282,870	285,833	290,741	290,405	291,072	290,756	291,001	289,639	290,892	1,253	(109)
3. 2001	X X X	270,970	269,640	271,461	272,586	273,101	271,608	272,912	271,106	273,015	1,909	103
4. 2002	X X X	X X X	262,555	260,763	258,334	252,920	252,498	250,644	249,569	250,922	1,353	278
5. 2003	X X X	X X X	X X X	261,883	256,499	250,143	249,051	250,418	248,490	247,785	(705)	(2,633)
6. 2004	X X X	X X X	X X X	X X X	297,852	288,615	284,303	272,069	269,461	266,359	(3,102)	(5,710)
7. 2005	X X X	X X X	X X X	X X X	X X X	312,284	300,759	284,715	281,395	278,024	(3,371)	(6,691)
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	311,291	302,165	292,693	286,336	(6,357)	(15,829)
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	331,533	319,895	299,575	(20,320)	(31,958)
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	354,383	337,679	(16,704)	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	303,640	X X X	X X X
									12. Totals		(37,023)	(53,349)

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	68,241	114,385	143,068	161,367	175,029	186,469	195,304	203,954	209,021	X X X	X X X
2. 2000	140,182	204,644	235,162	255,358	266,919	274,039	277,537	279,927	281,399	282,692	X X X	X X X
3. 2001	X X X	134,337	194,004	221,692	239,584	249,623	255,603	259,156	262,110	263,840	X X X	X X X
4. 2002	X X X	X X X	117,432	173,520	200,586	219,434	229,098	234,822	238,334	240,271	X X X	X X X
5. 2003	X X X	X X X	X X X	119,522	173,272	199,805	216,845	228,338	233,453	236,580	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	124,655	188,214	218,450	236,379	246,843	252,060	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	128,886	192,209	223,011	242,762	255,231	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	131,334	197,083	226,004	248,964	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	135,857	204,097	235,789	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	156,464	234,402	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	131,074	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	89,281	65,539	53,548	50,654	39,946	36,542	33,178	29,662	32,256	35,165
2. 2000	56,216	27,364	16,635	12,202	8,791	6,921	6,383	4,879	3,288	3,445
3. 2001	X X X	64,206	30,699	17,474	12,892	8,987	7,856	5,183	4,611	4,038
4. 2002	X X X	X X X	82,078	41,855	24,246	14,316	10,289	6,737	5,088	4,570
5. 2003	X X X	X X X	X X X	76,181	38,021	22,020	15,433	11,295	8,547	5,962
6. 2004	X X X	X X X	X X X	X X X	97,065	48,503	32,272	18,314	13,155	7,493
7. 2005	X X X	X X X	X X X	X X X	X X X	107,618	54,208	29,149	17,977	10,600
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	97,098	51,493	31,279	16,005
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	104,220	53,911	26,006
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	110,130	49,084
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	96,796

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	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	L				57	(2,556)	3,313		
11. Georgia	GA	N								
12. Hawaii	HI	N					(1)			
13. Idaho	ID	N								
14. Illinois	IL	L	62,711,342	62,850,604	48,727	39,904,254	16,629,360	60,027,423	329,018	
15. Indiana	IN	L	124,803,530	125,364,530	10,698	76,459,552	46,183,838	76,088,260	654,788	
16. Iowa	IA	L	214,266	176,707		15,579	(109,728)	99,739	1,124	
17. Kansas	KS	N								
18. Kentucky	KY	L	44,124,632	43,238,907		28,988,172	35,738,543	38,992,248	231,502	
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	L	5,442,303	6,825,042	32,926	4,004,135	392,756	14,478,339	28,553	
24. Minnesota	MN	L	565,368	343,098		45,351	778,851	877,746	2,966	
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N					(400,000)			
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	L	19,151,786	16,776,417	333,607	7,770,264	10,449,261	14,339,059	100,481	
32. New Mexico	NM	N								
33. New York	NY	Q								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	L	3,645,701	3,322,718		2,623,838	1,156,477	3,818,859	19,127	
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	L	35,786,671	33,991,468		17,202,143	16,825,895	17,701,946	187,756	
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	L	3,819	4,979		30,163	(511,547)	1,168,683	20	
49. West Virginia	WV	N								
50. Wisconsin	WI	L	1,353,005	1,020,205	228,603	748,606	(315,472)	917,565	7,099	
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	XXX								
59. Totals		(a) 12	297,802,423	293,914,675	654,561	177,792,114	126,815,677	228,513,180	1,562,434	

DETAILS OF WRITE-INS									
5801.	XXX								
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								

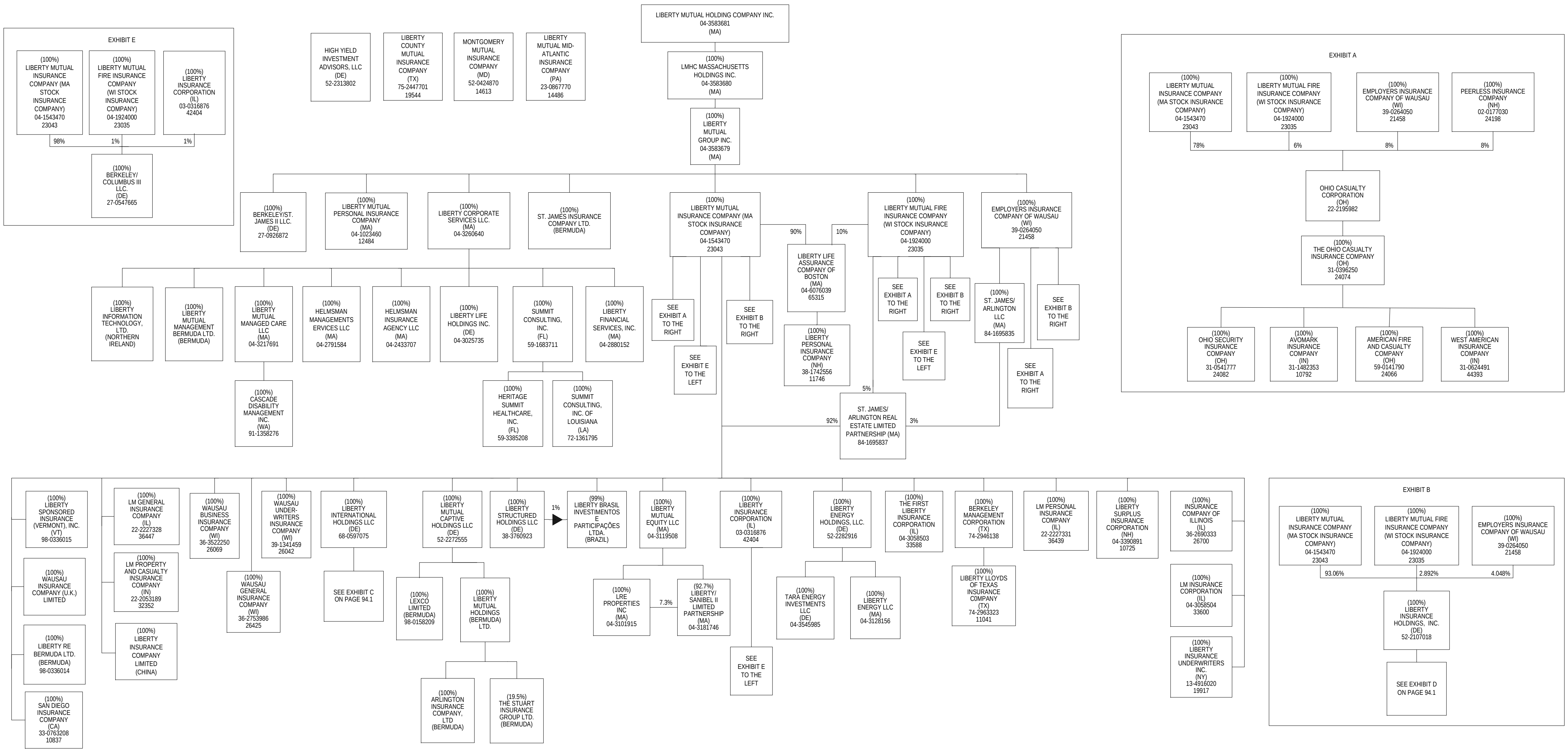
Explanation of basis of allocation of premiums by states, etc.

*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.

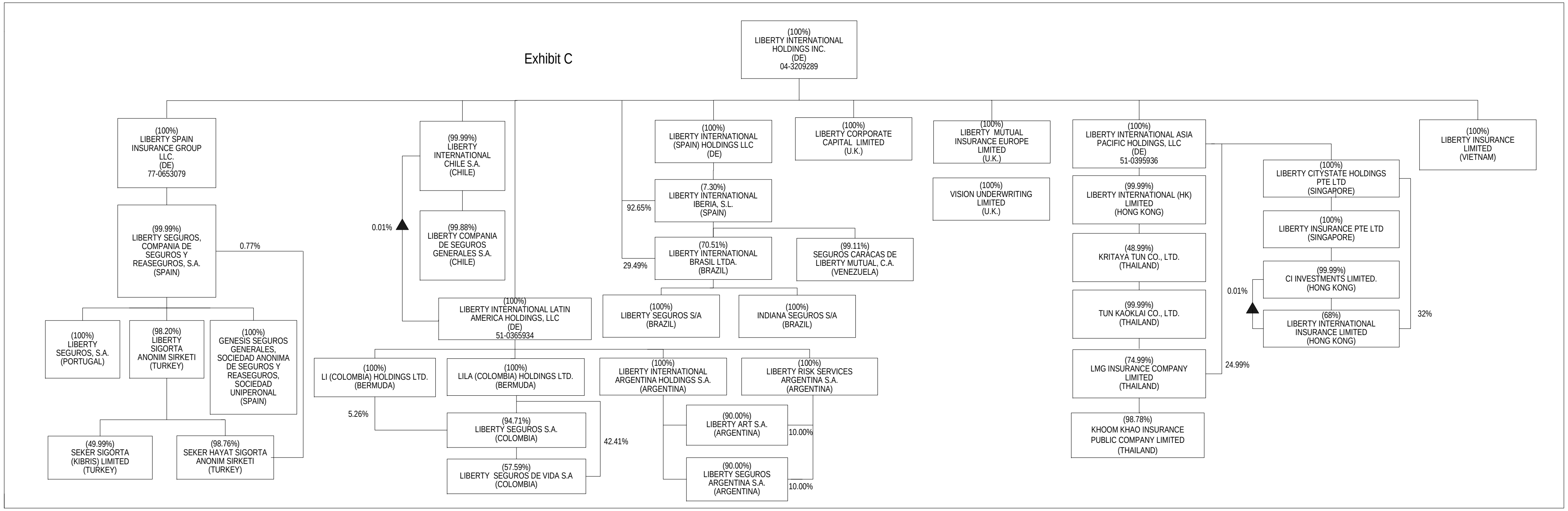
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

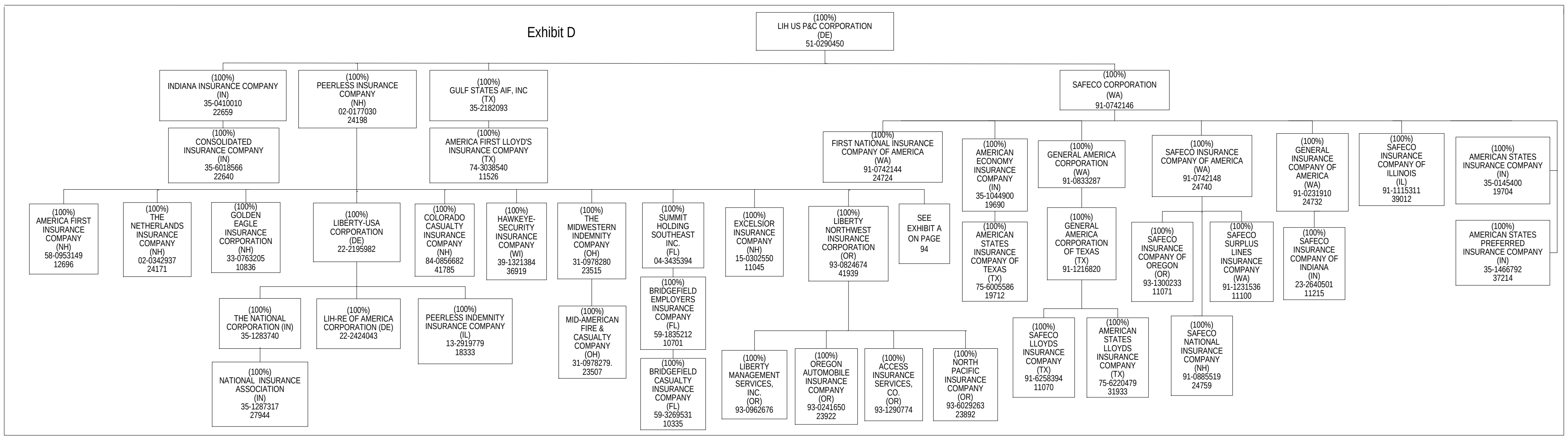
PART 1 - ORGANIZATIONAL CHART



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	3,480,141	
2305. Accrued return retrospective premiums	595,483	
2306. Private Passenger Auto Escrow	78,453	
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	4,154,077	

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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