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, 2010

PROPERTY AND CASUALTY

2010

22659201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
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.lmac.com

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

OFFICERS

Chairman of the Board

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
31st day of January , 2011, by

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

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	734,224,552		734,224,552	865,835,594
2. Stocks (Schedule D):				
2.1 Preferred stocks	50,160		50,160	50,160
2.2 Common stocks	49,878,908		49,878,908	23,260,595
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 908,192, Schedule E - Part 1), cash equivalents ($ 4,533,839, Schedule E - Part 2), and short-term investments ($ 11,460,359, Schedule DA)	16,902,390		16,902,390	123,496,895
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	42,227,481		42,227,481	43,099,846
9. Receivables for securities				
10. Securities lending reinvested collateral assets	31,818,233		31,818,233	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	875,101,724		875,101,724	1,055,743,090
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	7,727,351		7,727,351	8,989,527
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	19,309,709	2,078,767	17,230,942	19,017,271
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (1,205,721) earned but unbilled premiums)	138,583,393	3,214	138,580,179	135,031,937
15.3 Accrued retrospective premiums	488,501	48,780	439,721	783,825
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	4,799,096		4,799,096	
18.2 Net deferred tax asset	37,026,760	6,703,403	30,323,357	33,134,600
19. Guaranty funds receivable or on deposit	811,048		811,048	888,659
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	11,819	11,819		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	675,519		675,519	2,619,030
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	4,854,599	649,081	4,205,518	4,039,312
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,089,389,519	9,495,064	1,079,894,455	1,260,247,251
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,089,389,519	9,495,064	1,079,894,455	1,260,247,251

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	2,790,375		2,790,375	2,720,090
2502. Equities and deposits in pools and associations	1,269,742		1,269,742	1,139,475
2503. Other assets	794,482	649,081	145,401	179,747
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,854,599	649,081	4,205,518	4,039,312

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	428,666,195	451,214,312
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	28,762,393	29,089,478
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	95,672,486	107,426,187
4.	Commissions payable, contingent commissions and other similar charges	12,947,349	12,786,023
5.	Other expenses (excluding taxes, licenses and fees)	3,789,322	15,178,800
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,329,943	4,601,304
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		8,001,112
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 $ 147,593,680 and including warranty reserves of $ 0)	232,951,570	220,854,438
10.	Advance premium	1,578,871	1,572,059
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	44,993	407,519
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	286,316	(145,552)
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	15,711,755	15,772,446
19.	Payable to parent, subsidiaries and affiliates	2,158,179	2,306,461
20.	Derivatives		
21.	Payable for securities		6,175,313
22.	Payable for securities lending	31,818,233	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	8,222,016	52,278,939
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	866,939,621	927,518,839
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	866,939,621	927,518,839
29.	Aggregate write-ins for special surplus funds	5,752,731	4,949,866
30.	Common capital stock	4,000,000	4,000,000
31.	Preferred capital stock	1,850,000	1,850,000
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	45,442,432	45,442,432
35.	Unassigned funds (surplus)	155,909,671	276,486,114
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	212,954,834	332,728,412
38.	Totals (Page 2, Line 28, Col. 3)	1,079,894,455	1,260,247,251

	DETAILS OF WRITE-IN LINES		
2501.	Retroactive reinsurance reserves	4,579,250	4,323,286
2502.	Other liabilities	2,490,518	3,613,448
2503.	Accrued return retrospective premiums	584,361	595,483
2598.	Summary of remaining write-ins for Line 25 from overflow page	567,887	43,746,722
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,222,016	52,278,939
2901.	SSAP 10R incremental change	4,714,540	3,992,937
2902.	Special surplus from retroactive reinsurance	1,038,191	956,929
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	5,752,731	4,949,866
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	495,080,640	502,873,432
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	277,398,605	255,032,950
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	58,444,903	59,706,184
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	166,378,676	166,935,851
5.	Aggregate write-ins for underwriting deductions	(27,082)	78,453
6.	Total underwriting deductions (Lines 2 through 5)	502,195,102	481,753,438
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(7,114,462)	21,119,994
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	35,899,333	44,235,954
10.	Net realized capital gains (losses) less capital gains tax of $ 2,434,458 (Exhibit of Capital Gains (Losses))	4,521,136	(5,790,467)
11.	Net investment gain (loss) (Lines 9 + 10)	40,420,469	38,445,487
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 28,890 amount charged off $ 2,109,159)	(2,080,269)	(2,225,953)
13.	Finance and service charges not included in premiums	4,368,629	4,287,364
14.	Aggregate write-ins for miscellaneous income	(5,960,861)	(2,651,183)
15.	Total other income (Lines 12 through 14)	(3,672,501)	(589,772)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	29,633,506	58,975,709
17.	Dividends to policyholders	(169,165)	2,151,599
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)	29,802,671	56,824,110
19.	Federal and foreign income taxes incurred	(3,341,008)	18,359,394
20.	Net income (Line 18 minus Line 19) (to Line 22)	33,143,679	38,464,716
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	332,728,412	277,608,298
22.	Net income (from Line 20)	33,143,679	38,464,716
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 849,141	2,751,209	7,339,899
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(3,714,569)	(11,026,895)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	2,511,752	15,929,580
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	(154,895,400)	(895,400)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	429,751	5,308,214
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(119,773,578)	55,120,114
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	212,954,834	332,728,412

	DETAILS OF WRITE-IN LINES		
0501.	Private Passenger Auto Escrow	(27,082)	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)	(27,082)	78,453
1401.	Other income/(expense)	170,072	(2,586,350)
1402.	Retroactive reinsurance gain/(loss)	(6,130,933)	(64,833)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(5,960,861)	(2,651,183)
3701.	SSAP 10R incremental change	721,603	3,992,937
3702.	Other changes in surplus	(291,852)	1,315,277
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	429,751	5,308,214

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	506,666,415	513,542,791
2.	Net investment income	38,040,619	44,340,547
3.	Miscellaneous income	(6,307,441)	4,014,506
4.	Total (Lines 1 through 3)	538,399,593	561,897,844
5.	Benefit and loss related payments	300,334,499	259,984,615
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	247,690,152	233,425,691
8.	Dividends paid to policyholders	193,361	2,031,317
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	11,893,658	8,286,565
10.	Total (Lines 5 through 9)	560,111,670	503,728,188
11.	Net cash from operations (Line 4 minus Line 10)	(21,712,077)	58,169,656
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	341,208,949	148,698,599
12.2	Stocks	604,232	37,466,868
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	983,352	
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	342,796,533	186,165,467
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	202,854,316	193,151,308
13.2	Stocks	24,400,290	1,796,540
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets	31,818,233	2,066,160
13.6	Miscellaneous applications	6,175,313	(6,175,313)
13.7	Total investments acquired (Lines 13.1 to 13.6)	265,248,152	190,838,695
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)	77,548,381	(4,673,228)
	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	154,895,400	895,400
16.6	Other cash provided (applied)	(7,535,409)	626,815
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(162,430,809)	(268,585)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(106,594,505)	53,227,843
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	123,496,895	70,269,052
19.2	End of year (Line 18 plus Line 19.1)	16,902,390	123,496,895

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	165,067,226	
20.0002	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets	978,280	
20.0003	16.5 - Dividends to stockholders	121,150,397	

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	8,856,607	4,561,010	4,787,409	8,630,208
2. Allied lines	7,494,979	3,669,193	3,975,139	7,189,033
3. Farmowners multiple peril	3,709,567	1,779,881	1,862,992	3,626,456
4. Homeowners multiple peril	72,553,675	36,026,664	38,445,960	70,134,379
5. Commercial multiple peril	89,035,238	46,862,002	45,563,792	90,333,448
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	8,124,933	3,995,287	3,906,099	8,214,121
10. Financial guaranty				
11.1 Medical professional liability—occurrence	37,119	19,408	17,344	39,183
11.2 Medical professional liability—claims-made	5,156	1,886	2,004	5,038
12. Earthquake	1,642,246	862,609	834,497	1,670,358
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	43,350,272	18,123,684	18,263,842	43,210,114
17.1 Other liability—occurrence	26,244,805	13,416,155	12,816,908	26,844,052
17.2 Other liability—claims-made	1,104,142	476,263	513,031	1,067,374
17.3 Excess Workers' Compensation		23,578		23,578
18.1 Products liability—occurrence	676,021	463,707	357,272	782,456
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	94,508,279	27,284,217	34,045,923	87,746,573
19.3,19.4 Commercial auto liability	40,510,096	20,640,637	19,614,566	41,536,167
21. Auto physical damage	73,112,921	24,061,407	28,059,299	69,115,029
22. Aircraft (all perils)				
23. Fidelity	313,936	263,116	256,905	320,147
24. Surety	34,756,155	20,732,124	20,919,034	34,569,245
26. Burglary and theft	14,858	9,181	7,160	16,879
27. Boiler and machinery	9,149	1,627	3,975	6,801
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	506,056,332	223,277,458	234,253,151	495,080,639

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	4,787,370	39			4,787,409
2.	Allied lines	3,975,094	45			3,975,139
3.	Farmowners multiple peril	1,862,992				1,862,992
4.	Homeowners multiple peril	38,445,960				38,445,960
5.	Commercial multiple peril	44,944,350	750	615,989	2,704	45,563,793
6.	Mortgage guaranty					
8.	Ocean marine					
9.	Inland marine	3,890,798	15,300			3,906,098
10.	Financial guaranty					
11.1	Medical professional liability—occurrence	17,344				17,344
11.2	Medical professional liablity—claims-made	2,005				2,005
12.	Earthquake	834,497				834,497
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health					
16.	Workers' compensation	17,664,205		503,778	95,859	18,263,842
17.1	Other liability—occurrence	12,697,711	47,761	74,139	(2,704)	12,816,907
17.2	Other liability—claims-made	503,127	8,822	1,082		513,031
17.3	Excess Workers' Compensation					
18.1	Products liability—occurrence	346,491	48	10,733		357,272
18.2	Products liability—claims-made					
19.1,19.2	Private passenger auto liability	34,045,923				34,045,923
19.3,19.4	Commercial auto liability	19,426,594	187,971			19,614,565
21.	Auto physical damage	28,020,865	38,434			28,059,299
22.	Aircraft (all perils)					
23.	Fidelity	93,630	163,275			256,905
24.	Surety	11,153,141	9,765,893			20,919,034
26.	Burglary and theft	7,160				7,160
27.	Boiler and machinery	3,975				3,975
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	222,723,232	10,228,338	1,205,721	95,859	234,253,150
36.	Accrued retrospective premiums based on experience					(95,859)
37.	Earned but unbilled premiums					(1,205,721)
38.	Balance (Sum of Lines 35 through 37)					232,951,570

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	2,185,007	8,856,607		2,185,007		8,856,607
2. Allied lines	1,757,326	7,494,979		1,757,326		7,494,979
3. Farmowners multiple peril	5,009,374	3,709,567		5,009,374		3,709,567
4. Homeowners multiple peril	66,575,199	72,553,675		66,575,199		72,553,675
5. Commercial multiple peril	35,857,029	89,035,238		35,857,029		89,035,238
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	3,343,976	8,124,933		3,343,976		8,124,933
10. Financial guaranty						
11.1 Medical professional liability--occurrence		37,119				37,119
11.2 Medical professional liability--claims-made		5,156				5,156
12. Earthquake	3,234,492	1,642,246		3,234,492		1,642,246
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	23,404,338	43,350,272		23,404,338		43,350,272
17.1 Other liability—occurrence	34,430,007	26,244,805		34,430,007		26,244,805
17.2 Other liability—claims-made	200,605	1,104,142		200,605		1,104,142
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence	100,494	676,021		100,494		676,021
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	58,511,324	94,508,279		58,511,324		94,508,279
19.3,19.4 Commercial auto liability	13,751,693	40,510,096		13,751,693		40,510,096
21. Auto physical damage	45,477,069	73,112,921		45,477,069		73,112,921
22. Aircraft (all perils)						
23. Fidelity		313,936				313,936
24. Surety	2,465	34,756,155		2,465		34,756,155
26. Burglary and theft	2,381	14,858		2,381		14,858
27. Boiler and machinery	30,417	9,149		30,417		9,149
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	293,873,196	506,056,332		293,873,196		506,056,332

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	610,739	3,518,377	610,739	3,518,377	1,564,191	1,485,196	3,597,372	41.683
2. Allied lines	661,112	4,595,167	661,112	4,595,167	1,308,483	1,241,350	4,662,300	64.853
3. Farmowners multiple peril	2,529,924	2,424,594	2,529,924	2,424,594	1,113,983	1,171,351	2,367,226	65.277
4. Homeowners multiple peril	37,659,780	37,920,206	37,659,780	37,920,206	18,761,931	13,973,630	42,708,507	60.895
5. Commercial multiple peril	20,389,743	47,747,379	20,389,743	47,747,379	82,344,355	77,476,565	52,615,169	58.246
6. Mortgage guaranty								
8. Ocean marine		204		204	(40)	702	(538)	
9. Inland marine	1,030,791	2,873,538	1,030,791	2,873,538	683,411	1,271,132	2,285,817	27.828
10. Financial guaranty								
11.1 Medical professional liability—occurrence		2,090		2,090	113,480	104,421	11,149	28.454
11.2 Medical professional liability—claims-made		2,304		2,304	23,193	23,253	2,244	44.541
12. Earthquake		(902)		(902)	1,893	2,887	(1,896)	(0.114)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		60,818		60,818	2,174,436	369,367	1,865,887	
16. Workers' compensation	19,151,070	65,606,021	19,151,070	65,606,021	133,771,689	164,566,508	34,811,202	80.563
17.1 Other liability—occurrence	29,127,934	10,999,864	29,127,934	10,999,864	46,225,340	42,680,124	14,545,080	54.184
17.2 Other liability—claims-made	24,760	502,549	24,760	502,549	2,513,360	1,356,220	1,659,689	155.493
17.3 Excess Workers' Compensation						20,968	(20,968)	(88.930)
18.1 Products liability—occurrence	8,938	385,589	8,938	385,589	1,019,462	1,393,769	11,282	1.442
18.2 Products liability—claims-made						37	(37)	
19.1,19.2 Private passenger auto liability	36,592,785	52,571,333	36,592,785	52,571,333	66,906,189	70,548,924	48,928,598	55.761
19.3,19.4 Commercial auto liability	8,268,056	22,951,072	8,268,056	22,951,072	45,260,655	46,577,003	21,634,724	52.086
21. Auto physical damage	26,805,975	39,868,038	26,805,975	39,868,038	2,796,177	3,447,402	39,216,813	56.741
22. Aircraft (all perils)		9,056		9,056	3,783	(32,556)	45,395	
23. Fidelity		48,617		48,617	38,857	108,104	(20,630)	(6.444)
24. Surety		6,829,501		6,829,501	12,642,106	14,412,094	5,059,513	14.636
26. Burglary and theft		3,582		3,582	169	7,768	(4,017)	(23.799)
27. Boiler and machinery					2,494	2,494		
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	XXX							
32. Reinsurance-Nonproportional Assumed Liability	XXX	1,027,727		1,027,727	9,396,598	9,005,600	1,418,725	
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	182,861,607	299,946,724	182,861,607	299,946,724	428,666,195	451,214,313	277,398,606	56.031

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	223,258	994,207	223,258	994,207	47,626	569,984	47,626	1,564,191	129,510
2. Allied lines	559,505	1,121,635	559,505	1,121,635	42,605	186,848	42,605	1,308,483	57,502
3. Farmowners multiple peril	1,257,741	940,276	1,257,741	940,276	533,379	173,707	533,379	1,113,983	217,633
4. Homeowners multiple peril	12,675,353	12,296,636	12,675,353	12,296,636	2,941,248	6,465,295	2,941,248	18,761,931	2,738,194
5. Commercial multiple peril	25,418,724	50,069,634	25,418,724	50,069,634	15,692,479	32,274,722	15,692,479	82,344,356	38,570,080
6. Mortgage guaranty									
8. Ocean marine		228		228		(267)		(39)	
9. Inland marine	136,926	436,604	136,926	436,604	116,399	246,807	116,399	683,411	320,856
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		20,389		20,389		93,091		113,480	60,659
11.2 Medical professional liablity—claims-made						23,193		23,193	6,428
12. Earthquake		1,893		1,893				1,893	(442)
13. Group accident and health								(a)	(122)
14. Credit accident and health (group and individual)									
15. Other accident and health		508,633		508,633		1,665,803		(a) 2,174,436	244,657
16. Workers' compensation	37,713,364	88,309,257	37,713,364	88,309,257	14,269,113	45,462,433	14,269,113	133,771,690	15,191,493
17.1 Other liability—occurrence	12,635,376	14,313,666	12,635,376	14,313,666	30,395,717	31,911,674	30,395,717	46,225,340	11,947,481
17.2 Other liability—claims-made	83,030	946,064	83,030	946,064	21,543	1,567,296	21,543	2,513,360	1,120,522
17.3 Excess Workers' Compensation									17
18.1 Products liability—occurrence	50,584	498,891	50,584	498,891	101,826	520,571	101,826	1,019,462	506,787
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	43,000,000	56,402,771	43,000,000	56,402,771	8,100,326	10,503,418	8,100,326	66,906,189	12,765,389
19.3,19.4 Commercial auto liability	8,614,007	28,890,839	8,614,007	28,890,839	5,571,529	16,369,816	5,571,529	45,260,655	7,057,069
21. Auto physical damage	2,205,680	1,616,554	2,205,680	1,616,554	(376,615)	1,179,623	(376,615)	2,796,177	525,117
22. Aircraft (all perils)		3,783		3,783				3,783	
23. Fidelity		14,614		14,614		24,243		38,857	41,518
24. Surety		(3,946,928)		(3,946,928)	104	16,589,034	104	12,642,106	3,960,565
26. Burglary and theft		28		28		141		169	674
27. Boiler and machinery		(312)		(312)	519	2,806	519	2,494	2,643
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX	4,391,779		4,391,779	XXX	5,004,819		9,396,598	208,258
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	144,573,548	257,831,141	144,573,548	257,831,141	77,457,798	170,835,057	77,457,798	428,666,198	95,672,488

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	13,300,158			13,300,158
1.2 Reinsurance assumed	19,340,972			19,340,972
1.3 Reinsurance ceded	13,300,158			13,300,158
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	19,340,972			19,340,972
2. Commission and brokerage:				
2.1 Direct, excluding contingent		41,749,886		41,749,886
2.2 Reinsurance assumed, excluding contingent		75,252,654		75,252,654
2.3 Reinsurance ceded, excluding contingent		41,749,886		41,749,886
2.4 Contingent—direct		2,032,750		2,032,750
2.5 Contingent—reinsurance assumed		8,618,704		8,618,704
2.6 Contingent—reinsurance ceded		2,032,750		2,032,750
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)		83,871,358		83,871,358
3. Allowances to manager and agents	6,868	35,647	16	42,531
4. Advertising	660,402	3,299,817	8,284	3,968,503
5. Boards, bureaus and associations	196,340	1,009,277	273	1,205,890
6. Surveys and underwriting reports	575,559	2,871,142	9,527	3,456,228
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	23,544,070	27,049,025	949,610	51,542,705
8.2 Payroll taxes	474,529	3,048,744	67,239	3,590,512
9. Employee relations and welfare	2,045,911	10,411,751	72,024	12,529,686
10. Insurance	1,623,363	359,733	8,003	1,991,099
11. Directors' fees	345	1,804		2,149
12. Travel and travel items	1,445,899	2,312,367	20,915	3,779,181
13. Rent and rent items	991,021	3,657,645	24,419	4,673,085
14. Equipment	898,136	3,436,209	26,396	4,360,741
15. Cost or depreciation of EDP equipment and software	501,050	2,290,806	17,303	2,809,159
16. Printing and stationery	268,043	589,469	3,233	860,745
17. Postage, telephone and telegraph, exchange and express	814,182	3,154,903	32,017	4,001,102
18. Legal and auditing	203,291	462,406	45,511	711,208
19. Totals (Lines 3 to 18)	34,249,009	63,990,745	1,284,770	99,524,524
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 156,473		11,426,579		11,426,579
20.2 Insurance department licenses and fees		1,407,204		1,407,204
20.3 Gross guaranty association assessments		(160,604)		(160,604)
20.4 All other (excluding federal and foreign income and real estate)		1,296,133		1,296,133
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		13,969,312		13,969,312
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	4,854,923	4,547,259	212,771	9,614,953
25. Total expenses incurred	58,444,904	166,378,674	1,497,541	(a) 226,321,119
26. Less unpaid expenses—current year	95,672,486	21,066,614		116,739,100
27. Add unpaid expenses—prior year	107,426,187	32,566,127		139,992,314
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)	70,198,605	177,878,187	1,497,541	249,574,333

DETAILS OF WRITE-IN LINES				
2401. Other expenses	3,472,773	4,547,259	212,771	8,232,803
2402. Change in unallocated expense reserves	1,382,150			1,382,150
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,854,923	4,547,259	212,771	9,614,953

(a) Includes management fees of $ 1,497,541 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) 8,037,627	7,542,036
1.1	Bonds exempt from U.S. tax	(a) 10,992,018	9,500,380
1.2	Other bonds (unaffiliated)	(a) 19,428,048	20,135,019
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	46,431	70,016
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 67,719	62,216
7.	Derivative instruments	(f)	
8.	Other invested assets	21,390	21,390
9.	Aggregate write-ins for investment income	65,817	65,817
10.	Total gross investment income	38,659,050	37,396,874
11.	Investment expenses		(g) 1,497,541
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)		1,497,541
17.	Net investment income (Line 10 minus Line 16)		35,899,333

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)……………………………………….………	65,817	65,817
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)	65,817	65,817
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 $ 893,159 accrual of discount less $ 1,771,791 amortization of premium and less $ 1,043,353 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 6,724 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	1,791,651		1,791,651		
1.1	Bonds exempt from U.S. tax	4,253,872		4,253,872		
1.2	Other bonds (unaffiliated)	958,380		958,380	618,320	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	60,852		60,852	1,807,797	
2.21	Common stocks of affiliates				953,606	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	(109,161)		(109,161)	220,626	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	6,955,594		6,955,594	3,600,349	

	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. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,078,767	3,018,160	939,393
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,214	(83,793)	(87,007)
15.3 Accrued retrospective premiums	48,780	107,157	58,377
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	6,703,403	8,455,870	1,752,467
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	11,819	42,128	30,309
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	649,081	1,188,897	539,816
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	9,495,064	12,728,419	3,233,355
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	9,495,064	12,728,419	3,233,355

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	649,081	1,188,897	539,816
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	649,081	1,188,897	539,816

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 applies the following accounting policies, where applicable:

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

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

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

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

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

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

7. Investments in SCA companies are carried in accordance with SSAP No. 97, Investment in Subsidiaries, Controlled Entities and Affiliates, and the SVO Manual.

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

9. Derivative Securities, refer to Note 8.

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

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2010.

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.Not used.

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

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2010: None

4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2010:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	$(164,429)	
Fair Value of Securities with Unrealized Losses	15,837,570	

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

E. Repurchase Agreements and Securities Lending

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

2. The Company maintained collateral for loaned securities.

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 31,822,959
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	31,822,959
Securities Received	12,689,414
Total Collateral Received	$ 44,512,373

4. Securities Lending Transactions Administered by an Affiliated Agent

   Not applicable

5. Collateral Reinvestment

   a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 17,037,950	$ 17,038,335
31 to 60 Days	13,688,464	13,689,102
61 to 90 Days	1,095,146	1,095,523
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	31,821,560	31,822,959
Securities Received	12,689,414	12,689,414
Total Collateral Reinvested	$ 44,510,974	$ 44,512,373

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

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. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets.

The Company has no investments in joint ventures, partnerships, or limited liability companies.

B. Impairments, partnerships or limited liability companies.

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

Note 7- Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

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, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	36,104,783	3,993,357	40,098,140	37,608,361	6,406,169	44,014,530	(1,503,578)	(2,412,812)	(3,916,390)
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	36,104,783	3,993,357	40,098,140	37,608,361	6,406,169	44,014,530	(1,503,578)	(2,412,812)	(3,916,390)
Deferred Tax Liabilities	(2,921,658)	(149,722)	(3,071,380)	(2,424,060)	0	(2,424,060)	(497,598)	(149,722)	(647,320)
Net DTA (DTL)	33,183,125	3,843,635	37,026,760	35,184,301	6,406,169	41,590,470	(2,001,176)	(2,562,534)	(4,563,710)
Deferred Tax Assets Nonadmitted	(6,703,403)	0	(6,703,403)	(8,441,801)	(14,069)	(8,455,870)	1,738,398	14,069	1,752,467
Net Admitted DTA (DTL)	26,479,722	3,843,635	30,323,357	29,742,500	6,392,100	33,134,600	(262,778)	(2,548,465)	(2,811,243)

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

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	14,749,596	2,074,594	16,824,190	21,954,000	398,000	22,352,000	(7,204,404)	1,676,594	(5,527,810)
Lesser of:									
Expected to be recognized within one year (10bi.)	6,881,950	1,902,677	8,784,627	795,563	5,994,100	6,789,663	6,086,387	(4,091,423)	1,994,964
10% of adjusted capital and surplus (10bii.)			16,308,376			29,325,968			
Adj. gross DTAs offset against existing DTLs (10c.)	2,921,658	149,722	3,071,380	2,424,060	0	2,424,060	497,598	149,722	647,320
Total	24,553,204	4,126,993	28,680,197	25,173,623	6,392,100	31,565,723	(620,419)	(2,265,107)	(2,885,526)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	14,749,596	2,074,594	16,824,190	24,436,000	398,000	24,834,000	(9,686,404)	1,676,594	(8,009,810)
Lesser of:									
Expected to be recognized within three years (10eiia.)	11,596,490	1,902,677	13,499,167	2,306,500	5,994,100	8,300,600	9,289,990	(4,091,423)	5,198,567
15% of adjusted capital and surplus (10eiib.)			24,462,564			43,988,952			
Adj. gross DTAs offset against existing DTLs (10eiii.)	2,921,658	149,722	3,071,380	2,424,060	0	2,424,060	497,598	149,722	647,320
Total	29,267,744	4,126,993	33,394,737	29,166,560	6,392,100	35,558,660	101,184	(2,265,107)	(2,163,923)

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	208,240,294	328,735,475	(120,495,181)
Authorized Control Level	45,194,418	45,570,639	(376,221)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	21,765,182	3,843,635	25,608,817	22,749,563	6,392,100	29,141,663	(984,381)	(2,548,465)	(3,532,846)
Admitted Assets			1,075,179,915			1,256,254,314			(181,074,399)
Adjusted Statutory Surplus			208,240,294			328,735,475			(120,495,181)
Total Adjusted Capital from DTAs			208,240,294			328,735,475			(120,495,181)

NOTES TO FINANCIAL STATEMENTS

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2-5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	4,714,540	0	4,714,540	3,992,937	0	3,992,937	721,603	0	721,603
Admitted Assets			1,079,894,455			1,260,247,251			(180,352,796)
Adjusted Statutory Surplus			212,954,834			332,728,412			(119,773,578)
Total Adjusted Capital from DTAs			212,954,834			332,728,412			(119,773,578)

	December 31, 2010		
	(1)	(2)	(3)
			(Col 1 + 2)
Impact of Tax Planning Strategies	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	0%	6%	6%

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

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

	2010	2009
Federal	$(3,341,008)	$18,359,394
Foreign	0	0
Realized capital gains	2,434,458	(3,117,944)
Federal and foreign income taxes incurred	(906,550)	15,241,450

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

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	$(3,714,569)
Change in tax effect of unrealized (gains) losses	(849,141)
Total change in net deferred income tax	(4,563,710)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt income, return to provision adjustments, goodwill amortization, discounting on unpaid losses and LAE and deferred intercompany transactions.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $2,313,450 from the current year and $15,598,536 from the preceding year.

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

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

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

Access Insurance Services, Co.
America First Insurance Company
American Economy Insurance Company
American States Insurance Company
American States Lloyds Insurance Company
Avomark Insurance Company (merged 2/23/2010)
Berkeley Holding Company Associates, Inc.
Bridgefield Casualty Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010
Cascade Disability Management, Inc.
Commercial Aviation Insurance, Inc.
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)
Copley Venture Capital, Inc.
Emerald City Insurance Agency, Inc.
Excelsior Insurance Company
First National Insurance Company of America

AMBCO Capital Corporation
America First Lloyds Insurance Company
American Fire & Casualty Company
American States Insurance Company of Texas
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Management Corporation
Bridgefield Employers Insurance Company
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Colorado Casualty Insurance Company
Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Consolidated Insurance Company
Diversified Settlements, Inc.
Employers Insurance Company of Wausau
F.B. Beattie & Co., Inc.
First State Agency Inc.
General America Corporation

NOTES TO FINANCIAL STATEMENTS

Florida State Agency, Inc. (Dissolved 8/20/2010)
General America Corporation of Texas
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Indiana Insurance Company
LEXCO Limited
Liberty Assignment Corporation
Liberty Financial Services, Inc.
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty International Holdings Inc.
Liberty Life Holdings Inc.
Liberty Management Services, Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Group Inc.
Liberty Mutual Insurance Company
Liberty Northwest Insurance Corporation
Liberty RE (Bermuda) Limited
Liberty Surplus Insurance Corporation
LIU Specialty Insurance Agency Inc.
LM Insurance Corporation
LM Property & Casualty Insurance Company
LRE Properties, Inc.
Mid-American Fire & Casualty Company
OCASCO Budget, Inc.
Ohio Casualty Corporation
Open Seas Solutions, Inc.
Peerless Indemnity Insurance Company
Pilot Insurance Services, Inc.
S.C. Bellevue, Inc.
Safeco Corporation
Safeco Insurance Company of America
Safeco Insurance Company of Indiana
Safeco Lloyds Insurance Company
Safeco Properties, Inc.
San Diego Insurance Company
St. James Insurance Company Ltd.
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)
Summit Consulting, Inc. of Louisiana
The First Liberty Insurance Corporation
The Ohio Casualty Insurance Company
Wausau General Insurance Company
West American Insurance Company
Winmar of the Desert, Inc.
Winmar-Metro, Inc.
General Insurance Company of America
Gulf States AIF, Inc.
Heritage-Summit HealthCare, Inc.
Insurance Company of Illinois
Liberty-USA Corporation
Liberty Energy Canada, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Holdings, Inc.
Liberty International Europe Inc.
Liberty Life Assurance Company of Boston
Liberty Lloyds of Texas Insurance Company
Liberty Mexico Holdings Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Holding Company Inc.
Liberty Mutual Personal Insurance Company
Liberty Personal Insurance Company
Liberty Sponsored Insurance (Vermont) Inc.
LIH-RE of America Corporation
LM General Insurance Company
LM Personal Insurance Company
LMHC Massachusetts Holdings Inc.
Mid-American Agency, Inc. (Dissolved 8/20/2010)
North Pacific Insurance Company
OCI Printing, Inc.
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Insurance Company
Rianoc Research Corporation
SAFECARE Company, Inc.
Safeco General Agency, Inc.
Safeco Insurance Company of Illinois
Safeco Insurance Company of Oregon
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
SCIT, Inc.
State Agency, Inc. (Indiana corporation) (Dissolved 8/23/2010)
Summit Consulting, Inc.
Summit Holding Southeast, Inc.
The Midwestern Indemnity Company
The Netherlands Insurance Company
The National Corporation
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
Winmar Company, Inc.
Winmar Oregon, Inc.

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

Note 10- Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

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

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

1. Received return of capital distributions of $5,072.

D. At December 31, 2010, the Company reported a net $1,482,659 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.

F. Refer to Note 26 for information regarding the 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,

NOTES TO FINANCIAL STATEMENTS

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 Liberty Mutual Group Inc. ("LMGI"), investment management agreements with Liberty Mutual Investment Advisors LLC ("LMIA") and cash management agreements with LMIA. Under these agreements, LMGI and LMIA 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, 2010, there have been no drawings under this agreement.

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

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

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

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

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

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

Note 11- Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

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

Note 12 - Retirement Plans, Deferred Compensation, Compensated Absences, Post Employment Benefits 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.

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

The Safeco Corporation sponsored a cash balance defined benefit pension plan (CBP) covering a wide range of former Company employees. Safeco Corporation terminated the CBP effective December 31, 2008. The Internal Revenue Service issued a favorable letter of determination for the Plan on May 6, 2010. As a result, all assets of the plan were distributed to plan participants by the end of the third quarter of 2010. The final distribution resulted in a settlement charge of $2,136,506. The CBP pension costs are subject to the inter-company pooling agreement described in Note 26. These costs amounted to $334,130 and $68,448 in 2010 and 2009, respectively. Also, a CBP additional minimum liability of $0 and $238,273, also subject to the inter-company pooling agreement, was recognized in 2010 and 2009 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. The Company has 4,800,000 common shares authorized, and 3,200,000 shares issued and outstanding as of December 31, 2010. 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, 2010. All shares have a stated par value of $2.00.

2. The Company paid $671,550 in dividends on the last business day of each calendar quarter. The dividend rate is equal to the yield on 5 year U.S. Treasury Notes as of the issue date, adjusted every five years. The stock is redeemable at $20 per share

NOTES TO FINANCIAL STATEMENTS

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. There are no dividend restrictions.

4. The Company paid dividends to its parent in 2010 of:

	Ordinary	Extraordinary	Total Dividends
March	37,569,316	84,654,534	122,223,850
June		223,850	223,850
August		32,000,000	32,000,000
September		223,850	223,850
December		223,850	223,850
Total	37,569,316	117,326,084	154,895,400

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 2011 is $33,143,679.

6. As of December 31, 2010, the Company has restricted surplus of $4,714,540 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes*, and pre-tax restricted surplus of $1,038,191 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2010 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $19,045,704 after applicable deferred taxes of $(149,722).

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $2,186,490 that is offset by future premium tax credits of $400,077. 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 2010.

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

C. Gain Contingencies

   Not applicable

NOTES TO FINANCIAL STATEMENTS

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

The Company did not have claims related extra contractual obligation losses or bad faith losses stemming from lawsuits in the current period.

E. All Other Contingencies

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

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

Note 15- Leases

A. Lessee Leasing Arrangements

The Company leases office space, plant and equipment under various non cancelable operating lease arrangements. The Company has also entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all property, plant and equipment at the end of each respective lease

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

Year(s)	Sale Lease-back		All Other Operating Lease Arrangements
2011	$272,282	$	$1,916,371
2012	272,282		1,892,103
2013	272,282		1,275,130
2014	22,690		1,196,012
2015	0		666,582
2016 & thereafter	0		952,751
Total	$839,536	$	$7,898,949

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. Collateral is not restricted and currently $0 extends beyond one year from December 31, 2010. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2010 the total fair value of securities on loan was $43,227,735, with corresponding collateral value of $44,512,373 of which $31,822,959 represents cash collateral.

NOTES TO FINANCIAL STATEMENTS

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, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) 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 third party administrators 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 2010, the Company recorded net CEA administrative fees of $50,880.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – Fair Value Measurements

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

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

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

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

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.

- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 6,900,186	-	$ 6,900,186
Commercial Mortgage-Backed Securities	-	$ 715,123	-	$ 715,123
Total Bonds	-	$ 7,615,309	-	$ 7,615,309
Preferred Stocks	-	-	-	-
Common Stocks				
Industrial and Miscellaneous	$ 25,664,706	-	-	$ 25,664,706
Total Common Stocks	$ 25,664,706	-	-	$ 25,664,706
Total assets at fair value	$ 25,664,706	$ 7,615,309	-	$ 33,280,015
Liabilities at fair value				
Total liabilities at fair value	$0	$0	$0	$0

NOTES TO FINANCIAL STATEMENTS

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

2. Rollforward of Level 3 Items

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

	1	2	3	4	5	6	7
	Balance at 12/31/2009	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
Bonds	$ 3,211,950	-	$3,211,950	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-
Total	$ 3,211,950	-	$3,211,950	-	-	-	-

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipals

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

NOTES TO FINANCIAL STATEMENTS

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

   Not applicable

B. This Disclosure was removed by NAIC December 2010.

C. Other Fair Value Disclosures

   Not applicable

D. Reasons Not Practical to Estimate Fair Value

   Not applicable

<u>Note 21- Other Items</u>

A. Extraordinary Items

   The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

   Not applicable

C. Other Disclosures

   1. Assets in the amount of $1,709,612 and $1,713,525 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

   2. Interrogatory 6.1

      In 2010, as a member of the inter-company reinsurance pooling arrangement in which PIC is the pool leader, the Company had the benefit, together with its affiliates that cede business to PIC or that are members of the reinsurance pooling arrangement, of Workers' Compensation Catastrophe XOL reinsurance with limits of $110,000,000 part of $200,000,000 xs $100,000,000 purchased by PIC and covering PIC's direct and assumed from affiliates workers' compensation business.

NOTES TO FINANCIAL STATEMENTS

Interrogatory 6.3

In 2010, as a member of the inter-company pooling arrangement in which PIC is the pool leader, the Company had the benefit, together with its affiliates that cede business to PIC or that are members of the reinsurance pooling arrangement, of traditional Property Catastrophe XOL reinsurance, with limits of $742,500,000 part of $825,000,000 xs $500,000,000 covering PIC's direct and assumed from affiliates property business.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

G. Subprime-Mortgage-Related Risk Exposure

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other Then Temporary Impairments Recognized
$185,648	$185,648	$225,017	$71,790

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

Note 22- Events Subsequent

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

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

Note 23- Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's surplus.

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2010.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	232,951,570	34,942,735	147,593,680	22,139,052	85,357,890	12,803,683
All Other	-	-	-	-	-	-
Total	232,951,570	34,942,735	147,593,680	22,139,052	85,357,890	12,803,683

Direct Unearned Premium Reserve: 147,593,680

NOTES TO FINANCIAL STATEMENTS

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	-	12,497,768	-	12,497,768
Sliding scale adjustments				
Other profit commissions				
Totals	-	12,497,768	-	12,497,768

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of the Intercompany Reinsurance Agreement as described in Note 26.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	22,791,197	-
	2. Adjustments – Prior Year(s)	(18,467,911)	-
	3. Adjustments – Current Year	255,964	-
	4. Total	4,579,250	-
b.	Consideration Paid or Received:		
	1. Initial	18,754,674	-
	2. Adjustments – Prior Year(s)	714,861	-
	3. Adjustments – Current Year	-	-
	4. Total	19,469,535	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial		
	2. Adjustments – Prior Year(s)	23,140,921	-
	3. Adjustments – Current Year	(77,582)	-
	4. Total	23,063,339	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	(4,739,177)	-
	2. Adjustments – Prior Year(s)	(3,958,149)	-
	3. Adjustments – Current Year	(178,381)	-
	4. Current Year Special Surplus	1,038,191	-
	5. Cumulative Total Transferred to Unassigned Funds	(9,913,899)	-
e.	All cedents and reinsurers included in the above transactions:		
	Peerless Insurance Company	4,579,250	-
	Total	4,579,250	-

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

G. Reinsurance Accounted for as a Deposit

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

a. Total accrued retro premium	$488,501
b. Unsecured amount	
c. Less: Non-admitted amount (10%)	48,780
d. Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e. Admitted amount (a) - (c) - (d)	$439,721

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased $5,833,058 during 2010. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Commercial Multiple Peril $1,446,281, Fidelity/Surety $4,680,248 and Private Passenger Auto Liability $5,352,926 lines. The decrease was also the result of a reclassification of loss adjustment expenses to other underwriting expenses in the Commercial Multiple Peril line. This was partially offset by weakening loss trends in the Workers' Compensation $2,751,939, Other-Including Credit, Accident and Health $1,858,617, and Nonproportional Assumed Liability $1,452,351 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26- 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	Pooling Percentage	Line of Business
Lead Company:	Peerless Insurance Company ("PIC")	24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Ohio Security Insurance Company (“OSIC”)	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%	All Lines
	Safeco National Insurance Company (“SNIC”)	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%	All Lines
	West American Insurance Company (“WAIC”)	44393	0.00%	All Lines
			100.0%	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.00%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%	All Lines

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

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

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

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

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

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

(g) Amounts due (to)/from affiliated entities participating in the PIC Amended and Restated Reinsurance Pooling Agreement as at December 31, 2010:

Affiliate:	Amount:
Peerless Insurance Company	(24,025,293)
The Netherlands Insurance Company	(2,042,444)
Indiana Insurance Company	(5,446,518)
Peerless Indemnity Insurance Company	(3,404,074)
Ohio Casualty Insurance Company	(20,160,168)
Ohio Security Insurance Company	972,506
West America Insurance Company	(1,234,734)
American Fire and Casualty Insurance Company	(1,083,517)
Golden Eagle Insurance Corporation	(3,404,074)
American Economy Insurance Company	251,450
American States Insurance Company	(14,046,151)
American States Insurance Company of Texas	(318,718)
American States Lloyds Insurance Company	(3,029)
American States Preferred Insurance Company	1,378,282
First National Insurance Company	4,977,377
General Insurance Company of America	(9,795,724)
Safeco Insurance Company of America	23,738,540
Safeco Insurance Company of Illinois	38,606,218
Safeco Insurance Company of Indiana	5,927,201
Safeco Insurance Company of Oregon	7,829,541
Safeco Lloyds Insurance Company	1,513,595
Safeco National Insurance Company	69,388
Safeco Surplus Insurance Company	(60,938)

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

NOTES TO FINANCIAL STATEMENTS

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

Effective February 23, 2010, Avomark Insurance Company merged with WAIC. WAIC was the surviving entity.

Note 27- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $5,849,326 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 $5,849,326 as of December 31, 2010.

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

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Symetra Life Insurance Company Bellevue, Washington	Yes	$2,547,336

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

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

Note 31- High Dollar Deductible Policies

The Company does not have any high deductible policies.

Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2010 liabilities subject to discount were carried at a value representing a discount of $6,516,117 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

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

NOTES TO FINANCIAL STATEMENTS

claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim. These uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

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

Uncertainty Regarding Reserving Methodologies
As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves by an amount that could be material to the Companies' future operating results and financial condition.

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

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

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are representative of the companies included in Note 26. Net reserves for asbestos and environmental are allocated based on the Company's Inter-company Reinsurance Agreement, as discussed in Note 26.

Asbestos:

	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	7,119,162	8,231,079	7,765,129	8,034,353	7,516,806
Incurred losses and LAE	1,693,693	449,575	1,183,935	102,608	(622)
Calendar year payments	581,776	819,523	914,712	620,155	752,016
Ending Reserves	8,231,079	7,861,131	8,034,352	7,516,806	6,764,168
Assumed Reinsurance Basis					
Beginning Reserves	5,240,355	5,169,263	6,384,267	5,464,887	7,613,191
Incurred losses and LAE	226,424	1,470,977	(216,930)	2,701,412	(2,677)
Calendar year payments	297,516	495,246	702,451	553,108	967,835
Ending Reserves	5,169,263	6,144,994	5,464,886	7,613,191	6,642,679
Net of Ceded Reinsurance Basis					
Beginning Reserves	10,177,813	10,825,111	11,465,128	10,998,587	12,950,707
Incurred losses and LAE	1,445,947	1,588,174	578,027	3,050,064	6,095
Calendar year payments	798,649	1,094,657	1,044,567	1,097,945	1,565,472
Ending Reserves	10,825,111	11,318,628	10,998,588	12,950,706	11,391,330

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

Direct Basis	4,064,721
Assumed Reinsurance Basis	3,783,481
Net of Ceded Reinsurance Basis	7,290,565

NOTES TO FINANCIAL STATEMENTS

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

Direct Basis	2,144,143
Assumed Reinsurance Basis	35,374
Net of Ceded Reinsurance Basis	1,778,905

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	9,634,712	9,386,826	8,924,811	7,624,649	6,494,936
Incurred losses and LAE	886,357	2,469,644	196,506	(330,968)	(34,737)
Calendar year payments	1,134,242	1,784,681	1,496,668	798,746	646,514
Ending Reserves	9,386,827	10,071,789	7,624,649	6,494,935	5,813,685
Assumed Reinsurance Basis					
Beginning Reserves	1,953,029	1,763,028	1,713,573	1,647,721	1,186,069
Incurred losses and LAE	38,850	25,752	96	(419,939)	21,832
Calendar year payments	228,851	44,957	65,948	41,713	122,553
Ending Reserves	1,763,028	1,743,823	1,647,721	1,186,069	1,085,348
Net of Ceded Reinsurance Basis					
Beginning Reserves	10,545,231	9,818,970	9,818,472	8,373,803	6,698,868
Incurred losses and LAE	526,139	2,724,862	(172,887)	(884,889)	3,732
Calendar year payments	1,252,400	1,514,381	1,271,783	790,046	737,550
Ending Reserves	9,818,970	11,029,451	8,373,802	6,698,868	5,965,050

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

Direct Basis	3,392,402
Assumed Reinsurance Basis	669,914
Net of Ceded Reinsurance Basis	3,406,580

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

Direct Basis	1,416,335
Assumed Reinsurance Basis	5,349
Net of Ceded Reinsurance Basis	1,330,186

Upon entering the PIC Pool, effective January 1, 2008 (refer to Note 26), the Ohio Casualty Companies' asbestos and environmental claims coding was revised to reflect the definition employed by the Peerless "Pool", which is consistent with industry practice. As a result, the 2007 ending balances for asbestos and environmental reserves, which is the sum of the former PIC Pool's amounts and the Ohio Casualty Companies' Pool amounts, differ from the 2008 beginning balances, which reflect a single common definition.

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? 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. 12/31/2009

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Thomas E. Schadler, FCAS, MAAA
175 Berkeley Street Boston, MA 02116
Sr. Vice President & Chief Actuary of Liberty Mutual Agency Corporation

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

12.11 Name of real estate holding company	Liberty Parkwood Crossing LLC
12.12 Number of parcels involved	2
12.13 Total book/adjusted carrying value	$ 42,227,481

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

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

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

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

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

GENERAL INTERROGATORIES

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

21.2 If answer is yes:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes [X] No [ ]

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

23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
Please reference note 17B

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

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $ 44,507,647

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

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

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

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

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes [X] No [ ]

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

24.21	Subject to repurchase agreements	$ 0
24.22	Subject to reverse repurchase agreements	$ 0
24.23	Subject to dollar repurchase agreements	$ 0
24.24	Subject to reverse dollar repurchase agreements	$ 0
24.25	Pledged as collateral	$ 0
24.26	Placed under option agreements	$ 0
24.27	Letter stock or securities restricted as to sale	$ 0
24.28	On deposit with state or other regulatory body	$ 1,709,612
24.29	Other	$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York	601 Travis Street, Houston, TX 77002

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A	Bank of New York	06/01/2010	Custodian for new asset types

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Inc.	175 Berkeley Street, Boston, MA 02116

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

28.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	750,218,750	783,914,809	33,696,059
29.2 Preferred stocks	50,160	54,120	3,960
29.3 Totals	750,268,910	783,968,929	33,700,019

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

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

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

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

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

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

31.2 If no, list exceptions:

OTHER

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

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

1 Name	2 Amount Paid
	0
	0
	0

33.1 Amount of payments for legal expenses, if any? $ 163,902

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

1 Name	2 Amount Paid
	0
	0
	0

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 11,711

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61	Total premium earned	$ 0
1.62	Total incurred claims	$ 0
1.63	Number of covered lives	0

All years prior to most current three years:

1.64	Total premium earned	$ 0
1.65	Total incurred claims	$ 0
1.66	Number of covered lives	0

1.7 Group policies:

Most current three years:

1.71	Total premium earned	$ 0
1.72	Total incurred claims	$ 0
1.73	Number of covered lives	0

All years prior to most current three years:

1.74	Total premium earned	$ 0
1.75	Total incurred claims	$ 0
1.76	Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 340,791
2.2	Premium Denominator	$ 495,080,640	$ 502,873,432
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 2,418,971	$ 373,186
2.5	Reserve Denominator	$ 757,290,250	$ 808,584,415
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	$ 3,475,660
3.22	Non-participating policies	$ 290,397,536

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 21C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v10.0 from RMS and AIR Clasic/2 v12.0. For workers' compensation, Liberty Mutual utilizes RiskLink v10.0 from RMS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C

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

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

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

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

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

8.2 If yes, give full information

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

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

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

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [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 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 1,976,222

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 247,073

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 57,600

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 $ 40,209,595

12.62 Collateral and other funds $ 11,879,219

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 17,272,800

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 [ ] No [X]

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

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

FIVE – YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	336,834,351	361,296,222	369,419,218	337,494,790	320,151,677
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	155,246,795	164,174,208	115,491,596	114,366,792	108,758,710
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	272,779,648	259,996,304	240,452,710	280,261,326	282,762,687
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	35,068,734	39,134,826	46,868,306	142,231	1,070,051
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)		5			
6. Total (Line 35)	799,929,528	824,601,565	772,231,830	732,265,139	712,743,125
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)	206,435,890	229,291,029	232,655,134	209,120,582	200,821,887
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	99,246,544	106,417,985	58,188,505	65,826,763	63,138,868
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	165,307,629	151,957,665	136,482,621	179,928,453	175,320,853
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	35,066,269	39,132,461	46,865,952	138,729	1,064,641
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)		5			
12. Total (Line 35)	506,056,332	526,799,145	474,192,212	455,014,527	440,346,249
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(7,114,462)	21,119,994	14,286,984	7,445,459	1,278,677
14. Net investment gain (loss) (Line 11)	40,420,469	38,445,487	47,468,424	39,971,231	73,268,814
15. Total other income (Line 15)	(3,672,501)	(589,772)	(6,401,962)	(302,357)	845,583
16. Dividends to policyholders (Line 17)	(169,165)	2,151,599	3,123,793	1,061,498	1,186,775
17. Federal and foreign income taxes incurred (Line 19)	(3,341,008)	18,359,394	13,963,133	10,585,086	16,546,282
18. Net income (Line 20)	33,143,679	38,464,716	38,266,520	35,467,749	57,660,017
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,079,894,455	1,260,247,251	1,191,735,583	1,103,547,812	1,024,857,370
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	17,230,942	19,017,271	16,507,812	21,427,307	29,594,768
20.2 Deferred and not yet due (Line 15.2)	138,580,179	135,031,937	127,415,297	140,597,455	129,451,062
20.3 Accrued retrospective premiums (Line 15.3)	439,721	783,825	2,452,198	1,179,447	1,407,329
21. Total liabilities excluding protected cell business (Page 3, Line 26)	866,939,621	927,518,839	914,127,285	801,502,050	756,097,528
22. Losses (Page 3, Line 1)	428,666,195	451,214,312	472,816,954	388,247,531	359,505,001
23. Loss adjustment expenses (Page 3, Line 3)	95,672,486	107,426,187	108,270,182	88,850,313	82,487,349
24. Unearned premiums (Page 3, Line 9)	232,951,570	220,854,438	202,357,845	207,270,504	193,681,977
25. Capital paid up (Page 3, Lines 30 & 31)	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000
26. Surplus as regards policyholders (Page 3, Line 37)	212,954,834	332,728,412	277,608,298	302,045,761	268,759,842
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(21,712,077)	58,169,656	157,000,268	95,120,998	197,213,758
Risk-Based Capital Analysis					
28. Total adjusted capital	212,954,834	332,728,412	277,608,298	302,045,761	268,759,842
29. Authorized control level risk-based capital	45,197,033	45,572,863	45,039,005	43,146,376	37,941,806
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	83.9	82.0	83.5	82.2	80.1
31. Stocks (Lines 2.1 & 2.2)	5.7	2.2	5.2	6.9	7.2
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
34. Cash, cash equivalents and short-term investments (Line 5)	1.9	11.7	7.1	8.4	9.9
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8)	4.8	4.1	4.1	0.1	0.1
38. Receivables for securities (Line 9)					0.9
39. Securities lending reinvested collateral assets (Line 10)	3.6	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	24,214,202	23,260,595	22,216,939	24,280,439	22,490,083
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	42,227,481	42,011,926	39,959,417		
48. Total of above Lines 42 to 47	66,441,683	65,272,521	62,176,356	24,280,439	22,490,083
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	31.2	19.6	22.4	8.0	8.4

FIVE – YEAR HISTORICAL DATA
(Continued)

		1	2	3	4	5
		2010	2009	2008	2007	2006
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	2,751,209	7,339,899	(8,338,224)	(219,778)	(32,992,200)
51.	Dividends to stockholders (Line 35)	(154,895,400)	(895,400)	(55,243,899)	(1,108,651)	(109,606,250)
52.	Change in surplus as regards policyholders for the year (Line 38)	(119,773,578)	55,120,114	(24,437,463)	33,285,919	(83,694,206)
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	246,194,365	205,659,570	113,323,311	163,088,141	89,373,049
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	79,966,417	84,180,057	62,849,261	50,007,384	48,964,317
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	148,680,886	167,984,133	184,580,095	139,326,179	169,556,727
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,938,936	5,531,566	(3,943,484)	41,346	244,813
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,027,727	(8,927,622)	34,453	17,952	(64,181)
58.	Total (Line 35)	482,808,331	454,427,704	356,843,636	352,481,002	308,074,725
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	153,020,822	138,808,773	41,328,299	93,092,731	15,986,272
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	50,857,800	50,092,555	33,268,516	28,824,694	25,315,126
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	88,101,439	91,130,319	95,327,133	75,774,093	68,386,635
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,938,936	5,531,566	(3,943,484)	41,626	245,133
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,027,727	(8,927,622)	34,453	17,952	(64,181)
64.	Total (Line 35)	299,946,724	276,635,591	166,014,917	197,751,096	109,868,985
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	56.0	50.7	52.4	51.4	54.3
67.	Loss expenses incurred (Line 3)	11.8	11.9	10.8	11.3	11.9
68.	Other underwriting expenses incurred (Line 4)	33.6	33.2	33.8	35.6	33.5
69.	Net underwriting gain (loss) (Line 8)	(1.4)	4.2	3.0	1.7	0.3
	Other Percentages					
70.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	33.6	31.8	35.5	34.6	31.7
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	67.8	62.6	63.2	62.7	66.2
72.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	237.6	158.3	170.8	150.6	163.8
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(5,831)	(37,023)	(42,591)	(33,047)	(6,581)
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.8)	(13.3)	(14.1)	(12.3)	(1.9)
	Two Year Loss Development (000 omitted)					
75.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(29,593)	(53,349)	(73,569)	(27,596)	2,289
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(10.7)	(17.7)	(27.4)	(7.8)	0.7

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	
	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)	Number of Claims Reported - Direct and Assumed
1. Prior	X X X	X X X	X X X	6,643	672	1,842	52	403	61	162	8,103	X X X
2. 2001	402,443	24,987	377,456	257,705	18,019	19,028	1,022	31,525	997	14,283	288,220	X X X
3. 2002	437,608	43,020	394,588	240,589	23,807	18,014	1,657	30,943	1,519	14,187	262,563	X X X
4. 2003	477,755	39,902	437,853	232,783	20,063	16,168	1,176	34,948	1,601	14,406	261,059	X X X
5. 2004	514,143	28,367	485,776	238,564	9,572	14,708	530	34,280	714	18,043	276,736	X X X
6. 2005	535,620	21,694	513,926	242,887	9,629	15,153	572	35,918	523	17,054	283,234	X X X
7. 2006	534,911	23,890	511,021	240,111	5,421	14,038	671	36,071	775	14,556	283,353	X X X
8. 2007	545,966	26,664	519,302	237,707	5,212	12,316	561	35,616	479	14,985	279,387	X X X
9. 2008	544,894	20,258	524,636	253,675	7,608	9,932	469	39,150	366	13,253	294,314	X X X
10. 2009	511,229	31,972	479,257	191,932	13,224	5,249	604	33,513	229	11,358	216,637	X X X
11. 2010	505,299	10,219	495,080	137,646	667	2,004	40	31,155	31	6,941	170,067	X X X
12. Totals	X X X	X X X	X X X	2,280,242	113,894	128,452	7,354	343,522	7,295	139,228	2,623,673	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	57,177	20,274	33,984	4,116	2,060	458	6,589	770	5,285	118	1,798	79,359	X X X
2. 2001	5,481	948	1,568	405	94	6	689	67	405	11	249	6,800	X X X
3. 2002	6,392	1,184	1,654	332	135	11	690	56	434	9	266	7,713	X X X
4. 2003	5,044	1,085	2,202	283	144	1	1,019	51	508	7	320	7,490	X X X
5. 2004	6,053	1,289	3,488	364	146	1	1,124	60	546	11	900	9,632	X X X
6. 2005	8,034	698	4,335	490	263	1	1,941	94	823	9	1,090	14,104	X X X
7. 2006	13,952	828	5,103	892	391	1	3,002	163	1,329	8	2,414	21,885	X X X
8. 2007	24,565	677	8,814	1,502	714	1	4,748	231	2,449	8	1,931	38,871	X X X
9. 2008	34,946	555	19,853	2,555	1,161	4	8,788	447	3,501	16	4,456	64,672	X X X
10. 2009	48,568	1,148	34,626	2,365	1,033	35	12,129	701	5,916	13	6,493	98,010	X X X
11. 2010	76,729	426	69,204	685	804		17,075	44	13,150		10,648	175,807	X X X
12. Totals	286,941	29,112	184,831	13,989	6,945	519	57,794	2,684	34,346	210	30,565	524,343	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	66,771	12,588
2. 2001	316,495	21,475	295,020	78.643	85.945	78.160			4.800	5,696	1,104
3. 2002	298,851	28,575	270,276	68.292	66.423	68.496			4.800	6,530	1,183
4. 2003	292,816	24,267	268,549	61.290	60.817	61.333			4.800	5,878	1,612
5. 2004	298,909	12,541	286,368	58.137	44.210	58.951			4.800	7,888	1,744
6. 2005	309,354	12,016	297,338	57.756	55.389	57.856			4.800	11,181	2,923
7. 2006	313,997	8,759	305,238	58.701	36.664	59.731			4.800	17,335	4,550
8. 2007	326,929	8,671	318,258	59.881	32.520	61.286			4.800	31,200	7,671
9. 2008	371,006	12,020	358,986	68.088	59.335	68.426			4.800	51,689	12,983
10. 2009	332,966	18,319	314,647	65.130	57.297	65.653			4.800	79,681	18,329
11. 2010	347,767	1,893	345,874	68.824	18.524	69.862			4.800	144,822	30,985
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	428,671	95,672

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	243,302	253,264	268,743	270,703	278,960	283,219	285,024	281,386	292,405	298,789	6,384	17,403
2. 2001	263,578	262,159	263,918	264,736	264,862	263,979	265,231	262,935	264,815	264,492	(323)	1,557
3. 2002	X X X	252,674	251,385	249,114	243,848	242,967	241,000	239,384	240,853	240,799	(54)	1,415
4. 2003	X X X	X X X	248,867	244,306	238,220	236,988	238,625	236,790	235,923	234,970	(953)	(1,820)
5. 2004	X X X	X X X	X X X	279,879	273,089	269,534	257,807	256,238	253,283	252,599	(684)	(3,639)
6. 2005	X X X	X X X	X X X	X X X	292,061	280,949	267,059	265,359	262,125	261,415	(710)	(3,944)
7. 2006	X X X	X X X	X X X	X X X	X X X	287,434	281,571	274,217	268,087	268,961	874	(5,256)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	308,090	299,917	281,166	281,022	(144)	(18,895)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	333,468	318,301	317,054	(1,247)	(16,414)
10. 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	284,669	275,695	(8,974)	X X X
11. 2010	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	301,716	X X X	X X X
									12. Totals		(5,831)	(29,593)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	74,997	122,593	151,841	172,221	186,871	197,840	207,197	213,329	221,090	X X X	X X X
2. 2001	130,699	189,166	216,145	233,295	242,899	248,580	251,905	254,676	256,294	257,692	X X X	X X X
3. 2002	X X X	115,151	168,562	193,992	211,760	220,844	226,102	229,428	231,222	233,139	X X X	X X X
4. 2003	X X X	X X X	116,197	167,328	191,843	207,834	218,631	223,344	226,182	227,712	X X X	X X X
5. 2004	X X X	X X X	X X X	120,560	181,056	209,272	226,031	235,930	240,822	243,170	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	123,424	183,263	211,915	230,537	242,202	247,839	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	125,698	186,749	213,334	234,798	248,057	X X X	X X X
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	130,619	194,015	223,142	244,250	X X X	X X X
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	151,450	223,952	255,530	X X X	X X X
10. 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	126,501	183,350	X X X	X X X
11. 2010	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	138,943	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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior	89,099	67,158	60,685	47,088	42,156	38,364	33,870	33,528	37,006	39,176
2. 2001	60,759	28,524	15,875	11,542	8,208	7,261	4,973	3,947	3,528	2,179
3. 2002	X X X	76,734	39,008	22,205	12,827	9,410	6,379	4,227	3,910	2,328
4. 2003	X X X	X X X	69,589	34,656	19,818	13,724	9,988	7,320	4,973	3,156
5. 2004	X X X	X X X	X X X	87,374	43,482	28,712	15,480	11,384	6,159	4,520
6. 2005	X X X	X X X	X X X	X X X	97,603	48,539	24,543	15,217	8,666	5,978
7. 2006	X X X	X X X	X X X	X X X	X X X	88,035	44,320	27,020	13,013	7,390
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	91,017	47,479	22,372	12,171
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	98,967	43,543	25,976
10. 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	86,753	43,927
11. 2010	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	85,666

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				237	54	3,130		
11. Georgia GA	N								
12. Hawaii HI	N								
13. Idaho ID	N								
14. Illinois IL	L	56,701,251	60,157,400		40,934,410	40,791,563	59,884,579	306,550	
15. Indiana IN	L	125,887,517	125,784,109	7,840	67,631,155	68,747,880	77,204,987	680,599	
16. Iowa IA	L	326,496	286,553		50,807	53,408	102,339	1,765	
17. Kansas KS	N								
18. Kentucky KY	L	40,604,338	43,010,193		31,370,039	19,736,078	27,358,287	219,524	
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	L	3,583,999	4,363,047		5,354,271	635,895	9,759,963	19,377	
24. Minnesota MN	L	943,098	744,278		84,349	184,705	978,101	5,099	
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	N								
28. Nebraska NE	N								
29. Nevada NV	N								
30. New Hampshire NH	N								
31. New Jersey NJ	L	20,975,628	19,860,224	259,352	10,006,940	13,646,764	17,978,882	113,403	
32. New Mexico NM	N								
33. New York NY	Q								
34. North Carolina NC	N								
35. North Dakota ND	N								
36. Ohio OH	L	5,208,172	4,191,663		3,727,343	3,284,379	3,375,897	28,157	
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	37,950,430	37,368,394		23,006,331	28,527,285	23,222,901	205,175	
44. Texas TX	N								
45. Utah UT	N								
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	L	3,983	3,984			29,694	1,198,378	22	
49. West Virginia WV	N								
50. Wisconsin WI	L	1,688,282	1,593,844	141,120	695,725	742,062	963,900	9,128	
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	X X X								
59. Totals	(a) 12	293,873,194	297,363,689	408,312	182,861,607	176,379,767	222,031,344	1,588,799	

DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

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

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

*States employee's main work place - Worker's Compensation | *Location of Court - Surety

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage | *Address of Assured - Other Accident and Health

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty | *Location of Properties covered - Burglary and Theft

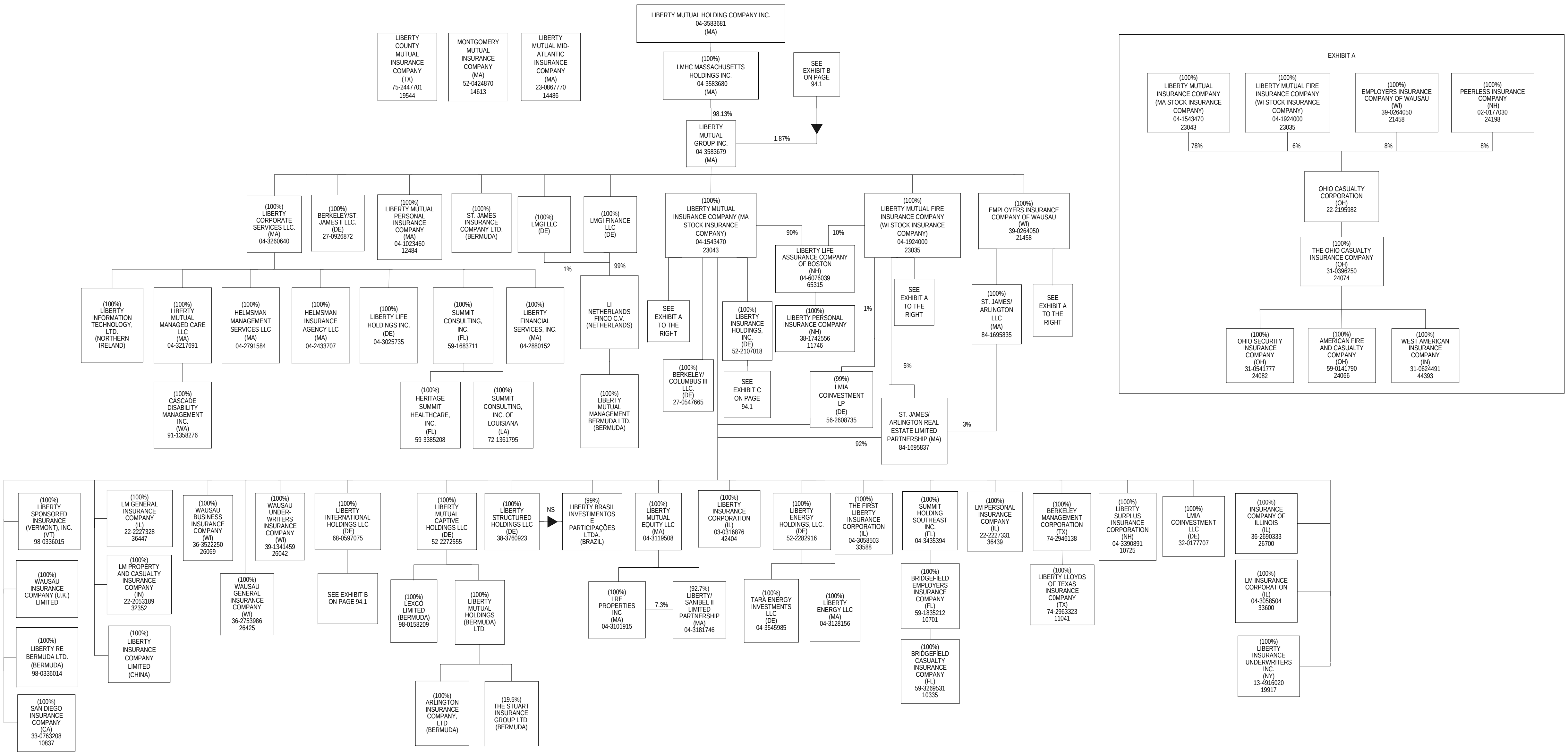
*Point of origin of shipment or principal location of assured - Inland Marine | *Principal Location of Assured - Ocean Marine, Credit

*State in which employees regularly work - Group Accident and Health | *Primary residence of Assured - Aircraft (all perils)

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

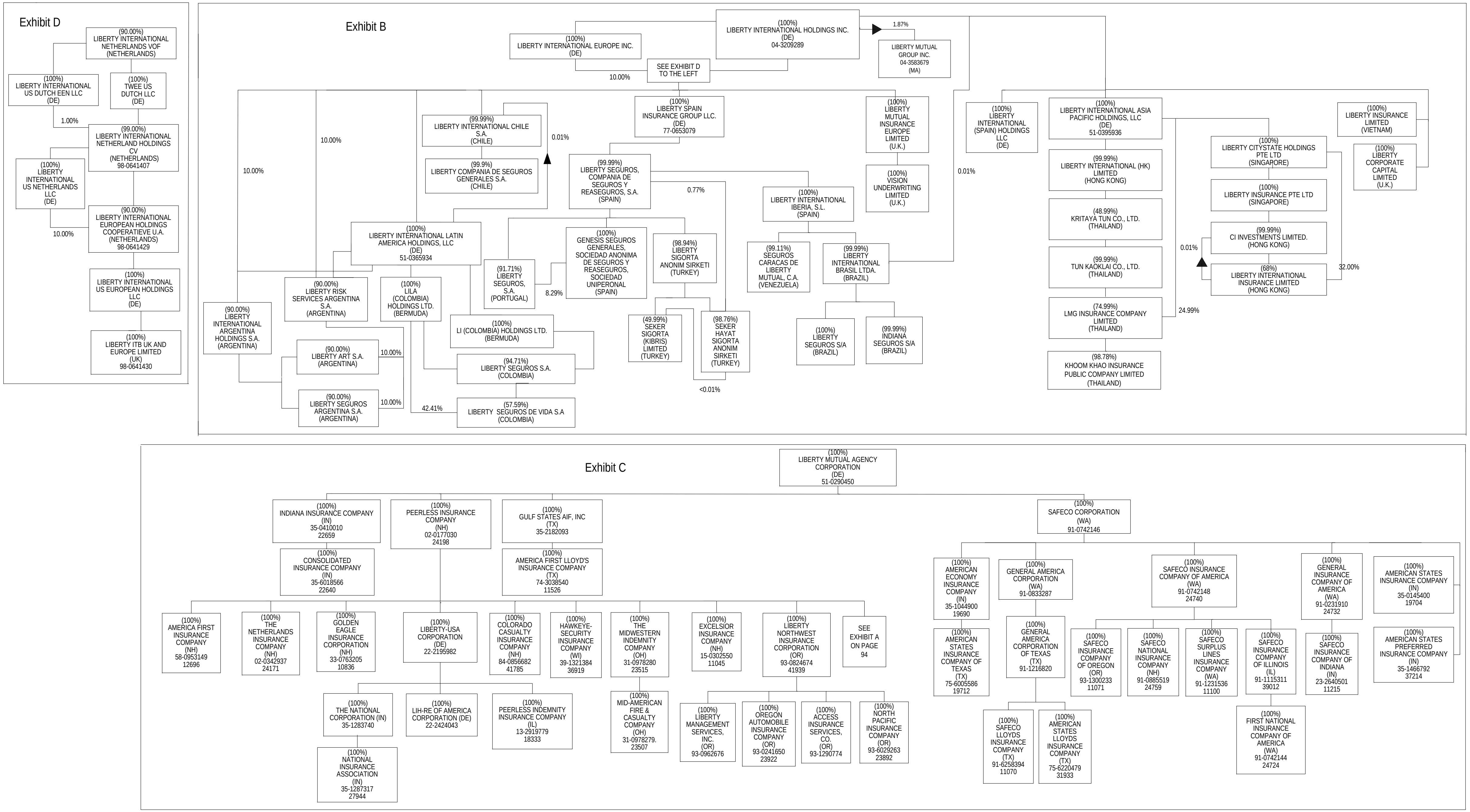
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Amounts held under uninsured plans	516,517	3,480,141
2505. Private Passenger Auto Escrow	51,370	78,453
2506. Collateral held for securities loaned		40,188,128
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	567,887	43,746,722

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT