ANNUAL STATEMENT

OF THE

LIBERTY INSURANCE CORPORATION

of HOFFMAN ESTATES

in the state of ILLINOIS

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

42404200920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

Liberty Insurance Corporation

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 42404 **Employer's ID Number** 03-0316876

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

Country of Domicile United States of America

Incorporated/Organized: October 21, 1988 **Commenced Business:** November 3, 1988

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

Main Administrative Office: 175 Berkeley Street (Street and Number)

Boston, MA 02116 (City or Town, State and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

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

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

Internet Web Site Address: www.LibertyMutualGroup.com

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

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

OFFICERS

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

Subscribed and sworn to (or affirmed) before me on this

1st day of February , 2010, by

a. Is this an original filing? [X] Yes [ ] No

b. If no: 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	763,166,915		763,166,915	648,837,052
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	41,874		41,874	61,816,838
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 ($ 40,826,735, Schedule E - Part 1), cash equivalents ($ 15,873,065, Schedule E - Part 2), and short-term investments ($ 31,492,483, Schedule DA)	88,192,283		88,192,283	81,310,593
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)	60,679,280		60,679,280	67,014,663
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	912,080,352		912,080,352	858,979,146
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	7,165,984		7,165,984	6,557,559
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	36,220,771	589,289	35,631,482	37,376,397
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	84,459,460		84,459,460	72,801,434
13.3 Accrued retrospective premiums	14,657,814	1,465,781	13,192,033	14,375,261
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	844	457	387	6,929
16.1 Current federal and foreign income tax recoverable and interest thereon	6,309,384		6,309,384	880,449
16.2 Net deferred tax asset	34,351,190		34,351,190	27,033,486
17. Guaranty funds receivable or on deposit	1,329,939		1,329,939	1,286,930
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets ($ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	24,693,914	696,542	23,997,372	24,953,988
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,121,269,652	2,752,069	1,118,517,583	1,044,251,579
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,121,269,652	2,752,069	1,118,517,583	1,044,251,579

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Cash Surrender Value Life Insurance	15,331,376		15,331,376	13,779,902
2302. Amounts receivable under high deductible policies	6,892,768	4,602	6,888,166	6,527,647
2303. Other assets	1,368,386	691,940	676,446	3,221,850
2398. Summary of remaining write-ins for Line 23 from overflow page	1,101,384		1,101,384	1,424,589
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	24,693,914	696,542	23,997,372	24,953,988

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	503,227,918	498,208,512
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	22,562,622	24,732,604
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	101,808,760	97,489,153
4.	Commissions payable, contingent commissions and other similar charges	4,796,896	3,797,781
5.	Other expenses (excluding taxes, licenses and fees)	9,290,140	12,702,356
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	6,728,338	10,151,136
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
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 $ 275,227,995 and including warranty reserves of $ 0)	131,721,712	131,230,035
10.	Advance premium	1,755,517	2,372,042
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	72,031	44,935
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	4,330,482	1,911,785
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	11,761,127	11,580,257
19.	Payable to parent, subsidiaries and affiliates	9,064,860	4,885,416
20.	Payable for securities	5,317,188	
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $ 0 and interest thereon $ 0		
23.	Aggregate write-ins for liabilities	33,467,576	(10,264,381)
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	845,905,167	788,841,631
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	845,905,167	788,841,631
27.	Aggregate write-ins for special surplus funds	46,519,294	37,862,517
28.	Common capital stock	3,500,000	3,500,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds		
31.	Surplus notes		
32.	Gross paid in and contributed surplus	156,162,500	156,162,500
33.	Unassigned funds (surplus)	66,430,622	57,884,931
34.	Less treasury stock, at cost:		
	34.1 0 shares common (value included in Line 28 $ 0)		
	34.2 0 shares preferred (value included in Line 29 $ 0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	272,612,416	255,409,948
36.	Totals (Page 2, Line 26, Col. 3)	1,118,517,583	1,044,251,579

	DETAILS OF WRITE-IN LINES		
2301.	Collateral held for securities loaned	57,551,008	17,870,873
2302.	Amounts held under uninsured plans	26,065,367	23,003,841
2303.	Other liabilities	14,660,204	15,365,835
2398.	Summary of remaining write-ins for Line 23 from overflow page	(64,809,003)	(66,504,930)
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	33,467,576	(10,264,381)
2701.	Special surplus from retroactive reinsurance	38,708,866	37,862,517
2702.	SSAP 10R incremental change	7,810,428	
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page		
2799.	Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	46,519,294	37,862,517
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page		
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	298,786,419	333,316,730
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	196,653,188	225,866,262
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	58,214,592	52,617,030
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	76,944,702	73,770,814
5. Aggregate write-ins for underwriting deductions	28,145	
6. Total underwriting deductions (Lines 2 through 5)	331,840,627	352,254,106
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(33,054,208)	(18,937,376)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	38,251,555	43,909,253
10. Net realized capital gains (losses) less capital gains tax of $ (2,449,786) (Exhibit of Capital Gains (Losses))	(4,549,602)	1,644,063
11. Net investment gain (loss) (Lines 9 + 10)	33,701,953	45,553,316
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 94,067 amount charged off $ 2,450,986)	(2,356,918)	(2,675,152)
13. Finance and service charges not included in premiums	1,489,999	1,664,113
14. Aggregate write-ins for miscellaneous income	(3,916,423)	(2,689,984)
15. Total other income (Lines 12 through 14)	(4,783,342)	(3,701,023)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(4,135,597)	22,914,917
17. Dividends to policyholders	694,148	803,722
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)	(4,829,745)	22,111,195
19. Federal and foreign income taxes incurred	(412,214)	(5,254,315)
20. Net income (Line 18 minus Line 19) (to Line 22)	(4,417,531)	27,365,510
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	255,409,948	363,996,810
22. Net income (from Line 20)	(4,417,531)	27,365,510
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 4,560,407	7,627,043	(18,199,139)
25. Change in net unrealized foreign exchange capital gain (loss)	856,974	
26. Change in net deferred income tax	(13,473,403)	(8,691,537)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	18,167,258	918,383
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		(109,694,838)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	8,442,127	(285,241)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	17,202,468	(108,586,862)
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	272,612,416	255,409,948

DETAILS OF WRITE-IN LINES		
0501. Private Passenger Auto Escrow	28,145	
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)	28,145	
1401. Retroactive reinsurance gain/(loss)	934,477	364,200
1402. Other income/(expense)	(4,850,900)	(3,054,184)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(3,916,423)	(2,689,984)
3701. SSAP 10R incremental change	7,810,428	
3702. Other changes in surplus	631,699	(285,241)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	8,442,127	(285,241)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	289,885,964	326,390,660
2.	Net investment income	38,297,182	45,321,008
3.	Miscellaneous income	3,464,425	(5,882,875)
4.	Total (Lines 1 through 3)	331,647,571	365,828,793
5.	Benefit and loss related payments	195,555,650	218,495,349
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	137,165,736	132,626,780
8.	Dividends paid to policyholders	667,052	1,264,822
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	2,566,935	11,327,497
10.	Total (Lines 5 through 9)	335,955,373	363,714,448
11.	Net cash from operations (Line 4 minus Line 10)	(4,307,802)	2,114,345
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	143,828,174	151,903,730
	12.2 Stocks	78,227,270	154,115
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	4,114,971	5,743,046
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		167,654
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	226,170,415	157,968,545
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	256,122,733	34,371,362
	13.2 Stocks	3,916,890	5,994,073
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	6,959,324	12,103,869
	13.6 Miscellaneous applications	(5,317,188)	
	13.7 Total investments acquired (Lines 13.1 to 13.6)	261,681,759	52,469,304
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)	(35,511,344)	105,499,241
	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		109,694,838
	16.6 Other cash provided (applied)	46,700,836	(23,951,627)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	46,700,836	(133,646,465)
	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)	6,881,690	(26,032,879)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	81,310,593	107,343,472
	19.2 End of year (Line 18 plus Line 19.1)	88,192,283	81,310,593

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

20.0001			
20.0002			
20.0003			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	6,594,157	4,028,090	3,640,885	6,981,362
2. Allied lines	3,802,310	1,895,694	1,834,726	3,863,278
3. Farmowners multiple peril	1,119			1,119
4. Homeowners multiple peril	35,712,435	19,674,907	22,167,106	33,220,236
5. Commercial multiple peril	4,004,661	3,741,743	3,404,901	4,341,503
6. Mortgage guaranty				
8. Ocean marine	1,431,594	489,238	576,076	1,344,756
9. Inland marine	20,340,267	1,213,218	1,095,565	20,457,920
10. Financial guaranty				
11.1 Medical professional liability—occurrence	(1)			(1)
11.2 Medical professional liability—claims-made	74,543	10,045	12,929	71,659
12. Earthquake	1,122,761	614,102	497,265	1,239,598
13. Group accident and health	104			104
14. Credit accident and health (group and individual)				
15. Other accident and health	1,442	22	18	1,446
16. Workers' compensation	79,333,114	1,989,124	1,608,480	79,713,758
17.1 Other liability—occurrence	16,211,027	8,662,045	7,495,207	17,377,865
17.2 Other liability—claims-made	7,591,264	4,386,641	4,704,590	7,273,315
17.3 Excess Workers' Compensation	2,629,565	989,252	975,532	2,643,285
18.1 Products liability—occurrence	3,281,359	1,843,812	1,552,615	3,572,556
18.2 Products liability—claims-made	280,600	60,482	49,795	291,287
19.1,19.2 Private passenger auto liability	71,154,891	34,519,436	36,162,947	69,511,380
19.3,19.4 Commercial auto liability	11,146,114	4,850,712	4,256,080	11,740,746
21. Auto physical damage	25,074,753	24,714,545	25,446,096	24,343,202
22. Aircraft (all perils)	2,083,097	601,722	599,597	2,085,222
23. Fidelity	388,725	127,179	181,990	333,914
24. Surety	22,734	34	17,944	4,824
26. Burglary and theft	15,100	9,170	6,438	17,832
27. Boiler and machinery	70,370	32,665	34,039	68,996
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	4,636,153	434,857	287,272	4,783,738
32. Reinsurance-Nonproportional Assumed Liability	2,923,337	368,788	455,804	2,836,321
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	299,927,595	115,257,523	117,063,897	298,121,221

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	3,526,153	114,732			3,640,885
2.	Allied lines	1,767,224	67,502			1,834,726
3.	Farmowners multiple peril					
4.	Homeowners multiple peril	22,167,106				22,167,106
5.	Commercial multiple peril	2,377,055	1,027,846			3,404,901
6.	Mortgage guaranty					
8.	Ocean marine	406,897	169,179			576,076
9.	Inland marine	1,058,531	37,034			1,095,565
10.	Financial guaranty					
11.1	Medical professional liability—occurrence					
11.2	Medical professional liablity—claims-made	12,929				12,929
12.	Earthquake	489,607	7,658			497,265
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health	18				18
16.	Workers' compensation	13,111,488	1,677,656		(13,180,663)	1,608,481
17.1	Other liability—occurrence	6,352,017	1,742,309		(599,119)	7,495,207
17.2	Other liability—claims-made	3,100,189	1,604,401			4,704,590
17.3	Excess Workers' Compensation	851,867	123,665			975,532
18.1	Products liability—occurrence	1,182,079	625,139		(254,603)	1,552,615
18.2	Products liability—claims-made	49,795				49,795
19.1,19.2	Private passenger auto liability	36,162,947				36,162,947
19.3,19.4	Commercial auto liability	4,727,653	151,854		(623,427)	4,256,080
21.	Auto physical damage	25,422,238	23,860			25,446,098
22.	Aircraft (all perils)	599,597				599,597
23.	Fidelity	176,553	5,436			181,989
24.	Surety	8,094	9,850			17,944
26.	Burglary and theft	6,423	15			6,438
27.	Boiler and machinery	33,368	672			34,040
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance-Nonproportional Assumed Property	287,272				287,272
32.	Reinsurance-Nonproportional Assumed Liability	446,726	9,078			455,804
33.	Reinsurance-Nonproportional Assumed Financial Lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	124,323,826	7,397,886		(14,657,812)	117,063,900
36.	Accrued retrospective premiums based on experience					14,657,812
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					131,721,712

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	287,592	6,594,157		287,592		6,594,157
2. Allied lines	449,385	3,802,310		449,385		3,802,310
3. Farmowners multiple peril		1,119				1,119
4. Homeowners multiple peril	91,627,173	35,712,434		91,627,173		35,712,434
5. Commercial multiple peril	4,952,129	4,004,661		4,952,129		4,004,661
6. Mortgage guaranty						
8. Ocean marine		1,431,594				1,431,594
9. Inland marine	1,482,104	20,340,267		1,482,104		20,340,267
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made		74,543				74,543
12. Earthquake	498,836	1,122,761		498,836		1,122,761
13. Group accident and health		104				104
14. Credit accident and health (group and individual)						
15. Other accident and health		1,442				1,442
16. Workers' compensation	1,034,931,776	79,333,114		1,034,931,776		79,333,114
17.1 Other liability—occurrence	16,420,288	16,211,027		16,420,288		16,211,027
17.2 Other liability—claims-made		7,591,264				7,591,264
17.3 Excess Workers' Compensation	47,207,978	2,629,565		47,207,978		2,629,565
18.1 Products liability—occurrence	4,369,753	3,281,359		4,369,753		3,281,359
18.2 Products liability—claims-made		280,600				280,600
19.1,19.2 Private passenger auto liability	48,257,200	71,154,891		48,257,200		71,154,891
19.3,19.4 Commercial auto liability	22,783,076	11,146,114		22,783,076		11,146,114
21. Auto physical damage	33,744,919	25,074,753		33,744,919		25,074,753
22. Aircraft (all perils)		2,083,097				2,083,097
23. Fidelity	58,831	388,725		58,831		388,725
24. Surety	400	22,734		400		22,734
26. Burglary and theft	29,667	15,100		29,667		15,100
27. Boiler and machinery		70,370				70,370
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	4,636,153				4,636,153
32. Reinsurance-Nonproportional Assumed Liability	X X X	2,923,337				2,923,337
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	1,307,101,107	299,927,595		1,307,101,107		299,927,595

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

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

If yes: 1. The amount of such installment premiums $ 1,183,951,848

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 1,050,982,271

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	535,680	8,239,948	535,680	8,239,948	4,631,158	7,573,415	5,297,691	75.883
2. Allied lines	782,053	1,519,201	782,053	1,519,201	849,390	1,539,487	829,104	21.461
3. Farmowners multiple peril		17,358		17,358	1	2,403	14,956	1336.550
4. Homeowners multiple peril	16,423,204	24,524,174	16,423,204	24,524,174	10,680,092	16,376,107	18,828,159	56.677
5. Commercial multiple peril	2,353,877	5,387,728	2,353,877	5,387,728	9,756,714	9,951,969	5,192,473	119.601
6. Mortgage guaranty								
8. Ocean marine		678,784		678,784	1,891,421	2,183,967	386,238	28.722
9. Inland marine	423,072	14,530,006	423,072	14,530,006	3,209,994	3,259,448	14,480,552	70.782
10. Financial guaranty								
11.1 Medical professional liability—occurrence		102		102	17,852	17,721	233	(23300.000)
11.2 Medical professional liability—claims-made		61		61	66,414	19,103	47,372	66.108
12. Earthquake					9,439	(2,270)	11,709	0.945
13. Group accident and health		21,395		21,395	74,675	86,209	9,861	9481.731
14. Credit accident and health (group and individual)								
15. Other accident and health		8,622		8,622	60,939	66,552	3,009	208.091
16. Workers' compensation	608,224,896	58,888,042	608,224,896	58,888,042	283,533,441	283,426,888	58,994,595	74.008
17.1 Other liability—occurrence	8,948,795	10,872,670	8,948,795	10,872,670	54,886,659	50,980,428	14,778,901	85.044
17.2 Other liability—claims-made	593,905	2,448,907	593,905	2,448,907	12,444,614	10,067,100	4,826,421	66.358
17.3 Excess Workers' Compensation	19,832,900	438,797	19,832,900	438,797	10,399,729	8,462,981	2,375,545	89.871
18.1 Products liability—occurrence	2,813,682	938,109	2,813,682	938,109	15,775,068	12,387,434	4,325,743	121.083
18.2 Products liability—claims-made		20,989		20,989	594,274	566,986	48,277	16.574
19.1,19.2 Private passenger auto liability	55,694,435	41,080,270	55,694,435	41,080,270	58,182,883	53,809,296	45,453,857	65.391
19.3,19.4 Commercial auto liability	13,150,019	7,931,910	13,150,019	7,931,910	17,768,803	19,794,248	5,906,465	50.307
21. Auto physical damage	20,629,603	12,687,794	20,629,603	12,687,794	(149,409)	267,060	12,271,325	50.410
22. Aircraft (all perils)		983,358		983,358	2,871,213	2,442,756	1,411,815	67.706
23. Fidelity	9,016	75,647	9,016	75,647	487,997	387,058	176,586	52.884
24. Surety		(1,401)		(1,401)	52,227	51,095	(269)	(5.576)
26. Burglary and theft	3,805	4,681	3,805	4,681	6,756	1,697	9,740	54.621
27. Boiler and machinery		3,666		3,666	15,156	(17,307)	36,129	52.364
28. Credit						46	(46)	
29. International								
30. Warranty					411	411		
31. Reinsurance-Nonproportional Assumed Property	X X X	1,201,168		1,201,168	3,023,642	3,081,302	1,143,508	23.904
32. Reinsurance-Nonproportional Assumed Liability	X X X	1,022,573		1,022,573	11,948,777	11,290,088	1,681,262	59.276
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	38,925		38,925	137,585	134,832	41,678	
34. Aggregate write-ins for other lines of business								
35. TOTALS	750,418,942	193,563,484	750,418,942	193,563,484	503,227,915	498,208,510	198,582,889	66.611

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,002	3,281,371	1,002	3,281,371	578,105	1,349,787	578,105	4,631,158	322,476
2. Allied lines	1	412,705	1	412,705	545,784	436,685	545,784	849,390	147,975
3. Farmowners multiple peril		1		1				1	
4. Homeowners multiple peril	10,194,364	6,311,073	10,194,364	6,311,073	2,264,955	4,369,019	2,264,955	10,680,092	3,165,476
5. Commercial multiple peril	3,338,178	6,338,553	3,338,178	6,338,553	9,072,567	3,418,161	9,072,567	9,756,714	3,233,367
6. Mortgage guaranty									
8. Ocean marine		1,249,728		1,249,728		641,693		1,891,421	314,351
9. Inland marine	552,144	805,741	552,144	805,741	22,120	2,404,253	22,120	3,209,994	342,189
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		3,627		3,627		14,225		17,852	510
11.2 Medical professional liablity—claims-made		383		383		66,032		66,415	1,338
12. Earthquake		5,220		5,220	126	4,219	126	9,439	435
13. Group accident and health		72,942		72,942		1,733		(a) 74,675	6,607
14. Credit accident and health (group and individual)									
15. Other accident and health		5,529		5,529		55,410		(a) 60,939	2,996
16. Workers' compensation	1,259,489,091	157,902,498	1,259,489,091	157,902,498	1,911,247,766	125,630,943	1,911,247,766	283,533,441	37,216,540
17.1 Other liability—occurrence	25,226,738	19,930,232	25,226,738	19,930,232	8,727,342	34,956,427	8,727,342	54,886,659	25,598,556
17.2 Other liability—claims-made	4,184,341	3,213,953	4,184,341	3,213,953		9,230,662		12,444,615	4,619,305
17.3 Excess Workers' Compensation	143,615,475	3,572,754	143,615,475	3,572,754	224,952,124	6,826,975	224,952,124	10,399,729	791,184
18.1 Products liability—occurrence	1,791,064	2,544,945	1,791,064	2,544,945	11,355,700	13,230,123	11,355,700	15,775,068	7,698,436
18.2 Products liability—claims-made		1,500		1,500		592,774		594,274	347,629
19.1,19.2 Private passenger auto liability	41,128,851	35,860,668	41,128,851	35,860,668	23,130,771	22,322,215	23,130,771	58,182,883	11,595,603
19.3,19.4 Commercial auto liability	17,831,340	9,952,807	17,831,340	9,952,807	8,881,505	7,815,995	8,881,505	17,768,802	3,024,266
21. Auto physical damage		43,858		43,858	(331,716)	(193,267)	(331,716)	(149,409)	1,677,505
22. Aircraft (all perils)		1,605,269		1,605,269		1,265,944		2,871,213	734,510
23. Fidelity		46,374		46,374	1,765	441,622	1,765	487,996	94,477
24. Surety		17,432		17,432		34,795		52,227	(2,009)
26. Burglary and theft		318		318	23,112	6,438	23,112	6,756	37,518
27. Boiler and machinery		144		144		15,012		15,156	2,302
28. Credit									
29. International									
30. Warranty						411		411	
31. Reinsurance-Nonproportional Assumed Property	X X X	1,584,798		1,584,798	X X X	1,438,844		3,023,642	84,381
32. Reinsurance-Nonproportional Assumed Liability	X X X	4,000,146		4,000,146	X X X	7,948,631		11,948,777	748,980
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	134,159		134,159	X X X	3,426		137,585	1,855
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,507,352,589	258,898,728	1,507,352,589	258,898,728	2,200,472,026	244,329,187	2,200,472,026	503,227,915	101,808,758

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	108,693,142			108,693,142
1.2 Reinsurance assumed	31,785,715			31,785,715
1.3 Reinsurance ceded	108,693,142			108,693,142
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	31,785,715			31,785,715
2. Commission and brokerage:				
2.1 Direct, excluding contingent		20,677,002		20,677,002
2.2 Reinsurance assumed, excluding contingent		(11,703,517)		(11,703,517)
2.3 Reinsurance ceded, excluding contingent		20,677,002		20,677,002
2.4 Contingent—direct		1,324,350		1,324,350
2.5 Contingent—reinsurance assumed		4,045,235		4,045,235
2.6 Contingent—reinsurance ceded		1,324,350		1,324,350
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)		(7,658,282)		(7,658,282)
3. Allowances to manager and agents		3,311,769	1	3,311,770
4. Advertising	448,006	5,667,601	1,068	6,116,675
5. Boards, bureaus and associations	82,622	698,981	32	781,635
6. Surveys and underwriting reports	5,603	931,573	1,105	938,281
7. Audit of assureds' records		(489)		(489)
8. Salary and related items:				
8.1 Salaries	14,902,437	32,613,867	200,102	47,716,406
8.2 Payroll taxes	897,891	2,279,429	11,447	3,188,767
9. Employee relations and welfare	3,119,891	8,173,256	11,102	11,304,249
10. Insurance	950,097	202,384	2,317	1,154,798
11. Directors' fees		10,920		10,920
12. Travel and travel items	883,208	2,440,857	3,651	3,327,716
13. Rent and rent items	1,224,459	3,264,989	3,626	4,493,074
14. Equipment	972,039	2,710,658	3,207	3,685,904
15. Cost or depreciation of EDP equipment and software	193,904	1,413,785	1,645	1,609,334
16. Printing and stationery	149,556	587,013	526	737,095
17. Postage, telephone and telegraph, exchange and express	574,767	2,007,501	6,586	2,588,854
18. Legal and auditing	157,576	605,029	6,604	769,209
19. Totals (Lines 3 to 18)	24,562,056	66,919,123	253,019	91,734,198
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 239,522		11,590,031		11,590,031
20.2 Insurance department licenses and fees		570,871		570,871
20.3 Gross guaranty association assessments		(111,983)		(111,983)
20.4 All other (excluding federal and foreign income and real estate)		111,533		111,533
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		12,160,452		12,160,452
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	1,866,821	5,523,408	35,890	7,426,119
25. Total expenses incurred	58,214,592	76,944,701	288,909	(a) 135,448,202
26. Less unpaid expenses—current year	101,808,759	20,815,373		122,624,132
27. Add unpaid expenses—prior year	97,489,153	26,651,273		124,140,426
28. Amounts receivable relating to uninsured plans, prior year		6,929		6,929
29. Amounts receivable relating to uninsured plans, current year		387		387
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	53,894,986	82,774,059	288,909	136,957,954

DETAILS OF WRITE-IN LINES				
2401. Other expenses	712,088	5,523,408	35,890	6,271,386
2402. Change in unallocated expense reserves	1,154,733			1,154,733
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	1,866,821	5,523,408	35,890	7,426,119

(a) Includes management fees of $ 288,908 to affiliates and $ 3,980,284 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 5,448,048	6,171,686
1.1	Bonds exempt from U.S. tax	(a) 656,117	1,643,299
1.2	Other bonds (unaffiliated)	(a) 27,312,197	26,823,890
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	3,738,523	3,224,807
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) 438,816	338,444
7.	Derivative instruments	(f)	
8.	Other invested assets	186,453	186,453
9.	Aggregate write-ins for investment income	151,884	151,884
10.	Total gross investment income	37,932,038	38,540,463
11.	Investment expenses		(g) 288,908
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)		288,908
17.	Net investment income (Line 10 minus Line 16)		38,251,555

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)..	151,884	151,884
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)	151,884	151,884
1501.			
1502.	NONE		
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes $ 452,503 accrual of discount less $ 1,106,555 amortization of premium and less $ 578,402 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 $ 3,357 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax	50,432		50,432		
1.2	Other bonds (unaffiliated)	674,386	(776,239)	(101,853)	2,740,777	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	688,548	(8,780,302)	(8,091,754)	20,627,170	856,974
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	2,417,849	(1,274,062)	1,143,787	(11,180,497)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	3,831,215	(10,830,603)	(6,999,388)	12,187,450	856,974

	DETAILS OF WRITE-IN LINES					
0901.						
0902.		NONE				
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	589,289	599,299	10,010
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums	1,465,781	1,597,251	131,470
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	457	103	(354)
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset		25,351,514	25,351,514
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	696,542	1,139,153	442,611
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,752,069	28,687,320	25,935,251
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,752,069	28,687,320	25,935,251

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	691,940	698,968	7,028
2302. Amounts receivable under high deductible policies	4,602	440,185	435,583
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	696,542	1,139,153	442,611

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

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

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

3. Common stocks are carried at fair value.

4. The Company does not own preferred stocks.

5. The Company does not own mortgage loans.

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

7. The Company carries its investments in SCA companies 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. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53*, Property Casualty Contracts - Premiums*.

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

12. The Company did not change its capitalization policy in 2009.

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. Not used.

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

3. Not used.

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

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

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

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(352,205)	(1,215,407)

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

8. Not used.

E. Repurchase Agreements

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

2. The Company maintained collateral for loaned securities.

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

NOTES TO FINANCIAL STATEMENTS

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

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

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	17,239,975	18,230,371	14,967,877	7,112,785	57,551,008

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

B. The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $1,274,062 during the year.

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

The Company maintains an active Derivative Use Policy (approved in 2005 by the state of New York). There are no current derivatives holdings or current year derivatives transactions under this policy. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	38,352,128	10,721,492	49,073,620	69,252,000	(20,178,380)
Total gross DTLs	(14,722,430)	0	(14,722,430)	(16,867,000)	2,144,570
Net DTA (DTL)	23,629,698	10,721,492	34,351,190	52,385,000	(18,033,810)
Net DTA non-admitted			0	(25,352,000)	25,352,000
Net Admitted DTA (DTL)			34,351,190	27,033,000	7,318,190

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

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

Ordinary	7,810,428
Capital	0
Total increase in net admitted DTAs	7,810,428

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	831,000	2,383,000	3,214,000	4,059,000
Lesser of:				
Expected to be recognized within one year (10bi.)	16,860,486	8,338,492	25,198,978	24,100,000
10% of adjusted capital and surplus (10bii.)			23,326,762	22,974,000
Adj. gross DTAs offset against existing DTLs (10c.)	14,722,430	0	14,722,430	16,867,000

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	831,000	2,383,000	3,214,000
Lesser of:			
Expected to be recognized within three years (10eiia.)	23,194,408	8,338,492	31,532,900
15% of adjusted capital and surplus (10eiib.)			34,990,143
Adj. gross DTAs offset against existing DTLs (10eiii.)	14,326,720	0	14,326,720

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	264,801,988
Authorized control level	44,600,356

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

	December 31, 2009
Admitted DTA	26,540,762
Admitted assets	1,110,707,155
Statutory surplus	264,801,988
Total adjust capital	264,801,988

Admitted DTA, admitted assets and statutory surplus increased by $7,810,428 resulting from the use of paragraph 10e.

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

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

	2009	2008
Federal	(412,214)	(5,254,315)
Foreign	0	0
Realized capital gains	(2,449,786)	885,265
Federal and foreign income taxes incurred	(2,862,000)	(4,369,050)

The Company's deferred tax assets and liabilities result primarily from limits on unearned premium reserve deductions, discounting of unpaid losses and LAE reserves, depreciation, capital loss limitation, loss based assessments, allowance for doubtful accounts, accrued bonus, deferred compensation deductions, investment impairments, partnership investments, and unrealized gains and losses.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(13,473,403)
Change in tax effect of unrealized (gains) losses	(4,560,407)
Total change in net deferred income tax	(18,033,810)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany eliminations, tax-exempt interests, capital loss limitation, limits on unearned premium reserve deductions, depreciation, deferred compensation deductions, and investment impairments.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and $2,616,600 from the preceding year.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

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

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

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

Contributed capital in the amount of $306,003

D. At December 31, 2009, the Company reported $9,064,860 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

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

F. Refer to Note 25 for information regarding the Inter-Company Reinsurance Agreement.

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

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

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

The Company is a party to a revolving credit agreement under which the Company may borrow up to $100,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2009, there have been no drawings under this agreement.

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

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

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

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

J. Impairment of subsidiaries

Refer to 10 I

K. Investment in foreign insurance subsidiaries.

Refer to 10 I

L. Investment in downstream non-insurance holding companies.

The Company utilizes the look-through approach for the valuation of the following downstream non-insurance holding companies:

	Carrying Value
Berkeley/Columbus III, LLC	$ 307,757

The Company has limited the value of its investment in these companies to the value contained in the audited financial statements, including adjustments required by SSAP 97 of SCA entities. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the Company's determination of the carrying value of the investment in the downstream non-insurance holding company.

NOTES TO FINANCIAL STATEMENTS

Note 11- Debt

A. Not applicable

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

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

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

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

1. Common Stock

   The Company has 30,000 shares authorized, and 25,000 shared issued and outstanding as of December 31, 2009. All shares have a stated par value of $140.

2. Preferred Stock

   Not applicable

3. Dividend Restrictions

   Not applicable

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

5. The maximum amount of dividends which can be paid by Illinois-domiciled insurance companies to shareholders without the prior approval of the Insurance Director is the greater of (a) 10% of surplus, subject to the availability of accumulated undistributed earnings, or (b) net income. The maximum dividend payout which may be made without prior approval in 2010 is $27,261,242.

6. As of December 31, 2009, the Company has restricted surplus of $7,810,428, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of $38,708,866 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

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

10. The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is $(3,332,945) after applicable deferred taxes of $1,795,607.

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

NOTES TO FINANCIAL STATEMENTS

B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of $6,429,726 that is offset by future premium tax credits of $997,352. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

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

C. Gain Contingencies

Not applicable

D. Claims Related to Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$353,873

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

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

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

E. All Other Contingencies

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

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

Note 15- Leases

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$795,559	$3,368,612
2011	443,690	3,044,226
2012	442,500	2,195,199
2013	441,309	1,342,685
2014	76,061	979,958
2015 & thereafter	258,668	4,617,959
Total	$2,457,787	$15,548,639

NOTES TO FINANCIAL STATEMENTS

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

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

At December 31, 2009 the total fair value of securities on loan was $58,800,841 with corresponding collateral value of $60,717,816 of which $57,551,008 represents cash collateral.

C. Wash Sales

The Company did not have any wash sale transactions during the year

Note 18-Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was $25,998. Claim payment volume was 1,402,601.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

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

b) The Company reported loss recoveries from the Special Disability Trust Fund of $78,512 in 2009 and $176,611 in 2008 respectively.

c) The amount the Company was assessed by the Special Disability Trust Fund was $1,244,097 in 2009 and $2,177,734 in 2008, respectively.

NOTES TO FINANCIAL STATEMENTS

2) Assets in the amount of $111,854,565 and $112,338,180 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	OK	276,466	276,466
Total		276,466	276,466

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

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

(3) Impairment Loss

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

G. Sub-Prime Lending

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

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

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

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	131,721,712	1,756,682	275,227,995	4,632,685	(143,506,283)	(2,876,003)
All Other	0	0	0	0	0	0
Total	131,721,712	1,756,682	275,227,995	4,632,685	(143,506,283)	(2,876,003)

Direct Unearned Premium Reserve: $275,227,995

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2009 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	584,347	3,828,596	584,347	3,828,596
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(5,850,000)	0	(5,850,000)
Totals	584,347	(2,021,404)	584,347	(2,021,404)

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(68,823,744)	
	2. Adjustments – Prior Year(s)	8,168,939	
	3. Adjustments – Current Year	1,667,657	
	4. Total	$(58,987,148)	
b.	Consideration Paid or Received:		
	1. Initial	$(32,131,453)	
	2. Adjustments – Prior Year(s)	(1,572,437)	
	3. Adjustments – Current Year	(69,467)	
	4. Total	$(33,773,357)	
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(1,088,184)	
	2. Adjustments – Prior Year(s)	(10,442,297)	
	3. Adjustments – Current Year	(2,663,542)	
	4. Total	$(14,194,023)	
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$37,780,475	
	2. Adjustments – Prior Year(s)	700,921	
	3. Adjustments – Current Year	926,418	
	4. Current Year Special Surplus	38,708,866	
	5. Cumulative Total Transferred to Unassigned Funds	$698,948	
e.	All cedents and reinsurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	$(58,987,148)	

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

G. There are no contracts recorded as deposit accounting.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

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

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

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

Total accrued retro premium	$14,657,814
Less: Non-admitted amount	1,465,781
Admitted amount	$13,192,033

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

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

NOTES TO FINANCIAL STATEMENTS

Note 25- Inter-Company Pooling Arrangements

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

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	75.00%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	All Lines
	Liberty Insurance Corporation (LIC)	42404	3.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LMC)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FST)	33588	0.10%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

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

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

(b) With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the Lead Company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.

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

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

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

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

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

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

Affiliate:	Amount:
Liberty Mutual Insurance Company	$3,060,273

During 2009, Liberty Insurance Company of America (LICA), a participant in the Liberty Mutual inter-company Reinsurance Agreement, merged with an affiliate, Insurance Company of Illinois (ICIL). ICIL became the surviving entity. Concurrent with the merger, ICIL entered into a Quota Share Reinsurance Agreement with Liberty Mutual

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	73.80%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Insurance Company of Illinois (ICIL)	26700	0.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	All Lines
	Liberty Insurance Corporation (LIC)	42404	4.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LMC)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FST)	33588	0.10%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.10%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.10%	All Lines
	Liberty Lloyd’s of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company (“BEIC”)	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company (“BCIC”)	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $32,097,828 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 $32,097,828 as of December 31, 2009

NOTES TO FINANCIAL STATEMENTS

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

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
The Prudential Insurance Company of America Newark, New Jersey	Yes	$15,582,412
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$9,645,327
Nationwide Life Insurance Company Columbus, Ohio	Yes	$4,343,043

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

As of December 31, 2009 the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $143,569,320 and the amount billed and recoverable on paid claims was $6,892,768.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of $33,440,474 net of all reinsurance.

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

Note 32 - Asbestos/Environmental Reserves

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

Upon their de-affiliation from the Nationwide Group and re-affiliation with the Company, EICOW, WBIC, WGIC, and WUIC entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for obligations on certain policies with effective dates prior to January 1, 1986, including all asbestos and environmental exposures.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Asbestos:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	51,073,874	59,947,504	55,492,813	50,469,210	46,895,157
Incurred losses and LAE	16,627,165	3,015,561	6,936,074	4,279,326	16,478,632
Calendar year payments	7,753,535	7,470,252	11,959,677	7,853,379	7,830,408
Ending Reserves	59,947,504	55,492,813	50,469,210	46,895,157	55,543,381
Assumed Reinsurance Basis					
Beginning Reserves	14,687,725	15,416,395	16,303,881	21,247,548	20,116,139
Incurred losses and LAE	1,633,332	1,464,329	5,749,395	(227,148)	(4,582,709)
Calendar year payments	904,662	576,843	805,728	904,261	1,135,358
Ending Reserves	15,416,395	16,303,881	21,247,548	20,116,139	14,398,072
Net of Ceded Reinsurance Basis					
Beginning Reserves	28,544,042	31,270,677	26,910,667	23,920,046	19,780,704
Incurred losses and LAE	6,581,063	366,125	2,553,787	427,323	11,866,549
Calendar year payments	3,854,428	4,726,135	5,544,408	4,566,665	5,041,151
Ending Reserves	31,270,677	26,910,667	23,920,046	19,780,704	26,606,102

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

Direct Basis	36,773,548
Assumed Reinsurance Basis	10,719,718

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis	21,976,703
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	19,789,736
Assumed Reinsurance Basis	108,529
Net of Ceded Reinsurance Basis	7,890,224

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	21,305,411	20,579,919	15,165,415	13,526,206	11,197,259
Incurred losses and LAE	4,756,983	1,435,522	176,437	205,114	844,608
Calendar year payments	5,482,475	6,850,026	1,815,646	2,534,061	2,845,702
Ending Reserves	20,579,919	15,165,415	13,526,206	11,197,259	9,196,165
Assumed Reinsurance Basis					
Beginning Reserves	2,126,550	1,569,579	1,438,414	1,225,657	1,222,226
Incurred losses and LAE	(366,908)	26,431	44,263	107,708	515,598
Calendar year payments	190,063	157,596	257,020	111,139	155,279
Ending Reserves	1,569,579	1,438,414	1,225,657	1,222,226	1,582,545
Net of Ceded Reinsurance Basis					
Beginning Reserves	15,801,403	12,804,644	11,860,979	10,909,078	9,347,613
Incurred losses and LAE	15,281	606,022	294,571	(397)	(85)
Calendar year payments	3,012,040	1,549,687	1,246,472	1,561,068	1,436,652
Ending Reserves	12,804,644	11,860,979	10,909,078	9,347,613	7,910,876

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	5,259,547
Assumed Reinsurance Basis	1,097,160
Net of Ceded Reinsurance Basis	4,907,973
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	4,247,191
Assumed Reinsurance Basis	19,596
Net of Ceded Reinsurance Basis	2,914,834

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Illinois

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

2.2 If yes, date of change: 01/22/2009

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/29/2006

3.4 By what department or departments?
Illinois Department of Financial and Professional Regulation, Division of Insurance

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Roy K. Morell
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Insurance Company

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

11.11 Name of real estate holding company: Berkeley/Columbus III, LLC
11.12 Number of parcels involved: 1
11.13 Total book/adjusted carrying value: $ 307,757

11.2 If yes, provide explanation:
Liberty Insurance Corporation directly owns 1% of Berkeley/Columbus III, LLC.

GENERAL INTERROGATORIES

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

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

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

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

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

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

20.2 If answer is yes:

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

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

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

INVESTMENT

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

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

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)
Please reference note 17B.

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

22.5 If answer to 22.4 is yes, report amount of collateral. $ 60,717,816

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

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

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

23.21	Subject to repurchase agreements	$ 0
23.22	Subject to reverse repurchase agreements	$ 0
23.23	Subject to dollar repurchase agreements	$ 0
23.24	Subject to reverse dollar repurchase agreements	$ 0
23.25	Pledged as collateral	$ 0
23.26	Placed under option agreements	$ 0
23.27	Letter stock or securities restricted as to sale	$ 0
23.28	On deposit with state or other regulatory body	$ 111,854,565
23.29	Other	$ 0

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	810,532,463	832,414,829	21,882,366
28.2 Preferred stocks	0	0	0
28.3 Totals	810,532,463	832,414,829	21,882,366

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

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

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

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

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

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ 94,541

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Workers Compensation Rating & INSP Bureau of MA	94,541
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 1,550	$ 1,936
2.2	Premium Denominator	$ 298,786,419	$ 333,316,730
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 145,235	$ 162,763
2.5	Reserve Denominator	$ 759,321,012	$ 751,660,303
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	$ 1,243,504,075
3.22	Non-participating policies	$ 63,597,032

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

See Note 20C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 4,818,707
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 2,193,466

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 4,482,149

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

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

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

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 245,195,415
12.62 Collateral and other funds $ 21,973,534

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 1,470,750

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

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 11

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	1,365,672,548	1,707,041,444	1,880,136,942	2,130,573,196	1,956,525,782
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	93,441,851	105,233,953	87,206,021	187,989,953	182,646,516
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	139,882,577	62,323,791	35,089,294	126,823,248	102,388,397
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	472,236	(4,667,280)	4,554,892	14,940,793	11,943,036
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	7,559,490	6,939,289	5,362,059	6,882,856	4,923,151
6. Total (Line 35)	1,607,028,702	1,876,871,197	2,012,349,208	2,467,210,046	2,258,426,882
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,	191,702,477	212,300,963	186,563,480	455,512,263	419,259,769
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	56,949,348	55,001,400	23,837,629	117,327,257	108,228,410
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	43,303,275	51,703,059	26,886,779	117,188,063	91,373,963
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	413,005	(4,748,489)	4,498,812	14,937,423	11,980,115
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	7,559,490	6,939,289	5,362,059	6,882,856	4,923,151
12. Total (Line 35)	299,927,595	321,196,222	247,148,759	711,847,862	635,765,408
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(33,054,208)	(18,937,376)	(19,617,569)	(21,498,160)	(47,030,977)
14. Net investment gain (loss) (Line 11)	33,701,953	45,553,316	62,048,226	75,967,362	70,080,692
15. Total other income (Line 15)	(4,783,342)	(3,701,023)	(3,215,310)	(4,899,769)	(6,531,083)
16. Dividends to policyholders (Line 17)	694,148	803,722	2,093,178	3,061,656	2,166,474
17. Federal and foreign income taxes incurred (Line 19)	(412,214)	(5,254,315)	(17,572,669)	22,744,318	6,699,434
18. Net income (Line 20)	(4,417,531)	27,365,510	54,694,838	23,763,459	7,652,724
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	1,118,517,583	1,044,251,579	1,198,834,163	1,850,482,043	1,632,838,998
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	35,631,482	37,376,397	31,850,862	49,386,366	41,960,478
20.2 Deferred and not yet due (Line 13.2)	84,459,460	72,801,434	82,514,450	165,168,951	124,186,953
20.3 Accrued retrospective premiums (Line 13.3)	13,192,033	14,375,261	15,323,701	41,748,938	42,246,042
21. Total liabilities excluding protected cell business (Page 3, Line 24)	845,905,167	788,841,631	834,837,352	1,520,802,632	1,342,042,028
22. Losses (Page 3, Line 1)	503,227,918	498,208,512	497,816,710	917,545,458	852,428,226
23. Loss adjustment expenses (Page 3, Line 3)	101,808,760	97,489,153	101,685,915	188,083,375	174,584,763
24. Unearned premiums (Page 3, Line 9)	131,721,712	131,230,035	145,402,747	281,026,096	251,958,056
25. Capital paid up (Page 3, Lines 28 & 29)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	272,612,416	255,409,948	363,996,810	329,679,411	290,796,970
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(4,307,802)	2,114,345	(558,775,835)	133,994,625	96,708,741
Risk-Based Capital Analysis					
28. Total adjusted capital	272,612,416	255,409,948	363,996,810	329,679,411	290,796,970
29. Authorized control level risk-based capital	44,607,431	43,855,045	51,018,181	89,178,739	79,068,997
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	83.7	75.5	75.7	88.9	88.1
31. Stocks (Lines 2.1 & 2.2)	0.0	7.2	7.4	4.9	5.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	9.7	9.5	10.6	2.8	4.2
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)	6.7	7.8	6.3	3.4	2.6
37. Receivables for securities (Line 8)			0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated	307,575				
46. Total of above Lines 40 to 45	307,575				
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.1				

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	7,627,043	(18,199,139)	(56,161)	4,174,688	(1,406,543)
49. Dividends to stockholders (Line 35)		(109,694,838)			
50. Change in surplus as regards policyholders for the year (Line 38)	17,202,468	(108,586,862)	34,317,399	38,882,441	20,559,848
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	831,878,489	844,943,779	1,144,871,656	741,793,226	694,132,919
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	59,355,843	64,077,580	71,611,739	106,185,105	97,046,679
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	50,372,149	46,870,745	58,800,878	59,843,813	71,543,655
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	113,279	3,279,589	4,262,658	983,044	3,189,579
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,262,666	2,648,240	18,069,887	9,127,798	6,556,773
56. Total (Line 35)	943,982,426	961,819,933	1,297,616,818	917,932,986	872,469,605
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	122,619,857	145,441,937	532,655,841	224,536,447	224,223,614
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	36,981,630	32,556,550	35,945,500	67,758,626	55,175,076
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	31,595,068	39,640,655	49,133,701	50,008,222	57,878,854
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	104,263	3,278,317	4,262,658	983,044	3,189,579
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,262,666	2,648,240	18,069,887	9,127,798	6,556,773
62. Total (Line 35)	193,563,484	223,565,699	640,067,587	352,414,137	347,023,896
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	65.8	67.8	61.9	61.1	63.8
65. Loss expenses incurred (Line 3)	19.5	15.8	15.9	15.3	18.8
66. Other underwriting expenses incurred (Line 4)	25.8	22.1	27.8	26.8	24.9
67. Net underwriting gain (loss) (Line 8)	(11.1)	(5.7)	(5.5)	(3.2)	(7.6)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	27.3	24.1	41.1	26.4	25.4
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	85.3	83.5	77.8	76.4	82.6
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	110.0	125.8	67.9	215.9	218.6
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	7,227	(9,994)	9,377	29,652	30,695
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	2.8	(2.7)	2.8	10.2	11.4
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(1,518)	7,132	33,855	80,758	80,229
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.4)	2.2	11.6	29.9	31.1

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

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
				4	5	6	7	8	9			
	Direct and Assumed	Ceded	Net (Cols. 1–2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	22,354	7,217	6,406	1,848	1,150	9	683	20,836	X X X
2. 2000	274,337	48,014	226,323	222,282	40,453	18,588	2,928	22,979	474	5,776	219,994	X X X
3. 2001	283,818	49,921	233,897	217,814	52,005	17,559	2,996	21,853	383	7,130	201,842	X X X
4. 2002	322,130	65,907	256,223	205,599	44,978	16,227	2,568	24,750	288	10,861	198,742	X X X
5. 2003	357,713	87,326	270,387	186,324	41,856	15,237	1,733	26,297	388	11,321	183,881	X X X
6. 2004	368,335	97,553	270,782	179,448	47,160	13,283	2,299	25,866	1,408	11,050	167,730	X X X
7. 2005	375,096	89,895	285,201	209,364	64,164	12,613	2,438	25,876	1,883	10,612	179,368	X X X
8. 2006	406,735	95,252	311,483	168,988	32,447	10,994	1,249	27,480	2,038	10,364	171,728	X X X
9. 2007	432,493	105,016	327,477	176,225	42,057	9,749	1,281	27,509	2,505	11,822	167,640	X X X
10. 2008	460,948	127,630	333,318	187,377	48,507	7,467	929	29,327	2,101	10,020	172,634	X X X
11. 2009	438,962	140,175	298,787	119,188	43,180	2,849	524	23,433	374	6,043	101,392	X X X
12. Totals	X X X	X X X	X X X	1,894,963	464,024	130,972	20,793	256,520	11,851	95,682	1,785,787	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						Number of Claims Outstanding Direct and Assumed
	13	14	15	16	17	18	19	20	21	22		Total Net Losses and Expenses Unpaid	
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated		
1. Prior	138,867	42,746	70,755	42,551	8,608	7,142	31,256	11,015	3,168		1,615	149,200	X X X
2. 2000	9,705	3,561	3,866	3,104	271	77	914	529	208	1	114	7,692	X X X
3. 2001	11,596	4,783	5,231	4,118	283	130	1,451	699	240	1	145	9,070	X X X
4. 2002	9,981	6,299	7,673	6,074	330	151	1,532	506	233	1	207	6,718	X X X
5. 2003	9,908	4,027	16,557	6,849	395	165	1,800	724	266	2	365	17,159	X X X
6. 2004	11,528	3,920	18,081	5,107	369	75	3,176	642	1,109	10	535	24,509	X X X
7. 2005	15,401	5,277	22,003	9,277	499	87	4,223	691	1,017	114	793	27,697	X X X
8. 2006	21,708	5,309	29,015	9,425	782	151	7,413	1,322	1,277	14	1,090	43,974	X X X
9. 2007	31,209	6,246	40,172	10,245	1,091	162	10,271	1,649	2,055	44	1,622	66,452	X X X
10. 2008	50,306	10,981	65,718	15,964	1,382	213	15,060	3,155	5,371	156	2,265	107,368	X X X
11. 2009	50,409	8,575	99,019	21,054	1,287	102	15,874	2,403	10,864	127	5,923	145,192	X X X
12. Totals	360,618	101,724	378,090	133,768	15,297	8,455	92,970	23,335	25,808	470	14,674	605,031	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	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	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	124,325	24,875
2. 2000	278,813	51,127	227,686	101.632	106.484	100.602			3.000	6,906	786
3. 2001	276,027	65,115	210,912	97.255	130.436	90.173			3.000	7,926	1,144
4. 2002	266,325	60,865	205,460	82.676	92.350	80.188			3.000	5,281	1,437
5. 2003	256,784	55,744	201,040	71.785	63.834	74.353			3.000	15,589	1,570
6. 2004	252,860	60,621	192,239	68.649	62.142	70.994			3.000	20,582	3,927
7. 2005	290,996	83,931	207,065	77.579	93.366	72.603			3.000	22,850	4,847
8. 2006	267,657	51,955	215,702	65.806	54.545	69.250			3.000	35,989	7,985
9. 2007	298,281	64,189	234,092	68.968	61.123	71.483			3.000	54,890	11,562
10. 2008	362,008	82,006	280,002	78.536	64.253	84.004			3.000	89,079	18,289
11. 2009	322,923	76,339	246,584	73.565	54.460	82.528			3.000	119,799	25,393
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	503,216	101,815

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										DEVELOPMENT	
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior	368,019	403,877	425,749	446,065	472,956	494,461	508,110	524,676	521,145	533,478	12,333	8,802
2. 2000	180,130	188,057	189,178	195,534	200,726	202,419	203,773	205,750	205,983	205,886	(97)	136
3. 2001	X X X	183,497	178,315	181,153	178,689	184,278	187,062	188,483	188,947	189,923	976	1,440
4. 2002	X X X	X X X	179,797	170,032	170,244	176,360	179,589	180,853	181,488	181,434	(54)	581
5. 2003	X X X	X X X	X X X	186,505	167,288	162,492	172,256	175,124	175,077	176,064	987	940
6. 2004	X X X	X X X	X X X	X X X	184,164	171,664	167,170	168,470	168,725	168,504	(221)	34
7. 2005	X X X	X X X	X X X	X X X	X X X	200,022	189,975	186,021	184,118	184,177	59	(1,844)
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	202,430	194,761	192,014	191,306	(708)	(3,455)
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	217,614	214,261	209,462	(4,799)	(8,152)
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	252,176	250,927	(1,249)	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	216,657	X X X	X X X
									12. Totals		7,227	(1,518)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009		
1. Prior	000	81,935	149,728	197,360	239,917	271,935	298,351	323,394	346,098	365,793	X X X	X X X
2. 2000	80,293	125,177	148,558	164,830	179,759	185,895	190,313	193,443	195,886	197,489	X X X	X X X
3. 2001	X X X	82,674	124,550	145,652	158,195	167,403	172,254	176,041	178,598	180,372	X X X	X X X
4. 2002	X X X	X X X	77,609	118,933	142,945	154,788	164,754	169,226	172,351	174,280	X X X	X X X
5. 2003	X X X	X X X	X X X	71,414	108,460	126,435	139,587	148,582	154,097	157,972	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	64,560	99,193	115,440	128,731	137,676	143,272	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	73,998	113,441	133,080	146,379	155,375	X X X	X X X
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	72,051	109,988	131,581	146,286	X X X	X X X
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	74,409	118,677	142,636	X X X	X X X
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	91,845	145,408	X X X	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	78,333	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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior	123,354	85,786	59,010	47,191	40,900	49,386	51,321	55,195	44,181	51,716
2. 2000	49,184	18,497	7,789	5,265	4,314	3,156	2,556	3,075	2,185	1,383
3. 2001	X X X	50,776	20,282	11,950	5,792	4,878	3,939	3,617	2,459	2,001
4. 2002	X X X	X X X	53,280	20,581	8,814	6,679	5,320	4,863	3,315	2,683
5. 2003	X X X	X X X	X X X	77,101	31,284	13,892	16,513	15,464	12,698	11,508
6. 2004	X X X	X X X	X X X	X X X	83,586	46,879	31,121	24,045	19,833	16,662
7. 2005	X X X	X X X	X X X	X X X	X X X	89,741	48,584	31,727	22,556	17,741
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	94,393	54,270	36,792	27,232
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	98,583	61,140	40,320
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	104,785	64,530
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	95,183

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	13,734,423	13,345,082	12,817	7,235,182	4,338,609	38,069,152	4,749	
2. Alaska AK	L	8,978,896	9,801,285	14,280	2,291,508	5,250,047	20,612,635		
3. Arizona AZ	L	20,356,225	19,291,108	(4,659)	5,413,760	9,400,065	35,625,382	3,054	
4. Arkansas AR	L	8,650,428	9,209,823	409	2,530,028	(1,142,535)	26,793,442	412	
5. California CA	L	91,386,532	99,223,688	122,444	43,159,091	63,843,304	394,404,214		
6. Colorado CO	L	17,917,455	18,458,887	(18,937)	11,026,304	12,261,692	52,139,124	4,771	
7. Connecticut CT	L	17,990,719	24,303,178	28,847	20,055,085	17,822,715	70,352,565	13,248	
8. Delaware DE	L	3,760,843	5,257,629	11,647	4,241,937	2,508,489	16,914,788	9,127	
9. District of Columbia DC	L	7,026,450	5,464,404	15,466	1,900,332	2,708,184	9,854,744	1,124	
10. Florida FL	L	48,826,462	57,435,829	757,323	35,575,373	30,633,440	219,107,906	85,225	
11. Georgia GA	L	44,850,682	47,018,531	219,559	28,115,647	30,114,741	76,532,364	59,715	
12. Hawaii HI	L	6,134,255	6,747,376	818	2,146,140	4,781,650	9,931,847	10,153	
13. Idaho ID	L	3,626,292	3,807,885	(4,829)	1,619,819	8,046,856	11,210,820	1,040	
14. Illinois IL	L	82,576,702	81,965,847	(88,013)	64,625,528	77,140,034	238,784,607	11,360	
15. Indiana IN	L	23,521,040	24,382,905	19,531	15,499,165	11,934,129	60,757,474	3,820	
16. Iowa IA	L	12,395,276	12,382,911	32,213	7,046,680	9,827,101	30,437,234	2,082	
17. Kansas KS	L	17,136,018	19,756,373	(15,884)	12,699,697	16,128,262	45,976,410	2,878	
18. Kentucky KY	L	14,025,906	15,186,862	978	9,756,602	7,518,562	48,961,983	4,828	
19. Louisiana LA	L	26,829,697	26,739,577	9,227	13,566,153	18,040,601	76,290,673	5,490	
20. Maine ME	L	6,884,493	6,979,295	313	4,738,129	3,770,003	16,996,706	11,694	
21. Maryland MD	L	21,040,971	19,109,117	(43,080)	13,057,462	11,905,233	47,615,562	22,888	
22. Massachusetts MA	L	36,243,916	41,572,997	41,487	27,800,641	20,475,848	130,578,780	6,967	
23. Michigan MI	L	31,686,064	29,791,210	237,869	13,620,389	20,312,647	62,325,627	12,641	
24. Minnesota MN	L	20,084,741	18,421,512	(88,075)	7,905,620	10,365,397	42,170,940	7,619	
25. Mississippi MS	L	9,262,821	10,179,040	4,637	3,840,976	5,211,974	22,001,030	754	
26. Missouri MO	L	21,669,276	21,174,498	75,238	11,294,679	11,741,869	58,401,181	3,908	
27. Montana MT	L	4,160,204	4,714,841	(6,333)	1,744,100	3,826,758	11,159,787	3,741	
28. Nebraska NE	L	8,275,992	9,288,694	65,102	5,939,569	6,193,870	31,199,045	1,063	
29. Nevada NV	L	16,262,519	14,503,784	565	3,680,823	8,586,201	21,973,358	6,829	
30. New Hampshire NH	L	13,078,733	14,522,558	246,445	5,656,705	7,229,731	53,353,753	14,160	
31. New Jersey NJ	L	86,865,577	106,060,675	458,066	71,309,185	81,382,869	318,675,717	32,436	
32. New Mexico NM	L	5,575,953	5,759,621	(7,234)	2,376,756	3,959,725	17,772,986	2,753	
33. New York NY	L	151,058,984	126,820,209	584,963	84,213,094	78,805,652	419,383,593	94,798	
34. North Carolina NC	L	21,622,313	28,778,514	13,349	22,147,963	25,836,684	82,668,261		
35. North Dakota ND	L	1,009,257	986,032		166,836	322,988	231,286	184	
36. Ohio OH	L	17,693,303	18,637,486	(93,742)	4,350,469	12,153,631	56,042,000	11,426	
37. Oklahoma OK	L	21,949,400	21,540,945	453	8,192,057	21,150,554	47,975,821	3,380	
38. Oregon OR	L	23,353,497	23,537,767	3,501	16,654,159	23,140,192	47,384,503	3,706	
39. Pennsylvania PA	L	60,014,462	66,866,003	311,552	48,638,076	43,783,512	152,777,253	56,021	
40. Rhode Island RI	L	8,185,435	8,097,318	112	4,319,665	6,763,690	15,517,808	7,722	
41. South Carolina SC	L	27,972,916	29,409,589	1,026	9,734,930	16,970,268	43,138,528	20,378	
42. South Dakota SD	L	2,810,335	2,812,642	268	502,197	1,597,160	5,168,327	(20)	
43. Tennessee TN	L	16,188,944	18,130,493	7,582	7,323,419	11,090,377	43,802,599	5,419	
44. Texas TX	L	92,775,824	93,235,111	66,146	28,501,632	40,639,760	260,256,595	11,214	
45. Utah UT	L	10,140,245	10,926,678	(7,581)	3,621,150	4,429,063	20,510,856	2,792	
46. Vermont VT	L	4,152,061	5,086,285	44,555	3,371,265	4,488,654	9,689,767	1,761	
47. Virginia VA	L	45,994,580	46,353,724	(11,668)	16,453,153	31,096,385	66,720,413	40,342	
48. Washington WA	L	6,482,058	7,342,380	51	3,136,366	2,994,033	16,456,433	9,934	
49. West Virginia WV	L	6,170,374	5,514,659	81	1,833,697	1,977,293	4,649,493	4,142	
50. Wisconsin WI	L	34,864,328	37,045,634	932,957	25,642,760	37,078,863	93,568,142	3,961	
51. Wyoming WY	L	784,955	793,607		61,710	49,074	226,129	144	
52. American Samoa AS	N								
53. Guam GU	L	(53,799)	(88,145)			(16,472)	55,386		
54. Puerto Rico PR	L	91,529	91,396	(4)	85,000	(50,512)	33,649		
55. U.S. Virgin Islands VI	N	540	502			(208)	4,178		
56. Northern Mariana Islands MP	L								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX	3,024,005	2,885,019	(837)	295	1,186,244	4,581,756		
59. Totals	(a) 54	1,307,101,107	1,356,660,870	3,951,001	750,418,958	891,604,956	3,707,824,612	627,833	

DETAILS OF WRITE-INS									
5801. Other alien	XXX	3,024,005	2,885,019	(837)	295	1,186,244	4,581,756		
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	3,024,005	2,885,019	(837)	295	1,186,244	4,581,756		

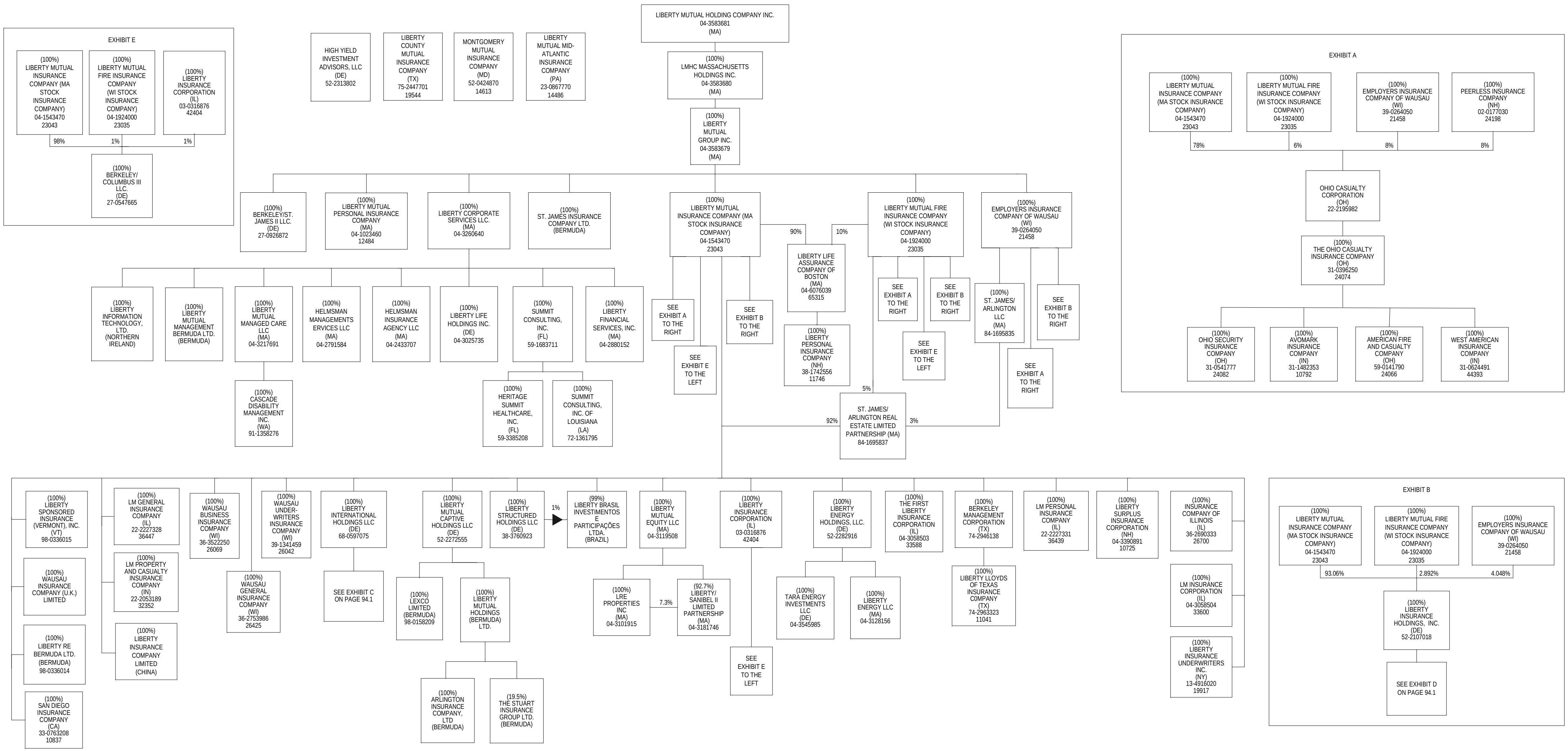
Explanation of basis of allocation of premiums by states, etc.

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

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

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

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART

Exhibit C

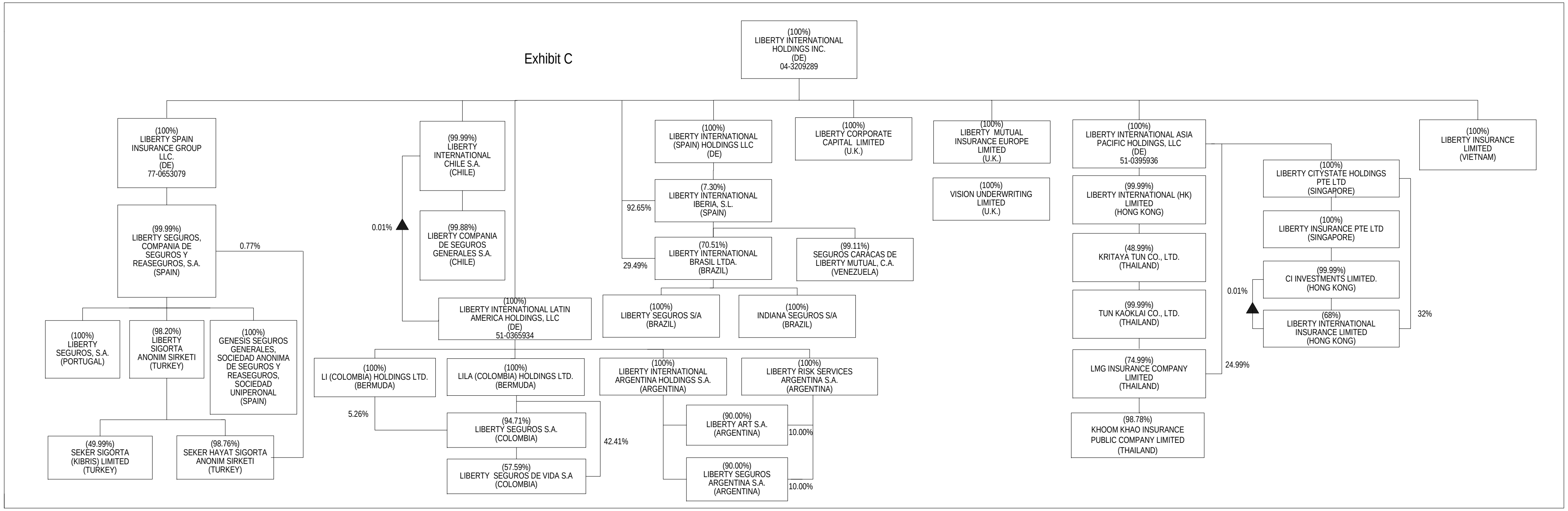
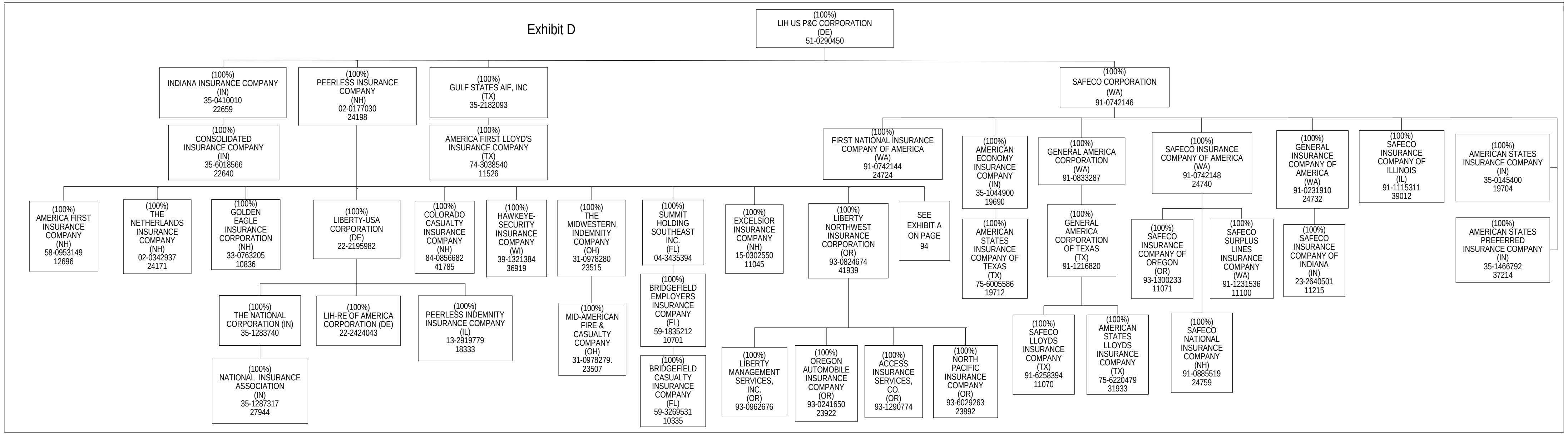


Exhibit D



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2304. Equities and deposits in pools and associations	1,101,384		1,101,384	1,424,589
2397. Totals (Lines 2301. through 2396.) (Page 2, Line 2398)	1,101,384		1,101,384	1,424,589

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	1 Current Year	2 Prior Year
2304. Private passenger auto escrow	28,145	
2305. Retroactive reinsurance reserve	(64,837,148)	(66,504,930)
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	(64,809,003)	(66,504,930)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT