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, 2010

PROPERTY AND CASUALTY

2010

42404201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
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: Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board and CEO

Edmund Francis Kelly

	Name	Title
1.	David Henry Long #	President
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 & Assistant Treasurer
Timothy Michael Sweeney	Vice President	Dennis James Langwell	VP & Chief Financial Officer
Christopher Charles Mansfield	VP, Gen. Counsel & Asst. Secretary	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
Mark Ardon Butler #	Stephen Douglas Hylka	David Henry Long #	

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)
David Henry Long #	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
President	Vice President & Secretary	Vice President & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
31st day of January , 2011, by

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

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,019,136,912		1,019,136,912	763,166,915
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				41,874
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 ($ 0, Schedule E - Part 1), cash equivalents ($ 16,841,493, Schedule E - Part 2), and short-term investments ($ 15,971,860, Schedule DA)	32,813,353		32,813,353	88,192,283
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	64,303,366		64,303,366	60,679,280
9. Receivables for securities	2,283,213		2,283,213	
10. Securities lending reinvested collateral assets	41,696,571		41,696,571	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,160,233,415		1,160,233,415	912,080,352
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	10,370,128		10,370,128	7,165,984
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	43,262,425	1,395,678	41,866,747	35,631,482
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (155,916) earned but unbilled premiums)	109,509,219	18,437	109,490,782	84,459,460
15.3 Accrued retrospective premiums	25,463,681	2,552,714	22,910,967	13,192,033
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	3,440	1,093	2,347	387
18.1 Current federal and foreign income tax recoverable and interest thereon				6,309,384
18.2 Net deferred tax asset	41,619,990	5,860,644	35,759,346	34,351,190
19. Guaranty funds receivable or on deposit	1,218,125		1,218,125	1,329,939
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	5,370,624		5,370,624	
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	35,382,423	1,411,748	33,970,675	23,997,372
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,432,433,470	11,240,314	1,421,193,156	1,118,517,583
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,432,433,470	11,240,314	1,421,193,156	1,118,517,583

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	22,433,053		22,433,053	15,331,376
2502. Amounts receivable under high deductible policies	8,901,063	2,319	8,898,744	6,888,166
2503. Equities and deposits in pools and associations	2,441,473		2,441,473	1,101,384
2598. Summary of remaining write-ins for Line 25 from overflow page	1,606,834	1,409,429	197,405	676,446
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	35,382,423	1,411,748	33,970,675	23,997,372

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	697,631,883	503,227,918
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	33,290,853	22,562,622
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	139,810,190	101,808,760
4.	Commissions payable, contingent commissions and other similar charges	3,695,468	4,796,896
5.	Other expenses (excluding taxes, licenses and fees)	9,746,561	9,290,140
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	10,925,099	6,728,338
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	15,865,894	
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 $ 495,019,701 and including warranty reserves of $ 0)	189,839,082	131,721,712
10.	Advance premium	2,324,831	1,755,517
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	258,885	72,031
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	3,312,071	4,330,482
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	16,964,541	11,761,127
19.	Payable to parent, subsidiaries and affiliates	500,235	9,064,860
20.	Derivatives		
21.	Payable for securities	12,909,982	5,317,188
22.	Payable for securities lending	41,696,571	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(33,749,651)	33,467,576
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,145,022,495	845,905,167
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	1,145,022,495	845,905,167
29.	Aggregate write-ins for special surplus funds	54,585,388	46,519,294
30.	Common capital stock	3,500,000	3,500,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	156,162,500	156,162,500
35.	Unassigned funds (surplus)	61,922,773	66,430,622
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	276,170,661	272,612,416
38.	Totals (Page 2, Line 28, Col. 3)	1,421,193,156	1,118,517,583

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	31,565,027	26,065,367
2502.	Other liabilities	17,909,204	14,660,204
2503.	Private passenger auto escrow	21,915	28,145
2598.	Summary of remaining write-ins for Line 25 from overflow page	(83,245,797)	(7,286,140)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(33,749,651)	33,467,576
2901.	Special surplus from retroactive reinsurance	51,754,409	38,708,866
2902.	SSAP 10R incremental change	2,830,979	7,810,428
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	54,585,388	46,519,294
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	414,229,673	298,786,419
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	269,775,515	196,653,188
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	74,021,833	58,214,592
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	103,927,863	76,944,702
5.	Aggregate write-ins for underwriting deductions	(15,611)	28,145
6.	Total underwriting deductions (Lines 2 through 5)	447,709,600	331,840,627
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(33,479,927)	(33,054,208)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	43,251,522	38,251,555
10.	Net realized capital gains (losses) less capital gains tax of $ 1,906,949 (Exhibit of Capital Gains (Losses))	3,478,772	(4,549,602)
11.	Net investment gain (loss) (Lines 9 + 10)	46,730,294	33,701,953
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 135,444 amount charged off $ 3,057,169)	(2,921,725)	(2,356,918)
13.	Finance and service charges not included in premiums	1,823,037	1,489,999
14.	Aggregate write-ins for miscellaneous income	(3,130,502)	(3,916,423)
15.	Total other income (Lines 12 through 14)	(4,229,190)	(4,783,342)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	9,021,177	(4,135,597)
17.	Dividends to policyholders	2,517,914	694,148
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)	6,503,263	(4,829,745)
19.	Federal and foreign income taxes incurred	4,698,351	(412,214)
20.	Net income (Line 18 minus Line 19) (to Line 22)	1,804,912	(4,417,531)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	272,612,416	255,409,948
22.	Net income (from Line 20)	1,804,912	(4,417,531)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 667,094	2,081,171	7,627,043
25.	Change in net unrealized foreign exchange capital gain (loss)	(965,927)	856,974
26.	Change in net deferred income tax	7,935,894	(13,473,403)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(3,474,919)	18,167,258
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(3,822,886)	8,442,127
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	3,558,245	17,202,468
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	276,170,661	272,612,416

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(15,611)	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)	(15,611)	28,145
1401.	Retroactive reinsurance gain/(loss)	5,229,366	934,477
1402.	Other income/(expense)	(8,359,868)	(4,850,900)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(3,130,502)	(3,916,423)
3701.	Other changes in surplus	1,156,564	631,699
3702.	SSAP 10R incremental change	(4,979,450)	7,810,428
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(3,822,886)	8,442,127

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	430,009,884	289,885,964
2. Net investment income	42,554,680	38,297,182
3. Miscellaneous income	(2,972,971)	3,464,425
4. Total (Lines 1 through 3)	469,591,593	331,647,571
5. Benefit and loss related payments	61,090,110	195,555,650
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	136,797,895	137,165,736
8. Dividends paid to policyholders	2,331,060	667,052
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(15,569,978)	2,566,935
10. Total (Lines 5 through 9)	184,649,087	335,955,373
11. Net cash from operations (Line 4 minus Line 10)	284,942,506	(4,307,802)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	178,149,098	143,828,174
12.2 Stocks	147,115	78,227,270
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	9,827,357	4,114,971
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(2,283,213)	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	185,840,357	226,170,415
13. Cost of investments acquired (long-term only):		
13.1 Bonds	434,870,247	256,122,733
13.2 Stocks	27,304	3,916,890
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	49,814,041	6,959,324
13.6 Miscellaneous applications	(7,592,795)	(5,317,188)
13.7 Total investments acquired (Lines 13.1 to 13.6)	477,118,797	261,681,759
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)	(291,278,440)	(35,511,344)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(49,042,996)	46,700,836
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(49,042,996)	46,700,836
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)	(55,378,930)	6,881,690
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	88,192,283	81,310,593
19.2 End of year (Line 18 plus Line 19.1)	32,813,353	88,192,283

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

20.0001	13.1 Cost of Investment Acquired - Bonds	217,793,692	
20.0002			
20.0003			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	9,542,920	3,640,885	4,367,345	8,816,460
2. Allied lines	4,639,074	1,834,726	2,059,733	4,414,067
3. Farmowners multiple peril	3,837			3,837
4. Homeowners multiple peril	64,003,345	22,167,106	31,824,594	54,345,857
5. Commercial multiple peril	10,474,795	3,404,901	6,074,277	7,805,419
6. Mortgage guaranty				
8. Ocean marine	2,049,320	576,076	788,441	1,836,955
9. Inland marine	27,040,035	1,095,565	1,460,315	26,675,285
10. Financial guaranty				
11.1 Medical professional liability—occurrence	448,085		312,351	135,734
11.2 Medical professional liability—claims-made	92,400	12,929	18,988	86,341
12. Earthquake	1,279,818	497,265	614,874	1,162,209
13. Group accident and health	69,774			69,774
14. Credit accident and health (group and individual)				
15. Other accident and health	19,331	18	2,997	16,352
16. Workers' compensation	113,163,099	1,608,480	931,516	113,840,063
17.1 Other liability—occurrence	27,888,230	7,495,207	11,580,562	23,802,875
17.2 Other liability—claims-made	9,919,022	4,704,590	5,277,530	9,346,082
17.3 Excess Workers' Compensation	4,234,055	975,532	1,948,752	3,260,835
18.1 Products liability—occurrence	5,203,378	1,552,615	2,580,401	4,175,592
18.2 Products liability—claims-made	313,565	49,795	51,991	311,369
19.1,19.2 Private passenger auto liability	113,652,308	36,162,947	51,268,310	98,546,945
19.3,19.4 Commercial auto liability	18,364,577	4,256,080	5,498,730	17,121,927
21. Auto physical damage	34,158,727	25,446,096	35,476,500	24,128,323
22. Aircraft (all perils)	2,367,564	599,597	613,366	2,353,795
23. Fidelity	418,264	181,990	161,378	438,876
24. Surety	56,001	17,944	52,850	21,095
26. Burglary and theft	16,581	6,438	6,058	16,961
27. Boiler and machinery	868,274	34,039	356,432	545,881
28. Credit				
29. International				
30. Warranty	246			246
31. Reinsurance-Nonproportional Assumed Property	6,926,444	287,272	524,698	6,689,018
32. Reinsurance-Nonproportional Assumed Liability	3,908,445	455,804	662,918	3,701,331
33. Reinsurance-Nonproportional Assumed Financial Lines	10,051			10,051
34. Aggregate write-ins for other lines of business				
35. TOTALS	461,131,565	117,063,897	164,515,907	413,679,555

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	4,241,614	125,731			4,367,345
2. Allied lines	1,972,710	87,022			2,059,732
3. Farmowners multiple peril					
4. Homeowners multiple peril	31,824,594				31,824,594
5. Commercial multiple peril	4,309,474	1,764,804			6,074,278
6. Mortgage guaranty					
8. Ocean marine	627,099	161,342			788,441
9. Inland marine	1,043,872	416,443			1,460,315
10. Financial guaranty					
11.1 Medical professional liability—occurrence	312,351				312,351
11.2 Medical professional liablity—claims-made	18,045	943			18,988
12. Earthquake	607,155	7,719			614,874
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	2,997				2,997
16. Workers' compensation	22,444,939	2,252,267		(23,765,690)	931,516
17.1 Other liability—occurrence	9,632,842	2,299,432		(351,713)	11,580,561
17.2 Other liability—claims-made	3,241,474	2,036,057			5,277,531
17.3 Excess Workers' Compensation	1,785,235	163,518			1,948,753
18.1 Products liability—occurrence	1,513,675	1,192,680		(125,954)	2,580,401
18.2 Products liability—claims-made	51,991				51,991
19.1,19.2 Private passenger auto liability	51,268,310				51,268,310
19.3,19.4 Commercial auto liability	6,519,663	58,885		(1,079,818)	5,498,730
21. Auto physical damage	35,486,891	(10,391)			35,476,500
22. Aircraft (all perils)	613,366				613,366
23. Fidelity	150,563	10,815			161,378
24. Surety	763	52,087			52,850
26. Burglary and theft	6,053	5			6,058
27. Boiler and machinery	349,284	7,148			356,432
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	524,698				524,698
32. Reinsurance-Nonproportional Assumed Liability	655,456	7,462			662,918
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	179,205,114	10,633,969		(25,323,175)	164,515,908
36. Accrued retrospective premiums based on experience					25,323,176
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					189,839,084

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	38,643	9,542,920		38,643		9,542,920
2. Allied lines	187,020	4,639,074		187,020		4,639,074
3. Farmowners multiple peril		3,837				3,837
4. Homeowners multiple peril	257,981,332	64,003,345		257,981,332		64,003,345
5. Commercial multiple peril	4,104,947	10,474,795		4,104,947		10,474,795
6. Mortgage guaranty						
8. Ocean marine		2,049,320				2,049,320
9. Inland marine	4,355,879	27,040,035		4,355,879		27,040,035
10. Financial guaranty						
11.1 Medical professional liability--occurrence		448,085				448,085
11.2 Medical professional liability--claims-made		92,400				92,400
12. Earthquake	1,421,356	1,279,818		1,421,356		1,279,818
13. Group accident and health		69,774				69,774
14. Credit accident and health (group and individual)						
15. Other accident and health		19,331				19,331
16. Workers' compensation	884,627,586	113,163,099		884,627,586		113,163,099
17.1 Other liability—occurrence	25,022,492	27,888,230		25,022,492		27,888,230
17.2 Other liability—claims-made		9,919,022				9,919,022
17.3 Excess Workers' Compensation	75,398,030	4,234,055		75,398,030		4,234,055
18.1 Products liability—occurrence	4,467,056	5,203,378		4,467,056		5,203,378
18.2 Products liability—claims-made		313,565				313,565
19.1,19.2 Private passenger auto liability	40,457,759	113,652,308		40,457,759		113,652,308
19.3,19.4 Commercial auto liability	25,623,814	18,364,577		25,623,814		18,364,577
21. Auto physical damage	28,147,304	34,158,727		28,147,304		34,158,727
22. Aircraft (all perils)		2,367,564				2,367,564
23. Fidelity	26,430	418,264		26,430		418,264
24. Surety	19,656	56,001		19,656		56,001
26. Burglary and theft	15,020	16,581		15,020		16,581
27. Boiler and machinery	3,397	868,274		3,397		868,274
28. Credit						
29. International						
30. Warranty		246				246
31. Reinsurance-Nonproportional Assumed Property	X X X	6,926,444				6,926,444
32. Reinsurance-Nonproportional Assumed Liability	X X X	3,908,445				3,908,445
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	10,051				10,051
34. Aggregate write-ins for other lines of business						
35. TOTALS	1,351,897,721	461,131,565		1,351,897,721		461,131,565

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 $ 957,774,055

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 1,067,573,322

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	29,117	4,357,725	29,117	4,357,725	3,715,178	4,631,158	3,441,745	39.038
2. Allied lines	267,768	1,961,140	267,768	1,961,140	1,533,343	849,390	2,645,093	59.924
3. Farmowners multiple peril		1,737		1,737		1	1,736	45.244
4. Homeowners multiple peril	125,575,726	27,963,869	125,575,726	27,963,869	15,426,685	10,680,092	32,710,462	60.189
5. Commercial multiple peril	2,373,307	3,766,532	2,373,307	3,766,532	12,836,190	9,756,714	6,846,008	87.708
6. Mortgage guaranty								
8. Ocean marine	21,971	(129,310)	21,971	(129,310)	2,189,308	1,891,421	168,577	9.177
9. Inland marine	1,480,876	17,841,462	1,480,876	17,841,462	3,552,894	3,209,994	18,184,362	68.169
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(6,034)		(6,034)	(23,471)	17,852	(47,357)	(34.890)
11.2 Medical professional liability—claims-made		344		344	57,635	66,414	(8,435)	(9.769)
12. Earthquake		(2,301)		(2,301)	6,190	9,439	(5,550)	(0.478)
13. Group accident and health		6,618		6,618	112,210	74,675	44,153	63.280
14. Credit accident and health (group and individual)								
15. Other accident and health		(10,480)		(10,480)	77,062	60,939	5,643	34.510
16. Workers' compensation	594,789,073	(32,164,704)	594,789,073	(32,164,704)	404,841,362	283,533,441	89,143,217	78.306
17.1 Other liability—occurrence	9,498,648	(1,382,946)	9,498,648	(1,382,946)	73,894,667	54,886,659	17,625,062	74.046
17.2 Other liability—claims-made	296,872	131,817	296,872	131,817	17,995,977	12,444,614	5,683,180	60.808
17.3 Excess Workers' Compensation	16,525,358	(2,822,250)	16,525,358	(2,822,250)	16,322,283	10,399,729	3,100,304	95.077
18.1 Products liability—occurrence	1,079,840	(1,049,960)	1,079,840	(1,049,960)	14,943,241	15,775,068	(1,881,787)	(45.066)
18.2 Products liability—claims-made		(154,367)		(154,367)	868,410	594,274	119,769	38.465
19.1,19.2 Private passenger auto liability	46,289,266	38,693,013	46,289,266	38,693,013	83,016,507	58,182,883	63,526,637	64.463
19.3,19.4 Commercial auto liability	14,942,559	3,940,691	14,942,559	3,940,691	22,448,495	17,768,803	8,620,383	50.347
21. Auto physical damage	14,867,296	12,554,472	14,867,296	12,554,472	(93,242)	(149,409)	12,610,639	52.265
22. Aircraft (all perils)		594,812		594,812	1,864,584	2,871,213	(411,817)	(17.496)
23. Fidelity		324,753		324,753	825,533	487,997	662,289	150.906
24. Surety		(13,437)		(13,437)	36,641	52,227	(29,023)	(137.582)
26. Burglary and theft		426		426	26,284	6,756	19,954	117.646
27. Boiler and machinery	3,282	20,764	3,282	20,764	76,504	15,156	82,112	15.042
28. Credit								
29. International								
30. Warranty		(137)		(137)	1,486	411	938	381.301
31. Reinsurance-Nonproportional Assumed Property	X X X	4,273,887		4,273,887	4,919,698	3,023,642	6,169,943	92.240
32. Reinsurance-Nonproportional Assumed Liability	X X X	(1,650,934)		(1,650,934)	15,990,670	11,948,777	2,390,959	64.597
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	(27,038)		(27,038)	169,559	137,585	4,936	49.110
34. Aggregate write-ins for other lines of business								
35. TOTALS	828,040,959	77,020,164	828,040,959	77,020,164	697,631,883	503,227,915	271,424,132	65.612

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
	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	5,350	2,465,734	5,350	2,465,734	35,526	1,249,444	35,526	3,715,178	351,233
2. Allied lines	138,238	897,005	138,238	897,005	594,625	636,338	594,625	1,533,343	211,315
3. Farmowners multiple peril									
4. Homeowners multiple peril	34,717,582	9,093,582	34,717,582	9,093,582	16,496,814	6,333,102	16,496,814	15,426,684	4,111,747
5. Commercial multiple peril	3,653,170	6,767,324	3,653,170	6,767,324	7,875,020	6,068,866	7,875,020	12,836,190	4,521,640
6. Mortgage guaranty									
8. Ocean marine	7,000	1,230,887	7,000	1,230,887	1,970	958,421	1,970	2,189,308	412,207
9. Inland marine	53,482	639,456	53,482	639,456	68,413	2,913,438	68,413	3,552,894	430,218
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		8,151		8,151		(31,622)		(23,471)	706
11.2 Medical professional liablity—claims-made		3,720		3,720		53,915		57,635	31,741
12. Earthquake		7,061		7,061	143	(872)	143	6,189	576
13. Group accident and health		93,447		93,447		18,763		(a) 112,210	8,420
14. Credit accident and health (group and individual)									
15. Other accident and health		11,522		11,522		65,540		(a) 77,062	5,334
16. Workers' compensation	1,317,291,695	222,316,852	1,317,291,695	222,316,852	1,884,037,766	182,524,510	1,884,037,766	404,841,362	54,891,134
17.1 Other liability—occurrence	32,450,553	29,402,818	32,450,553	29,402,818	10,481,317	44,491,849	10,481,317	73,894,667	33,393,358
17.2 Other liability—claims-made	3,887,469	4,575,882	3,887,469	4,575,882		13,420,095		17,995,977	5,825,267
17.3 Excess Workers' Compensation	180,778,223	6,620,777	180,778,223	6,620,777	248,206,745	9,701,506	248,206,745	16,322,283	1,336,714
18.1 Products liability—occurrence	1,051,721	3,670,475	1,051,721	3,670,475	9,954,187	11,272,766	9,954,187	14,943,241	9,693,406
18.2 Products liability—claims-made		(17,600)		(17,600)		886,010		868,410	536,272
19.1,19.2 Private passenger auto liability	27,143,958	47,865,371	27,143,958	47,865,371	21,142,591	35,151,137	21,142,591	83,016,508	16,109,929
19.3,19.4 Commercial auto liability	21,409,665	12,661,054	21,409,665	12,661,054	13,641,509	9,787,441	13,641,509	22,448,495	3,284,460
21. Auto physical damage		104,912		104,912	(303,111)	(198,154)	(303,111)	(93,242)	2,497,628
22. Aircraft (all perils)		1,451,972		1,451,972		412,612		1,864,584	728,746
23. Fidelity		38,574		38,574	(25,642)	786,959	(25,642)	825,533	177,992
24. Surety		27,824		27,824	1,936	8,817	1,936	36,641	(8,594)
26. Burglary and theft		1,148		1,148	23,047	25,136	23,047	26,284	17,443
27. Boiler and machinery		29,294		29,294		47,210		76,504	8,647
28. Credit									
29. International									
30. Warranty						1,486		1,486	(2,467)
31. Reinsurance-Nonproportional Assumed Property	X X X	2,601,448		2,601,448	X X X	2,318,251		4,919,699	104,415
32. Reinsurance-Nonproportional Assumed Liability	X X X	4,885,218		4,885,218	X X X	11,105,452		15,990,670	1,128,574
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	165,370		165,370	X X X	4,188		169,558	2,128
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,622,588,106	357,619,278	1,622,588,106	357,619,278	2,212,232,856	340,012,604	2,212,232,856	697,631,882	139,810,189

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	99,003,260			99,003,260
1.2 Reinsurance assumed	38,637,576			38,637,576
1.3 Reinsurance ceded	99,003,260			99,003,260
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	38,637,576			38,637,576
2. Commission and brokerage:				
2.1 Direct, excluding contingent		26,612,411		26,612,411
2.2 Reinsurance assumed, excluding contingent		(19,741,989)		(19,741,989)
2.3 Reinsurance ceded, excluding contingent		26,612,411		26,612,411
2.4 Contingent—direct		2,317,635		2,317,635
2.5 Contingent—reinsurance assumed		4,418,288		4,418,288
2.6 Contingent—reinsurance ceded		2,317,635		2,317,635
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)		(15,323,701)		(15,323,701)
3. Allowances to manager and agents		5,621,340	22	5,621,362
4. Advertising	630,278	7,420,976	11,320	8,062,574
5. Boards, bureaus and associations	108,576	1,088,063	373	1,197,012
6. Surveys and underwriting reports	872	1,519,882	13,019	1,533,773
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	21,040,426	43,346,477	1,297,659	65,684,562
8.2 Payroll taxes	1,282,921	2,909,835	91,884	4,284,640
9. Employee relations and welfare	4,603,582	10,443,381	98,422	15,145,385
10. Insurance	1,673,896	709,089	10,936	2,393,921
11. Directors' fees	37	82	1	120
12. Travel and travel items	1,271,998	2,967,995	28,581	4,268,574
13. Rent and rent items	1,627,227	3,826,454	33,368	5,487,049
14. Equipment	1,400,944	3,365,494	36,071	4,802,509
15. Cost or depreciation of EDP equipment and software	261,931	2,032,212	23,645	2,317,788
16. Printing and stationery	221,221	816,077	4,418	1,041,716
17. Postage, telephone and telegraph, exchange and express	666,609	2,988,363	44,291	3,699,263
18. Legal and auditing	200,365	815,052	62,191	1,077,608
19. Totals (Lines 3 to 18)	34,990,883	89,870,772	1,756,201	126,617,856
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 269,233		17,544,287		17,544,287
20.2 Insurance department licenses and fees		814,235		814,235
20.3 Gross guaranty association assessments		16,842		16,842
20.4 All other (excluding federal and foreign income and real estate)		811,159		811,159
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		19,186,523		19,186,523
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	393,375	10,194,270	290,756	10,878,401
25. Total expenses incurred	74,021,834	103,927,864	2,046,957	(a) 179,996,655
26. Less unpaid expenses—current year	139,810,190	24,367,128		164,177,318
27. Add unpaid expenses—prior year	101,808,760	20,815,373		122,624,133
28. Amounts receivable relating to uninsured plans, prior year		387		387
29. Amounts receivable relating to uninsured plans, current year		2,347		2,347
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	36,020,404	100,378,069	2,046,957	138,445,430

DETAILS OF WRITE-IN LINES				
2401. Other expenses	1,782,065	10,194,270	290,756	12,267,091
2402. Change in unallocated expense reserves	(1,388,690)			(1,388,690)
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	393,375	10,194,270	290,756	10,878,401

(a) Includes management fees of $ 2,046,418 to affiliates and $ 6,311,322 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 8,556,956	8,678,266
1.1	Bonds exempt from U.S. tax	(a) 6,330,381	8,373,349
1.2	Other bonds (unaffiliated)	(a) 26,299,549	27,340,243
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 147	147
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
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) 46,881	46,054
7.	Derivative instruments	(f)	
8.	Other invested assets	641,919	641,919
9.	Aggregate write-ins for investment income	218,502	218,502
10.	Total gross investment income	42,094,335	45,298,480
11.	Investment expenses		(g) 2,046,957
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)		2,046,957
17.	Net investment income (Line 10 minus Line 16)		43,251,523

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)...	218,502	218,502
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)	218,502	218,502
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes $ 1,045,864 accrual of discount less $ 3,553,168 amortization of premium and less $ 3,346,261 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 $ 0 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	416,345		416,345		
1.1	Bonds exempt from U.S. tax	486,833		486,833	(95,011)	
1.2	Other bonds (unaffiliated)	640,610		640,610	307,374	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	35,070		35,070		
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	53,100		53,100	(10,233)	
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	5,164,396	(1,410,633)	3,753,763	2,546,136	(965,927)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	6,796,354	(1,410,633)	5,385,721	2,748,266	(965,927)

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,395,678	589,289	(806,389)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	18,437		(18,437)
15.3 Accrued retrospective premiums	2,552,714	1,465,781	(1,086,933)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	1,093	457	(636)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	5,860,644		(5,860,644)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	1,411,748	696,542	(715,206)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	11,240,314	2,752,069	(8,488,245)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	11,240,314	2,752,069	(8,488,245)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	1,409,429	691,940	(717,489)
2502. Amounts receivable under high deductible policies	2,319	4,602	2,283
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,411,748	696,542	(715,206)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Illinois, 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 applies the following accounting policies, where applicable:

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

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

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

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

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

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

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

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

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	$ (114,178)	
Fair Value of Securities with Unrealized Losses	$ 14,001,692	

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

E. Repurchase Agreements and Securities Lending

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

2. The Company maintained collateral for loaned securities.

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 41,702,764
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	41,702,764
Securities Received	394,638
Total Collateral Received	$ 42,097,402

4. Securities Lending Transactions Administered by an Affiliated Agent

   Not applicable

5. Collateral Reinvestment

   a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 22,327,579	$ 22,328,082
31 to 60 Days	17,938,205	17,939,042
61 to 90 Days	1,435,147	1,435,640
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	41,700,931	41,702,764
Securities Received	394,638	394,638
Total Collateral Reinvested	$ 42,095,569	$ 42,097,402

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

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

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

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

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 $1,410,633 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 (over 180 days for mortgage loans in default).

NOTES TO FINANCIAL STATEMENTS

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

Note 8 - Derivative Instruments

The Company maintains an active Derivative Use Policy as approved by the New York State Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	48,083,305	8,489,665	56,572,970	38,352,128	10,721,492	49,073,620	9,731,177	(2,231,827)	7,499,350
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	48,083,305	8,489,665	56,572,970	38,352,128	10,721,492	49,073,620	9,731,177	(2,231,827)	7,499,350
Deferred Tax Liabilities	(14,952,980)	0	(14,952,980)	(14,722,430)	0	(14,722,430)	(230,550)	0	(230,550)
Net DTA (DTL)	33,130,325	8,489,665	41,619,990	23,629,698	10,721,492	34,351,190	9,500,627	(2,231,827)	7,268,800
Deferred Tax Assets Nonadmitted	(5,712,379)	(148,265)	(5,860,644)	0	0	0	(5,712,379)	(148,265)	(5,860,644)
Net Admitted DTA (DTL)	27,417,946	8,341,400	35,759,346	23,629,698	10,721,492	34,351,190	3,788,248	(2,380,092)	1,408,156

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

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	10,773,017	3,867,605	14,640,622	831,000	2,383,000	3,214,000	9,942,017	1,484,605	11,426,622
Lesser of:									
Expected to be recognized within one year (10bi.)	13,813,950	4,473,795	18,287,745	16,860,486	8,338,492	25,198,978	(3,046,536)	(3,864,697)	(6,911,233)
10% of adjusted capital and surplus (10bii.)			24,784,801			23,326,762			
Adj. gross DTAs offset against existing DTLs (10c.)	14,952,980	0	14,952,980	14,722,430	0	14,722,430	230,550	0	230,550
Total	39,539,947	8,341,400	47,881,347	32,413,916	10,721,492	43,135,408	7,126,031	(2,380,092)	4,745,939

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	10,773,017	3,867,605	14,640,622	831,000	2,383,000	3,214,000	9,942,017	1,484,605	11,426,622
Lesser of:									
Expected to be recognized within three years (10eiia.)	16,644,929	4,473,795	21,118,724	23,194,408	8,338,492	31,532,900	(6,549,479)	(3,864,697)	(10,414,176)
15% of adjusted capital and surplus (10eiib.)			37,177,201			34,990,143			
Adj. gross DTAs offset against existing DTLs (10eiii.)	14,952,980	0	14,952,980	14,326,720	0	14,326,720	626,260	0	626,260
Total	42,370,926	8,341,400	50,712,326	38,352,128	10,721,492	49,073,620	4,018,798	(2,380,092)	1,638,706

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	273,339,682	264,801,988	8,537,694
Authorized Control Level	59,629,876	44,600,356	15,029,520

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	24,586,967	8,341,400	32,928,367	15,819,270	10,721,492	26,540,762	8,767,697	(2,380,092)	6,387,605
Admitted Assets			1,418,362,177			1,110,707,155			307,655,022
Adjusted Statutory Surplus			273,339,682			264,801,988			8,537,694
Total Adjusted Capital from DTAs			273,339,682			264,801,988			8,537,694

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	2,830,979	0	2,830,979	7,810,428	0	7,810,428	(4,979,449)	0	(4,979,449)
Admitted Assets			1,421,193,156			1,118,517,583			302,675,573
Adjusted Statutory Surplus			276,170,661			272,612,416			3,558,245
Total Adjusted Capital from DTAs			276,170,661			272,612,416			3,558,245

	December 31, 2010		
	(1)	(2)	(3)
Impact of Tax Planning Strategies			(Col 1 + 2)
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	43%	9%	52%

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

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

	2010	2009
Federal	4,698,351	(412,214)
Foreign	0	0
Realized capital gains	1,906,949	(2,449,786)
Federal and foreign income taxes incurred	6,605,300	(2,862,000)

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, loss based assessments, allowance for doubtful accounts, investment impairments, partnership investments, unrealized gains and losses and statutory non-admitted assets.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	7,935,894
Change in tax effect of unrealized (gains) losses	(667,094)
Total change in net deferred income tax	7,268,800

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interests, limits on unearned premium reserve deductions, discounting of unpaid losses and LAE reserves and change in prior year estimates.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $13,807,300 from the current year and none from the preceding year.

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

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

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

Access Insurance Services, Co.
America First Insurance Company
American Economy Insurance Company
AMBCO Capital Corporation
America First Lloyds Insurance Company
American Fire & Casualty Company

NOTES TO FINANCIAL STATEMENTS

American States Insurance Company
American States Lloyds Insurance Company
Avomark Insurance Company (merged 2/23/2010)
Berkeley Holding Company Associates, Inc.
Bridgefield Casualty Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010
Cascade Disability Management, Inc.
Commercial Aviation Insurance, Inc.
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)
Copley Venture Capital, Inc.
Emerald City Insurance Agency, Inc.
Excelsior Insurance Company
First National Insurance Company of America
Florida State Agency, Inc. (Dissolved 8/20/2010)
General America Corporation of Texas
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Indiana Insurance Company
LEXCO Limited
Liberty Assignment Corporation
Liberty Financial Services, Inc.
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty International Holdings Inc.
Liberty Life Holdings Inc.
Liberty Management Services, Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Group Inc.
Liberty Mutual Insurance Company
Liberty Northwest Insurance Corporation
Liberty RE (Bermuda) Limited
Liberty Surplus Insurance Corporation
LIU Specialty Insurance Agency Inc.
LM Insurance Corporation
LM Property & Casualty Insurance Company
LRE Properties, Inc.
Mid-American Fire & Casualty Company
OCASCO Budget, Inc.
Ohio Casualty Corporation
Open Seas Solutions, Inc.
Peerless Indemnity Insurance Company
Pilot Insurance Services, Inc.
S.C. Bellevue, Inc.
Safeco Corporation
Safeco Insurance Company of America
Safeco Insurance Company of Indiana
Safeco Lloyds Insurance Company
Safeco Properties, Inc.
San Diego Insurance Company
St. James Insurance Company Ltd.
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)
Summit Consulting, Inc. of Louisiana
The First Liberty Insurance Corporation
The Ohio Casualty Insurance Company
Wausau General Insurance Company
West American Insurance Company
Winmar of the Desert, Inc.
Winmar-Metro, Inc.

American States Insurance Company of Texas
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Management Corporation
Bridgefield Employers Insurance Company
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Colorado Casualty Insurance Company
Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Consolidated Insurance Company
Diversified Settlements, Inc.
Employers Insurance Company of Wausau
F.B. Beattie & Co., Inc.
First State Agency Inc.
General America Corporation
General Insurance Company of America
Gulf States AIF, Inc.
Heritage-Summit HealthCare, Inc.
Insurance Company of Illinois
Liberty-USA Corporation
Liberty Energy Canada, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Holdings, Inc.
Liberty International Europe Inc.
Liberty Life Assurance Company of Boston
Liberty Lloyds of Texas Insurance Company
Liberty Mexico Holdings Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Holding Company Inc.
Liberty Mutual Personal Insurance Company
Liberty Personal Insurance Company
Liberty Sponsored Insurance (Vermont) Inc.
LIH-RE of America Corporation
LM General Insurance Company
LM Personal Insurance Company
LMHC Massachusetts Holdings Inc.
Mid-American Agency, Inc. (Dissolved 8/20/2010)
North Pacific Insurance Company
OCI Printing, Inc.
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Insurance Company
Rianoc Research Corporation
SAFECARE Company, Inc.
Safeco General Agency, Inc.
Safeco Insurance Company of Illinois
Safeco Insurance Company of Oregon
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
SCIT, Inc.
State Agency, Inc. (Indiana corporation) (Dissolved 8/23/2010)
Summit Consulting, Inc.
Summit Holding Southeast, Inc.
The Midwestern Indemnity Company
The Netherlands Insurance Company
The National Corporation
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
Winmar Company, Inc.
Winmar Oregon, Inc.

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. Contributed capital in the amount of $156,856.

D. At December 31, 2010, the Company reported a net $4,870,389 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

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

F. Refer to Note 26 for information regarding the 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 Liberty Mutual Group Inc. ("LMGI"), an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA") and a cash management agreement with LMIA. Under these agreements, LMGI and LMIA 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, 2010, 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 a member of a holding company structure as illustrated in Schedule Y Part 1.

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

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

J. The Company does not own any investments in subsidiary, controlled or affiliated entities.

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

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

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

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

Note 12 - Retirement Plans, Deferred Compensation, 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 26.

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

1. The Company has 30,000 shares authorized and 25,000 shares issued and outstanding as of December 31, 2010. All shares have a stated par value of $140.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent in 2010.

NOTES TO FINANCIAL STATEMENTS

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 or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2011 is $27,617,066.

6. As of December 31, 2010, the Company has restricted surplus of $2,830,979 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* and pre-tax restricted surplus of $51,754,409 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

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

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $(2,217,701) after applicable deferred taxes of $1,128,514.

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

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

B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of $8,924,131 that is offset by future premium tax credits of $1,010,385. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies.

Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2010.

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

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$4,662,338

NOTES TO FINANCIAL STATEMENTS

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

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

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

E. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2011	$1,349,856	$4,321,034
2012	1,340,708	4,242,384
2013	1,339,121	3,212,845
2014	852,123	1,881,133
2015	837,618	1,126,817
2016 & thereafter	264,821	5,371,557
Total	$5,984,247	$20,155,770

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

NOTES TO FINANCIAL STATEMENTS

the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2010 the total fair value of securities on loan was $40,957,143, with corresponding collateral value of $42,097,402 of which $41,702,764 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 in excess of actual expenses on ASO plans and the net gain was $36,955. Claim payment volume was $1,687,650.

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 or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

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

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

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

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

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

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

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

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 8,502,609	-	$ 8,502,609
Total Bonds	-	$ 8,502,609	-	$ 8,502,609
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Total assets at fair value	$0	$ 8,502,609	$0	$ 8,502,609
Liabilities at fair value				
Total liabilities at fair value	$0	$0	$0	$0

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

NOTES TO FINANCIAL STATEMENTS

2. Rollforward of Level 3 Items

   The Company has no assets or liabilities measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

   Fixed Maturities

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

   U.S. government and agency

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

   Mortgage-Backed Securities

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

   Asset-Backed Securities

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

   Municipals

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

   Corporate debt and other

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

   Foreign government securities

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

NOTES TO FINANCIAL STATEMENTS

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

   Not applicable

B. This Disclosure was removed by NAIC December 2010.

C. Other Fair Value Disclosures

   Not applicable

D. Reasons Not Practical to Estimate Fair Value

   Not applicable

Note 21 - Other Items

A. Extraordinary Items

   The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: 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 2010 and 2009.

      b) The Company reported loss recoveries from the Special Disability Trust Fund of $82,936 in 2010 and $78,512 in 2009.

      c) The amount the Company was assessed by the Special Disability Trust Fund was $570,729 in 2010 and $1,244,097 in 2009.

   2) Assets in the amount of $74,845,966 and $111,854,565 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

   3) Interrogatory 6.1

      In 2010, as a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of Workers' Compensation Catastrophe reinsurance with limits of $400,000,000 part of $500,000,000 xs $700,000,000 purchased by LMIC, the lead company of the inter-company reinsurance pool.

      Interrogatory 6.3

      As a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of $1,500,000,000 part of $1,700,000,000 xs $1,300,000,000, $150,000,000 xs $1,150,000,000 (Earthquake only), $455,000,000 part of $650,000,000 xs $650,000,000 xs $650,000,000 in second event coverage, and a 30% QS treaty in place for its US Homeowners portfolio that covers catastrophe losses up to $1,750,000,000 for Wind and $400,000,000 for Earthquake, purchased by LMIC, the lead company of the inter-company reinsurance pool.

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

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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
Brownfields Tax Credit	MA	$278,480	$278,480
Historical Rehabilitation Credit	OK	$182,000	$182,000
Total		$460,480	$460,480

(1) 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.

(2) Impairment Loss

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

G. Subprime-Mortgage-Related Risk Exposure

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

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

3. The Company does not have any direct exposure through other investments.

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

Note 22 - Events Subsequent

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

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

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$189,839,082	$1,692,724	$495,019,701	$10,593,215	$(305,180,619)	$(8,900,491)
All Other	0	0	0	0	0	0
Total	$189,839,082	$1,692,724	$495,019,701	$10,593,215	$(305,180,619)	$(8,900,491)

Direct Unearned Premium Reserve: $495,019,701

NOTES TO FINANCIAL STATEMENTS

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$747,169	$926,423	$747,169	$926,423
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(7,800,000)	0	(7,800,000)
Totals	$747,169	$(6,873,577)	$747,169	$(6,873,577)

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$ (91,728,217)	-
	2. Adjustments – Prior Year(s)	13,078,687	-
	3. Adjustments – Current Year	3,203,733	-
	4. Total	$ (75,445,797)	-
b.	Consideration Paid or Received:		
	1. Initial	$ (37,841,937)	-
	2. Adjustments – Prior Year(s)	(2,189,205)	-
	3. Adjustments – Current Year	(43,727)	-
	4. Total	$ (40,074,869)	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$ (1,449,023)	-
	2. Adjustments – Prior Year(s)	(17,476,341)	-
	3. Adjustments – Current Year	(3,476,868)	-
	4. Total	$ (22,402,232)	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$ 55,335,303	-
	2. Adjustments – Prior Year(s)	2,208,449	-
	3. Adjustments – Current Year	229,408	-
	4. Current Year Special Surplus	51,754,409	-
	5. Cumulative Total Transferred to Unassigned Funds	$ 6,018,751	-
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$ (75,445,797)	-
	Total	$ (75,445,797)	-

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

G. Reinsurance Accounted for as a Deposit

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. 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 refer to Schedule P, Part 7A.

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

a.	Total accrued retro premium	$25,463,681
b.	Unsecured amount	
c.	Less: Non-admitted amount (10%)	2,552,714
d.	Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e.	Admitted amount (a) - (c) - (d)	$22,910,967

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events of prior years decreased overall in 2010. The favorable development was primarily a result of decreases in the Commercial Auto Liability, Special Liability, and Product Liability-Occurrence lines, partially offset by an increase in the Other Liability-Occurrence line. Original estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Inter-Company Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	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
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			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
	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.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual inter-company pool as at December 31, 2010:

Affiliate:	Amount:
Liberty Mutual Insurance Company	(60,871,839)
Liberty Mutual Fire Insurance Company	28,921,566
Liberty Insurance Corporation	8,967,927
LM Insurance Corporation	448,396
The First Liberty Insurance Corporation	224,198
Employers Insurance Company of Wausau	20,067,770
Wausau Underwriters Insurance Company	896,793
Wausau Business Insurance Company	896,793
LM General Insurance Company	224,198
LM Personal Insurance Company	224,198

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

Effective January 1, 2010, LMGIC and LMPIC canceled their 100% Quota Share Agreements with LMPAC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.10% pool participation percentage.

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

Effective January 1, 2010, LLOT and LMPICO terminated their 100% Quota Share Inter-Company Reinsurance Agreements with LMIC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.00% pool participation percentage.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $21,368,001 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 $21,368,001 as of December 31, 2010.

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

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 12,488,276
Nationwide Life Insurance Company Columbus, Ohio	Yes	$ 5,646,228

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

As of December 31, 2010, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $192,907,696 and the amount billed and recoverable on paid claims was $8,901,063.

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

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2010 liabilities subject to discount were carried at a value representing a discount of $45,297,220 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

Upon the de-affiliation of EICOW, WBIC, WUIC and WGIC ("Wausau Companies") from the Nationwide Group and becoming members of the Liberty Pool, the Wausau Companies entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for the 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 insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

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

In the last few years the Company, as well as the industry generally, has seen decreases in the number of asbestos claims being filed. This turn to a more favorable trend is due to a number of factors. Screening activity used by some lawyers to find new plaintiffs 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 that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Asbestos:

	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	79,930,006	73,990,418	67,292,281	62,526,875	74,057,842
Incurred losses and LAE	4,020,747	9,248,099	5,705,766	21,971,511	3,074,621
Calendar year payments	9,960,335	15,946,236	10,471,172	10,440,544	22,644,819
Ending Reserves	73,990,418	67,292,281	62,526,875	74,057,842	54,487,644
Assumed Reinsurance Basis					
Beginning Reserves	20,555,193	21,738,508	28,330,065	26,821,517	19,197,430
Incurred losses and LAE	1,952,439	7,665,861	(302,866)	(6,110,277)	1,949,861
Calendar year payments	769,124	1,074,304	1,205,682	1,513,810	2,042,186
Ending Reserves	21,738,508	28,330,065	26,821,517	19,197,430	19,105,105
Net of Ceded Reinsurance Basis					
Beginning Reserves	41,694,236	35,880,890	31,893,395	26,374,271	35,474,803
Incurred losses and LAE	488,167	3,405,050	569,762	15,822,067	(4,286,886)
Calendar year payments	6,301,514	7,392,544	6,088,887	6,721,535	8,110,169
Ending Reserves	35,880,890	31,893,395	26,374,271	35,474,803	23,077,748

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	27,523,487
Assumed Reinsurance Basis	14,715,948
Net of Ceded Reinsurance Basis	11,071,159
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	21,033,419
Assumed Reinsurance Basis	809,967
Net of Ceded Reinsurance Basis	8,786,154

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	27,439,892	20,220,554	18,034,940	14,929,679	12,261,553
Incurred losses and LAE	1,914,030	235,247	273,487	1,126,144	1,577,650
Calendar year payments	9,133,367	2,420,862	3,378,749	3,794,270	2,097,112
Ending Reserves	20,220,554	18,034,940	14,929,679	12,261,553	11,742,092
Assumed Reinsurance Basis					
Beginning Reserves	2,092,772	1,917,885	1,634,208	1,629,635	2,110,061

NOTES TO FINANCIAL STATEMENTS

Incurred losses and LAE	35,241	59,017	143,612	687,464	(22,095)
Calendar year payments	210,128	342,694	148,185	207,038	458,914
Ending Reserves	1,917,885	1,634,208	1,629,635	2,110,061	1,629,053
Net of Ceded Reinsurance Basis					
Beginning Reserves	17,072,859	15,814,639	14,545,437	12,463,485	10,547,836
Incurred losses and LAE	808,030	392,761	(528)	(113)	(113,370)
Calendar year payments	2,066,250	1,661,963	2,081,424	1,915,536	1,188,971
Ending Reserves	15,814,639	14,545,437	12,463,485	10,547,836	9,245,495

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	7,129,681
Assumed Reinsurance Basis	1,008,155
Net of Ceded Reinsurance Basis	5,657,762
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	5,123,228
Assumed Reinsurance Basis	98,165
Net of Ceded Reinsurance Basis	3,363,374

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? 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: 12/08/2010

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William Finn
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Group Inc.

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

12.11	Name of real estate holding company	
12.12	Number of parcels involved	0
12.13	Total book/adjusted carrying value	$ 0

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

21.2 If answer is yes:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

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

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

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $ 42,091,209

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

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

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

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

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

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

24.21	Subject to repurchase agreements	$ 0
24.22	Subject to reverse repurchase agreements	$ 0
24.23	Subject to dollar repurchase agreements	$ 0
24.24	Subject to reverse dollar repurchase agreements	$ 0
24.25	Pledged as collateral	$ 0
24.26	Placed under option agreements	$ 0
24.27	Letter stock or securities restricted as to sale	$ 0
24.28	On deposit with state or other regulatory body	$ 74,845,967
24.29	Other	$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

28.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	1,051,950,265	1,092,775,953	40,825,688
29.2 Preferred stocks	0	0	0
29.3 Totals	1,051,950,265	1,092,775,953	40,825,688

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

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

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

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

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

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

31.2 If no, list exceptions:

OTHER

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

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

1 Name	2 Amount Paid
	0
	0
	0

33.1 Amount of payments for legal expenses, if any? $ 1,960,202

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

1 Name	2 Amount Paid
	0
	0
	0

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 299,491

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 86,126	$ 1,550
2.2	Premium Denominator	$ 414,229,673	$ 298,786,419
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 206,023	$ 145,235
2.5	Reserve Denominator	$ 1,027,281,155	$ 759,321,012
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 $ 1,258,469,047

3.22 Non-participating policies $ 93,428,674

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 6

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

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 18,704,445

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 5,712,670

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 4,264,768

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 $ 297,741,826

12.62 Collateral and other funds $ 53,811,468

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 2,509,000

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. 9

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 the intercompany pooling agreement.

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	2	3	4	5
		2010	2009	2008	2007	2006
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,348,875,456	1,365,672,548	1,707,041,444	1,880,136,942	2,130,573,196
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	110,842,377	93,441,851	105,233,953	87,206,021	187,989,953
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	341,856,811	139,882,577	62,323,791	35,089,294	126,823,248
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	609,702	472,236	(4,667,280)	4,554,892	14,940,793
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,844,940	7,559,490	6,939,289	5,362,059	6,882,856
6.	Total (Line 35)	1,813,029,286	1,607,028,702	1,876,871,197	2,012,349,208	2,467,210,046
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)	293,278,719	191,702,477	212,300,963	186,563,480	455,512,263
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	76,677,155	56,949,348	55,001,400	23,837,629	117,327,257
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	79,767,135	43,303,275	51,703,059	26,886,779	117,188,063
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	563,616	413,005	(4,748,489)	4,498,812	14,937,423
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,844,940	7,559,490	6,939,289	5,362,059	6,882,856
12.	Total (Line 35)	461,131,565	299,927,595	321,196,222	247,148,759	711,847,862
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(33,479,927)	(33,054,208)	(18,937,376)	(19,617,569)	(21,498,160)
14.	Net investment gain (loss) (Line 11)	46,730,294	33,701,953	45,553,316	62,048,226	75,967,362
15.	Total other income (Line 15)	(4,229,190)	(4,783,342)	(3,701,023)	(3,215,310)	(4,899,769)
16.	Dividends to policyholders (Line 17)	2,517,914	694,148	803,722	2,093,178	3,061,656
17.	Federal and foreign income taxes incurred (Line 19)	4,698,351	(412,214)	(5,254,315)	(17,572,669)	22,744,318
18.	Net income (Line 20)	1,804,912	(4,417,531)	27,365,510	54,694,838	23,763,459
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,421,193,156	1,118,517,583	1,044,251,579	1,198,834,163	1,850,482,043
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	41,866,747	35,631,482	37,376,397	31,850,862	49,386,366
	20.2 Deferred and not yet due (Line 15.2)	109,490,782	84,459,460	72,801,434	82,514,450	165,168,951
	20.3 Accrued retrospective premiums (Line 15.3)	22,910,967	13,192,033	14,375,261	15,323,701	41,748,938
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	1,145,022,495	845,905,167	788,841,631	834,837,352	1,520,802,632
22.	Losses (Page 3, Line 1)	697,631,883	503,227,918	498,208,512	497,816,710	917,545,458
23.	Loss adjustment expenses (Page 3, Line 3)	139,810,190	101,808,760	97,489,153	101,685,915	188,083,375
24.	Unearned premiums (Page 3, Line 9)	189,839,082	131,721,712	131,230,035	145,402,747	281,026,096
25.	Capital paid up (Page 3, Lines 30 & 31)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26.	Surplus as regards policyholders (Page 3, Line 37)	276,170,661	272,612,416	255,409,948	363,996,810	329,679,411
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	284,942,506	(4,307,802)	2,114,345	(558,775,835)	133,994,625
	Risk-Based Capital Analysis					
28.	Total adjusted capital	276,170,661	272,612,416	255,409,948	363,996,810	329,679,411
29.	Authorized control level risk-based capital	59,632,180	44,607,431	43,855,045	51,018,181	89,178,739
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30.	Bonds (Line 1)	87.8	83.7	75.5	75.7	88.9
31.	Stocks (Lines 2.1 & 2.2)		0.0	7.2	7.4	4.9
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)	2.8	9.7	9.5	10.6	2.8
35.	Contract loans (Line 6)					
36.	Derivatives (Line 7)		X X X	X X X	X X X	X X X
37.	Other invested assets (Line 8)	5.5	6.7	7.8	6.3	3.4
38.	Receivables for securities (Line 9)	0.2			0.0	0.0
39.	Securities lending reinvested collateral assets (Line 10)	3.6	X X X	X X X	X X X	X X X
40.	Aggregate write-ins for invested assets (Line 11)					
41.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46.	Affiliated mortgage loans on real estate					
47.	All other affiliated		307,575			
48.	Total of above Lines 42 to 47		307,575			
49.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)		0.1			

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2010	2 2009	3 2008	4 2007	5 2006
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	2,081,171	7,627,043	(18,199,139)	(56,161)	4,174,688
51.	Dividends to stockholders (Line 35)			(109,694,838)		
52.	Change in surplus as regards policyholders for the year (Line 38)	3,558,245	17,202,468	(108,586,862)	34,317,399	38,882,441
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	688,607,220	831,878,489	844,943,779	1,144,871,656	741,793,226
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	53,357,981	59,355,843	64,077,580	71,611,739	106,185,105
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	160,192,690	50,372,149	46,870,745	58,800,878	59,843,813
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	307,317	113,279	3,279,589	4,262,658	983,044
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,595,915	2,262,666	2,648,240	18,069,887	9,127,798
58.	Total (Line 35)	905,061,123	943,982,426	961,819,933	1,297,616,818	917,932,986
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,185,604	122,619,857	145,441,937	532,655,841	224,536,447
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	36,712,924	36,981,630	32,556,550	35,945,500	67,758,626
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	32,218,404	31,595,068	39,640,655	49,133,701	50,008,222
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	307,317	104,263	3,278,317	4,262,658	983,044
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,595,915	2,262,666	2,648,240	18,069,887	9,127,798
64.	Total (Line 35)	77,020,164	193,563,484	223,565,699	640,067,587	352,414,137
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	65.1	65.8	67.8	61.9	61.1
67.	Loss expenses incurred (Line 3)	17.9	19.5	15.8	15.9	15.3
68.	Other underwriting expenses incurred (Line 4)	25.1	25.8	22.1	27.8	26.8
69.	Net underwriting gain (loss) (Line 8)	(8.1)	(11.1)	(5.7)	(5.5)	(3.2)
	Other Percentages					
70.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	23.5	27.3	24.1	41.1	26.4
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	83.0	85.3	83.5	77.8	76.4
72.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	167.0	110.0	125.8	67.9	215.9
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(4,754)	7,227	(9,994)	9,377	29,652
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.7)	2.8	(2.7)	2.8	10.2
	Two Year Loss Development (000 omitted)					
75.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(4,409)	(1,518)	7,132	33,855	80,758
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(1.7)	(0.4)	2.2	11.6	29.9

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	43,044	16,691	9,142	5,260	1,084	342	728	30,977	X X X
2. 2001	388,584	67,245	321,339	301,527	72,394	24,504	4,405	29,675	516	9,562	278,391	X X X
3. 2002	445,023	90,007	355,016	286,234	63,509	23,318	4,153	33,586	394	14,580	275,082	X X X
4. 2003	497,494	120,718	376,776	261,724	58,337	22,132	2,937	35,607	533	15,263	257,656	X X X
5. 2004	519,382	136,386	382,996	255,434	66,466	20,081	3,904	35,877	1,868	14,976	239,154	X X X
6. 2005	534,768	126,231	408,537	301,208	91,077	20,010	4,085	36,278	2,549	14,582	259,785	X X X
7. 2006	580,443	132,392	448,051	251,471	47,672	19,301	2,634	38,433	2,724	14,554	256,175	X X X
8. 2007	609,048	144,046	465,002	269,713	61,782	19,064	2,721	39,034	3,345	16,952	259,963	X X X
9. 2008	640,428	172,762	467,666	300,522	73,018	16,677	1,986	42,779	2,815	14,757	282,159	X X X
10. 2009	607,744	189,681	418,063	235,452	70,874	9,992	1,404	39,884	527	13,240	212,523	X X X
11. 2010	614,229	199,997	414,232	176,988	69,683	4,362	691	33,073	155	9,112	143,894	X X X
12. Totals	X X X	X X X	X X X	2,683,317	691,503	188,583	34,180	365,310	15,768	138,306	2,495,759	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	191,064	59,633	77,879	56,876	12,042	9,414	34,310	12,845	5,895	13	1,953	182,409	X X X
2. 2001	12,697	5,014	6,869	5,493	191	50	1,610	1,090	237	5	157	9,952	X X X
3. 2002	12,647	7,966	10,539	8,510	284	103	1,607	696	291	9	240	8,084	X X X
4. 2003	11,838	4,854	20,011	8,178	433	179	1,881	544	317		376	20,725	X X X
5. 2004	13,395	4,402	22,007	5,566	493	132	3,893	484	766		503	29,970	X X X
6. 2005	16,752	5,746	26,934	11,635	577	141	3,618	958	598	234	738	29,765	X X X
7. 2006	22,423	6,097	31,567	10,206	864	230	7,424	1,380	916	3	1,174	45,278	X X X
8. 2007	33,344	6,890	39,445	8,800	1,472	294	9,678	1,629	1,397	207	1,398	67,516	X X X
9. 2008	49,667	10,734	60,443	17,198	1,951	266	16,757	2,982	4,715	653	2,172	101,700	X X X
10. 2009	54,098	7,157	85,385	18,354	2,025	220	21,114	3,097	6,608	111	2,738	140,291	X X X
11. 2010	68,389	10,204	136,151	26,397	2,072	210	20,858	2,539	13,812	170	7,302	201,762	X X X
12. Totals	486,314	128,697	517,230	177,213	22,404	11,239	122,750	28,244	35,552	1,405	18,751	837,452	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	152,434	29,975
2. 2001	377,310	88,967	288,343	97.099	132.303	89.732			4.000	9,059	893
3. 2002	368,506	85,340	283,166	82.806	94.815	79.761			4.000	6,710	1,374
4. 2003	353,943	75,562	278,381	71.145	62.594	73.885			4.000	18,817	1,908
5. 2004	351,946	82,822	269,124	67.762	60.726	70.268			4.000	25,434	4,536
6. 2005	405,975	116,425	289,550	75.916	92.232	70.875			4.000	26,305	3,460
7. 2006	372,399	70,946	301,453	64.158	53.588	67.281			4.000	37,687	7,591
8. 2007	413,147	85,668	327,479	67.835	59.473	70.425			4.000	57,099	10,417
9. 2008	493,511	109,652	383,859	77.060	63.470	82.080			4.000	82,178	19,522
10. 2009	454,558	101,744	352,814	74.794	53.640	84.393			4.000	113,972	26,319
11. 2010	455,705	110,049	345,656	74.191	55.025	83.445			4.000	167,939	33,823
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	697,634	139,818

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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 One Year	12 Two Year
1. Prior	516,238	547,369	583,033	626,057	657,282	677,001	702,810	700,459	716,150	714,419	(1,731)	13,960
2. 2001	250,823	243,987	247,823	244,793	252,570	255,774	257,711	258,739	260,058	260,076	18	1,337
3. 2002	X X X	247,963	234,524	234,675	242,707	247,394	249,173	250,472	250,304	250,969	665	497
4. 2003	X X X	X X X	259,520	233,212	226,592	239,727	243,327	243,187	244,642	244,729	87	1,542
5. 2004	X X X	X X X	X X X	260,529	241,823	235,201	236,512	235,986	235,579	236,902	1,323	916
6. 2005	X X X	X X X	X X X	X X X	283,549	269,809	262,741	258,854	258,825	257,991	(834)	(863)
7. 2006	X X X	X X X	X X X	X X X	X X X	289,787	276,843	271,414	270,283	267,949	(2,334)	(3,465)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	309,689	302,329	294,629	293,898	(731)	(8,431)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	353,664	350,713	343,762	(6,951)	(9,902)
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	304,685	310,419	5,734	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	302,834	X X X	X X X
									12. Totals		(4,754)	(4,409)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11	12
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	122,955	209,229	286,387	337,594	378,946	416,723	450,891	479,474	509,709	X X X	X X X
2. 2001	113,264	170,099	198,826	216,167	228,807	235,524	240,764	244,326	246,785	249,232	X X X	X X X
3. 2002	X X X	105,380	162,709	196,089	212,779	226,551	232,901	237,223	239,917	241,890	X X X	X X X
4. 2003	X X X	X X X	97,990	149,566	175,216	193,625	206,198	213,887	219,295	222,582	X X X	X X X
5. 2004	X X X	X X X	X X X	89,493	138,222	161,569	180,265	192,663	200,398	205,145	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	103,215	158,710	186,686	205,360	218,030	226,056	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	100,764	155,263	186,000	206,853	220,466	X X X	X X X
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	103,577	166,638	200,717	224,274	X X X	X X X
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	126,638	202,582	242,195	X X X	X X X
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	108,257	173,166	X X X	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	110,976	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior	142,214	91,587	71,750	61,659	71,146	72,833	78,254	63,501	72,136	46,824
2. 2001	70,573	28,856	17,266	8,847	7,154	5,748	4,997	3,832	3,091	2,083
3. 2002	X X X	75,493	29,814	13,453	10,145	7,826	6,782	5,137	4,126	3,322
4. 2003	X X X	X X X	108,294	44,516	20,358	23,441	21,708	17,953	16,170	14,105
5. 2004	X X X	X X X	X X X	119,524	66,689	44,461	34,422	27,919	23,331	21,412
6. 2005	X X X	X X X	X X X	X X X	127,999	69,503	46,141	32,374	25,266	19,710
7. 2006	X X X	X X X	X X X	X X X	X X X	133,409	78,337	52,605	38,805	29,394
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	142,447	86,880	56,793	41,201
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	149,016	90,660	60,220
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	135,279	87,876
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	131,540

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	18,578,684	15,822,260	6,472	7,004,063	7,627,631	38,692,719	8,997	
2. Alaska	AK	L	3,667,305	6,646,410	165	2,727,443	3,213,778	21,098,970		
3. Arizona	AZ	L	22,862,677	20,075,548	1,296	10,424,267	16,045,273	41,246,387	7,574	
4. Arkansas	AR	L	5,711,070	5,637,976	123	1,850,093	326,272	25,269,622	272	
5. California	CA	L	126,525,816	123,216,245	62,487	49,709,207	112,352,216	457,047,219		
6. Colorado	CO	L	18,111,592	14,351,131	310	11,411,442	9,479,079	50,206,761	6,055	
7. Connecticut	CT	L	19,785,397	18,585,514	26,778	19,646,339	18,701,394	69,407,622	20,353	
8. Delaware	DE	L	6,965,199	6,602,270	15,049	4,267,946	2,662,950	15,309,793	7,707	
9. District of Columbia	DC	L	4,886,214	5,277,614	17,603	3,183,589	4,259,173	10,930,328	1,196	
10. Florida	FL	L	35,981,090	39,471,254	244,117	34,526,992	19,153,504	203,734,419	56,667	
11. Georgia	GA	L	42,886,037	46,166,708	499	24,959,314	30,439,377	82,012,428	46,748	
12. Hawaii	HI	L	5,206,590	4,650,044	222	2,678,503	2,491,693	9,745,037	8,227	
13. Idaho	ID	L	3,860,423	3,251,438	154	2,474,483	2,208,916	10,945,252	1,600	
14. Illinois	IL	L	76,132,058	77,749,799	54,401	70,342,996	77,855,504	246,297,115	24,419	
15. Indiana	IN	L	29,168,325	25,793,993	6,632	13,971,349	8,685,318	55,471,444	11,374	
16. Iowa	IA	L	13,749,748	13,457,477	107,716	7,341,721	11,373,405	34,468,918	1,503	
17. Kansas	KS	L	15,799,431	14,959,387	(36,748)	10,740,642	9,834,180	45,069,948	2,726	
18. Kentucky	KY	L	14,473,571	14,019,908	5,647	12,919,372	10,917,979	46,960,591	10,165	
19. Louisiana	LA	L	26,102,734	26,166,345	(1,666)	13,377,427	9,687,718	72,600,961	8,863	
20. Maine	ME	L	8,565,442	7,484,168	315	3,664,144	3,129,726	16,462,288	16,460	
21. Maryland	MD	L	34,636,581	32,624,944	(25,004)	16,241,912	27,247,734	58,621,384	23,713	
22. Massachusetts	MA	L	36,515,418	33,910,803	21,990	23,915,950	28,432,968	135,095,797	7,273	
23. Michigan	MI	L	33,650,895	30,106,886	88,473	24,711,609	29,515,445	67,129,463	38,383	
24. Minnesota	MN	L	20,698,117	19,161,592	29,944	10,603,922	11,577,127	43,144,143	11,170	
25. Mississippi	MS	L	7,135,753	8,215,822	835	3,612,972	1,890,488	20,278,544	464	
26. Missouri	MO	L	19,274,575	18,848,735	(8,314)	14,183,563	13,354,682	57,572,301	9,436	
27. Montana	MT	L	3,132,533	3,088,527	629	1,755,104	323,547	9,728,232	2,337	
28. Nebraska	NE	L	6,797,773	6,797,370	6,958	7,682,601	7,660,564	31,177,009	830	
29. Nevada	NV	L	14,963,462	15,800,785	(755)	5,076,147	5,159,497	22,056,708	7,474	
30. New Hampshire	NH	L	15,717,452	13,619,889	388	9,804,188	6,897,344	50,446,910	19,349	
31. New Jersey	NJ	L	55,408,058	67,777,043	270,723	61,633,193	52,494,468	309,536,995	(73)	
32. New Mexico	NM	L	5,732,489	4,876,675	803	3,540,159	2,987,440	17,220,265	4,601	
33. New York	NY	L	173,509,589	170,931,400	274,463	87,082,695	104,114,696	436,415,595	96,505	
34. North Carolina	NC	L	25,867,898	25,878,162	8,339	20,400,694	24,712,233	86,979,799		
35. North Dakota	ND	L	1,831,128	1,364,461	38	43,967	105,084	292,403	76	
36. Ohio	OH	L	21,570,049	16,402,268	11	6,148,021	14,754,630	64,648,610	24,910	
37. Oklahoma	OK	L	24,696,868	21,673,101	(6,678)	30,158,916	39,766,898	57,583,802	6,053	
38. Oregon	OR	L	19,464,088	26,527,435	1,763	17,367,855	20,275,067	50,291,716	4,966	
39. Pennsylvania	PA	L	89,094,414	72,850,191	(20,047)	52,306,479	47,582,265	148,053,039	75,493	
40. Rhode Island	RI	L	8,223,203	7,286,970	26	5,323,656	5,420,484	15,614,636	9,039	
41. South Carolina	SC	L	24,225,928	26,627,876	2,448	13,918,814	20,407,273	49,626,987	21,424	
42. South Dakota	SD	L	2,023,158	2,226,743		694,196	839,224	5,313,355	40	
43. Tennessee	TN	L	19,873,599	16,961,337	10,876	8,727,216	10,038,580	45,113,965	10,510	
44. Texas	TX	L	99,351,449	88,991,333	27,143	35,285,833	43,785,277	268,756,040	60,595	
45. Utah	UT	L	7,862,785	6,779,552	243	2,832,906	2,124,120	19,802,070	3,340	
46. Vermont	VT	L	2,024,670	1,437,012	199	2,646,936	986,263	8,029,095	2,400	
47. Virginia	VA	L	39,514,003	41,671,670	1,583	21,668,394	25,751,187	70,803,207	34,372	
48. Washington	WA	L	4,955,872	5,202,116	99	820,430	2,848,191	18,484,194	6,550	
49. West Virginia	WV	L	5,320,982	4,879,684	1,143	2,575,173	10,554,810	12,629,131	6,530	
50. Wisconsin	WI	L	26,861,682	43,858,946	578,855	30,101,219	31,696,359	95,163,282	9,865	
51. Wyoming	WY	L	697,150	700,012		55,206	64,290	235,213	84	
52. American Samoa	AS	N								
53. Guam	GU	L	(404,274)	(405,068)			(14,911)	40,475		
54. Puerto Rico	PR	L	171,314	169,147		223	(1,565)	31,861		
55. U.S. Virgin Islands	VI	N	32,013	31,982			15,593	19,771		
56. Northern Mariana Islands	MP	L								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	XXX	2,447,645	2,264,907	(8)	(100,521)	1,224,868	5,907,145		
59. Totals		(a) 54	1,351,897,722	1,328,525,747	1,778,738	828,040,960	955,037,306	3,834,820,964	738,615	

DETAILS OF WRITE-INS									
5801. Other alien	XXX	2,447,645	2,264,907	(8)	(100,521)	1,224,868	5,907,145		
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	2,447,645	2,264,907	(8)	(100,521)	1,224,868	5,907,145		

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

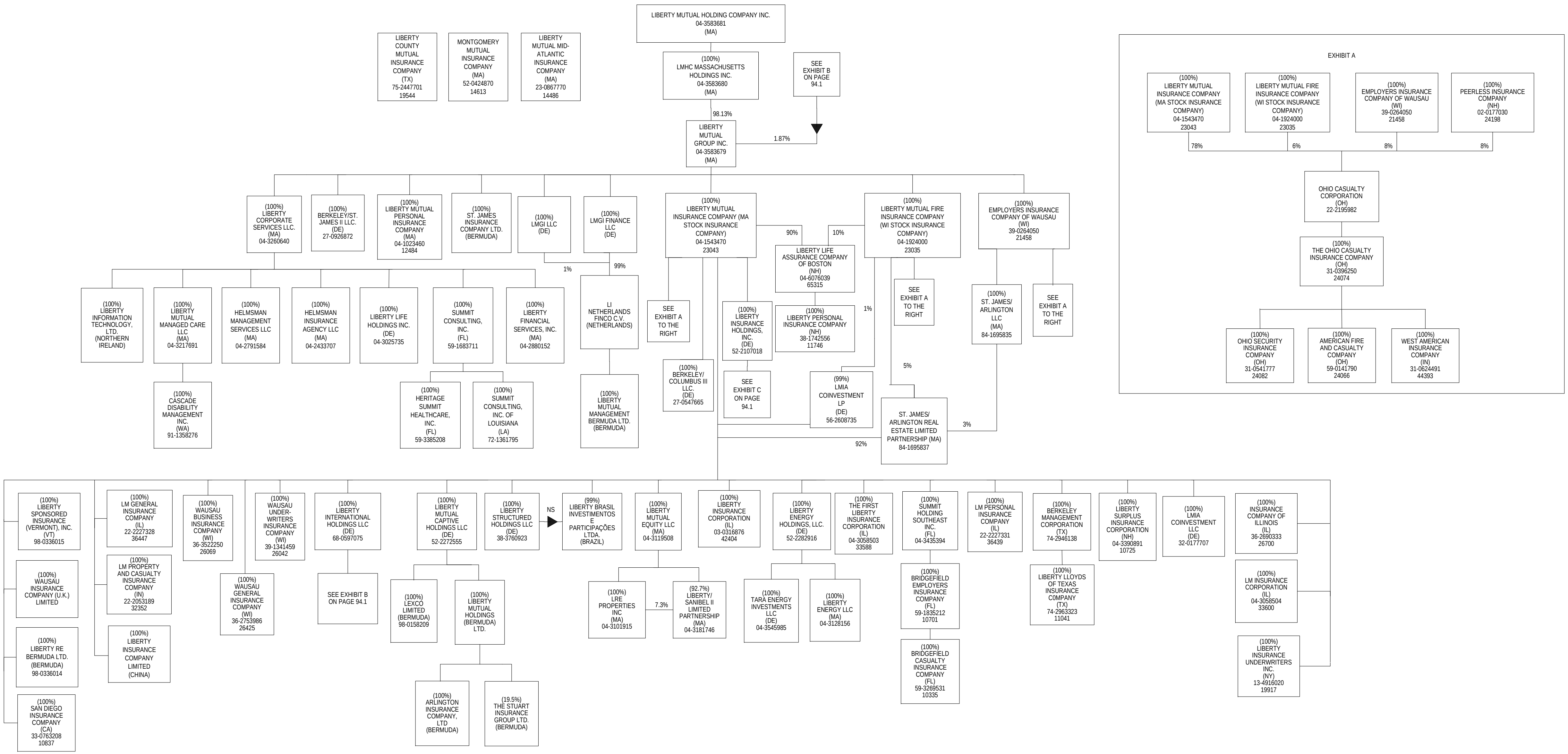
Explanation of basis of allocation of premiums by states, etc.

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

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

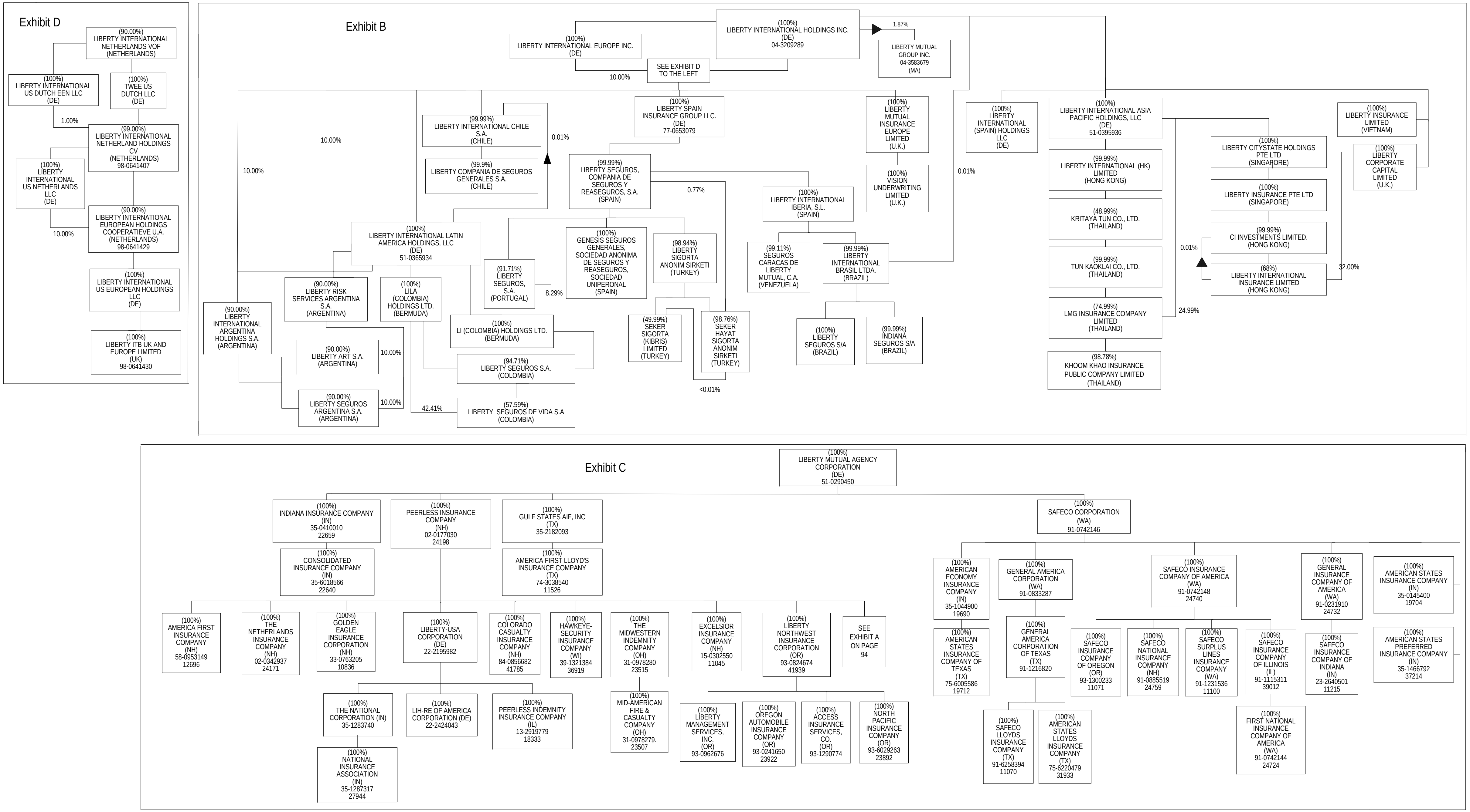
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	1,606,834	1,409,429	197,405	676,446
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	1,606,834	1,409,429	197,405	676,446

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Collateral held for securities loaned		57,551,008
2505. Retroactive reinsurance reserve	(83,245,797)	(64,837,148)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(83,245,797)	(7,286,140)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT