ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL FIRE INSURANCE COMPANY

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010

23035201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Fire Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 23035 **Employer's ID Number** 04-1924000

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

Country of Domicile United States of America

Incorporated/Organized: October 31, 1908 **Commenced Business** November 5, 1908

Statutory Home Office 2000 Westwood Drive (Street and Number), Wausau, WI 54401 (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	Executive Vice President	Anthony Alexander Fontanes	EVP & Chief Investment Officer
Gary Richard Gregg	Executive Vice President	Dennis James Langwell	SVP & Chief Financial Officer
Christopher Charles Mansfield	SVP & General Counsel	Helen Elizabeth Russell Sayles	Senior Vice President
James Martin McGlennon	SVP & Chief Information Officer	John Derek Doyle	Vice President & Comptroller
Paul Garvin Alexander	Senior Vice President	Timothy Michael Sweeney	Executive Vice President
John Eric Brosius #	SVP & Corporate Actuary		

DIRECTORS OR TRUSTEES

James Paul Condrin, III	Dennis James Langwell	Anthony Alexander Fontanes	David Henry Long
Edmund Francis Kelly	Christopher Charles Mansfield	Timothy Michael Sweeney	

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)	(Printed Name)	(Printed Name)
1.	2.	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)	3,067,835,003		3,067,835,003	2,663,105,348
2. Stocks (Schedule D):				
2.1 Preferred stocks	26,934,273		26,934,273	51,611,692
2.2 Common stocks	342,517,541		342,517,541	480,193,260
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	82,187,166		82,187,166	75,718,264
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 ($ 39,387,640, Schedule E - Part 2), and short-term investments ($ 87,689,069, Schedule DA)	127,076,709		127,076,709	204,390,741
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	313,228,788		313,228,788	220,153,387
9. Receivables for securities	8,815,548		8,815,548	7,514,629
10. Securities lending reinvested collateral assets	48,979,680		48,979,680	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,017,574,708		4,017,574,708	3,702,687,321
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	32,487,535		32,487,535	28,519,137
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	139,521,320	4,501,061	135,020,259	153,215,375
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (502,828) earned but unbilled premiums)	353,167,231	59,459	353,107,772	363,175,679
15.3 Accrued retrospective premiums	82,120,373	8,232,503	73,887,870	56,725,740
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	11,095	3,526	7,569	1,664
18.1 Current federal and foreign income tax recoverable and interest thereon				48,964,357
18.2 Net deferred tax asset	144,006,830	48,064,841	95,941,989	124,160,443
19. Guaranty funds receivable or on deposit	3,928,454		3,928,454	5,718,736
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	3,737,638		3,737,638	3,737,638
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	114,135,475	4,552,884	109,582,591	103,225,885
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,890,690,659	65,414,274	4,825,276,385	4,590,131,975
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	4,890,690,659	65,414,274	4,825,276,385	4,590,131,975

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	72,346,597		72,346,597	65,924,916
2502. Amounts receivable under high deductible policies	28,705,928	7,477	28,698,451	29,619,114
2503. Equities and deposits in pools and associations	7,873,750		7,873,750	4,735,953
2598. Summary of remaining write-ins for Line 25 from overflow page	5,209,200	4,545,407	663,793	2,945,902
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	114,135,475	4,552,884	109,582,591	103,225,885

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,249,862,822	2,163,880,048
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	107,363,002	97,019,273
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	450,887,864	437,777,667
4. Commissions payable, contingent commissions and other similar charges	11,917,885	20,626,651
5. Other expenses (excluding taxes, licenses and fees)	31,432,659	39,947,601
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	35,233,442	28,931,854
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	22,675,326	
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 $ 2,890,677,241 and including warranty reserves of $ 0)	612,231,039	566,403,363
10. Advance premium	7,497,579	7,548,722
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	834,905	309,734
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	10,681,430	18,621,070
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	54,710,644	50,572,846
19. Payable to parent, subsidiaries and affiliates	26,739,767	29,392,540
20. Derivatives		
21. Payable for securities	43,117,225	38,254,357
22. Payable for securities lending	48,979,680	
23. Liability for amounts held under uninsured plans		
24. Capital notes $ 0 and interest thereon $ 0		
25. Aggregate write-ins for liabilities	(93,245,076)	17,971,250
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,620,920,193	3,517,256,976
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	3,620,920,193	3,517,256,976
29. Aggregate write-ins for special surplus funds	166,907,969	197,468,475
30. Common capital stock	10,000,000	10,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
33. Surplus notes		
34. Gross paid in and contributed surplus	375,000,000	375,000,000
35. Unassigned funds (surplus)	651,198,223	489,156,524
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)	1,204,356,192	1,072,874,999
38. Totals (Page 2, Line 28, Col. 3)	4,825,276,385	4,590,131,975

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	101,797,212	112,081,078
2502. Other liabilities	73,354,734	78,583,986
2503. Private passenger auto escrow	70,675	121,022
2598. Summary of remaining write-ins for Line 25 from overflow page	(268,467,697)	(172,814,836)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(93,245,076)	17,971,250
2901. Special surplus from retroactive reinsurance	166,907,969	166,448,124
2902. SSAP 10R incremental change		31,020,351
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	166,907,969	197,468,475
3201. Guaranty funds	1,250,000	1,250,000
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)	1,250,000	1,250,000

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	1,335,890,697	1,284,781,601
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	870,026,034	845,608,708
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	238,720,412	250,322,745
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	335,167,359	330,862,213
5. Aggregate write-ins for underwriting deductions	(50,347)	121,022
6. Total underwriting deductions (Lines 2 through 5)	1,443,863,458	1,426,914,688
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(107,972,761)	(142,133,087)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	201,066,800	148,628,961
10. Net realized capital gains (losses) less capital gains tax of $ 6,853,423 (Exhibit of Capital Gains (Losses))	4,628,847	2,639,983
11. Net investment gain (loss) (Lines 9 + 10)	205,695,647	151,268,944
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 436,808 amount charged off $ 9,859,371)	(9,422,563)	(10,134,749)
13. Finance and service charges not included in premiums	5,879,294	6,406,994
14. Aggregate write-ins for miscellaneous income	(10,104,311)	(18,365,179)
15. Total other income (Lines 12 through 14)	(13,647,580)	(22,092,934)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	84,075,306	(12,957,077)
17. Dividends to policyholders	8,120,272	2,984,835
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)	75,955,034	(15,941,912)
19. Federal and foreign income taxes incurred	8,838,227	(608,129)
20. Net income (Line 18 minus Line 19) (to Line 22)	67,116,807	(15,333,783)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,072,874,999	967,993,151
22. Net income (from Line 20)	67,116,807	(15,333,783)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 9,914,118	102,163,679	63,738,367
25. Change in net unrealized foreign exchange capital gain (loss)	(3,652,190)	1,683,388
26. Change in net deferred income tax	29,218,095	(14,309,865)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(21,905,660)	47,020,516
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	(15,000,000)	(15,000,000)
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	(26,459,538)	37,083,225
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	131,481,193	104,881,848
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,204,356,192	1,072,874,999

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	(50,347)	121,022
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)	(50,347)	121,022
1401. Retroactive reinsurance gain/ (loss)	16,864,704	4,018,250
1402. Other income/(expense)	(26,969,015)	(22,383,429)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(10,104,311)	(18,365,179)
3701. Other changes in surplus	4,560,813	6,062,874
3702. SSAP 10R incremental change	(31,020,351)	31,020,351
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(26,459,538)	37,083,225

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	1,388,762,730	1,253,115,132
2.	Net investment income	199,045,581	141,143,875
3.	Miscellaneous income	(33,693,004)	27,135,168
4.	Total (Lines 1 through 3)	1,554,115,307	1,421,394,175
5.	Benefit and loss related payments	775,015,655	324,341,941
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	573,034,217	469,841,893
8.	Dividends paid to policyholders	7,595,101	2,824,885
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(55,948,033)	21,117,099
10.	Total (Lines 5 through 9)	1,299,696,940	818,125,818
11.	Net cash from operations (Line 4 minus Line 10)	254,418,367	603,268,357
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	1,053,807,791	707,272,997
	12.2 Stocks	287,065,938	25,515,470
	12.3 Mortgage loans	3,327,593	3,700,630
	12.4 Real estate		
	12.5 Other invested assets	38,600,726	14,044,458
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		153,542
	12.7 Miscellaneous proceeds	(1,436,548)	1,025,934
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,381,365,500	751,713,031
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	1,437,134,044	1,374,501,852
	13.2 Stocks	36,402,600	25,764,013
	13.3 Mortgage loans	10,392,437	6,580,801
	13.4 Real estate		
	13.5 Other invested assets	169,883,454	32,387,894
	13.6 Miscellaneous applications	(4,862,868)	(35,565,462)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,648,949,667	1,403,669,098
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)	(267,584,167)	(651,956,067)
	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	15,000,000	15,000,000
	16.6 Other cash provided (applied)	(49,148,232)	55,205,498
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(64,148,232)	40,205,498
	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)	(77,314,032)	(8,482,212)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	204,390,741	212,872,953
	19.2 End of year (Line 18 plus Line 19.1)	127,076,709	204,390,741

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

20.0001	12.2 - Proceeds from investments sold, matured or repaid - Stocks	167,589,588	
20.0002	13.1 Cost of Investment Acquired - Bonds	370,517,831	
20.0003	13.2 Cost of Investment Acquired - Stocks	1,245,300	

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	26,861,966	15,655,807	14,084,687	28,433,086
2. Allied lines	12,986,751	7,889,322	6,642,637	14,233,436
3. Farmowners multiple peril	12,374			12,374
4. Homeowners multiple peril	182,581,149	95,318,557	102,634,314	175,265,392
5. Commercial multiple peril	30,118,802	14,641,076	19,589,544	25,170,334
6. Mortgage guaranty				
8. Ocean marine	5,988,168	2,477,128	2,542,721	5,922,575
9. Inland marine	86,024,132	4,710,931	4,709,516	86,025,547
10. Financial guaranty				
11.1 Medical professional liability—occurrence	1,445,073		1,007,333	437,740
11.2 Medical professional liability—claims-made	284,092	55,596	61,236	278,452
12. Earthquake	3,592,854	2,138,238	1,982,968	3,748,124
13. Group accident and health	225,021			225,021
14. Credit accident and health (group and individual)				
15. Other accident and health	62,325	75	9,666	52,734
16. Workers' compensation	363,221,879	6,916,463	3,004,140	367,134,202
17.1 Other liability—occurrence	81,867,798	32,229,391	37,347,312	76,749,877
17.2 Other liability—claims-made	26,908,968	20,229,735	17,020,036	30,118,667
17.3 Excess Workers' Compensation	12,603,993	4,194,786	6,284,727	10,514,052
18.1 Products liability—occurrence	15,111,682	6,676,244	8,321,793	13,466,133
18.2 Products liability—claims-made	957,719	214,117	167,671	1,004,165
19.1,19.2 Private passenger auto liability	327,653,524	155,500,674	165,340,301	317,813,897
19.3,19.4 Commercial auto liability	54,649,281	18,301,143	17,733,405	55,217,019
21. Auto physical damage	82,806,815	109,418,213	114,411,713	77,813,315
22. Aircraft (all perils)	6,989,348	2,578,265	1,978,106	7,589,507
23. Fidelity	1,152,065	782,556	520,444	1,414,177
24. Surety	161,285	77,160	170,440	68,005
26. Burglary and theft	46,544	27,685	19,536	54,693
27. Boiler and machinery	2,763,590	146,369	1,149,492	1,760,467
28. Credit				
29. International				
30. Warranty	792			792
31. Reinsurance-Nonproportional Assumed Property	22,028,963	1,235,271	1,692,152	21,572,082
32. Reinsurance-Nonproportional Assumed Liability	12,114,746	1,959,958	2,137,911	11,936,793
33. Reinsurance-Nonproportional Assumed Financial Lines	32,414			32,414
34. Aggregate write-ins for other lines of business				
35. TOTALS	1,361,254,113	503,374,760	530,563,801	1,334,065,072

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	13,679,204	405,483			14,084,687
2. Allied lines	6,361,990	280,648			6,642,638
3. Farmowners multiple peril					
4. Homeowners multiple peril	102,634,314				102,634,314
5. Commercial multiple peril	13,898,052	5,691,492			19,589,544
6. Mortgage guaranty					
8. Ocean marine	2,022,393	520,327			2,542,720
9. Inland marine	3,366,488	1,343,028			4,709,516
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,007,333				1,007,333
11.2 Medical professional liablity—claims-made	58,195	3,040			61,235
12. Earthquake	1,958,075	24,893			1,982,968
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	9,666				9,666
16. Workers' compensation	72,384,930	7,263,560		(76,644,350)	3,004,140
17.1 Other liability—occurrence	31,065,917	7,415,669		(1,134,275)	37,347,311
17.2 Other liability—claims-made	10,453,752	6,566,283			17,020,035
17.3 Excess Workers' Compensation	5,757,383	527,344			6,284,727
18.1 Products liability—occurrence	4,881,601	3,846,394		(406,202)	8,321,793
18.2 Products liability—claims-made	167,671				167,671
19.1,19.2 Private passenger auto liability	165,340,301				165,340,301
19.3,19.4 Commercial auto liability	21,025,914	189,905		(3,482,414)	17,733,405
21. Auto physical damage	114,445,225	(33,512)			114,411,713
22. Aircraft (all perils)	1,978,106				1,978,106
23. Fidelity	485,566	34,877			520,443
24. Surety	2,461	167,979			170,440
26. Burglary and theft	19,520	17			19,537
27. Boiler and machinery	1,126,441	23,051			1,149,492
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	1,692,152				1,692,152
32. Reinsurance-Nonproportional Assumed Liability	2,113,846	24,065			2,137,911
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	577,936,496	34,294,543		(81,667,241)	530,563,798
36. Accrued retrospective premiums based on experience					81,667,241
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					612,231,039

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	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	268,384,119	26,861,966		268,384,119		26,861,966
2. Allied lines	137,089,561	12,986,751		137,089,561		12,986,751
3. Farmowners multiple peril		12,374				12,374
4. Homeowners multiple peril	1,524,868,835	182,581,149		1,524,868,835		182,581,149
5. Commercial multiple peril	31,777,995	30,118,802		31,777,995		30,118,802
6. Mortgage guaranty						
8. Ocean marine	4,449,113	5,988,168		4,449,113		5,988,168
9. Inland marine	32,962,049	86,024,132		32,962,049		86,024,132
10. Financial guaranty						
11.1 Medical professional liability--occurrence		1,445,073				1,445,073
11.2 Medical professional liability--claims-made		284,092				284,092
12. Earthquake	38,664,334	3,592,854		38,664,334		3,592,854
13. Group accident and health		225,021				225,021
14. Credit accident and health (group and individual)						
15. Other accident and health		62,325				62,325
16. Workers' compensation	421,580,060	363,221,879		421,580,060		363,221,879
17.1 Other liability—occurrence	272,193,809	81,867,798		272,193,809		81,867,798
17.2 Other liability—claims-made	1,677,598	26,908,968		1,677,598		26,908,968
17.3 Excess Workers' Compensation	1,175,138	12,603,993		1,175,138		12,603,993
18.1 Products liability—occurrence	72,329,167	15,111,682		72,329,167		15,111,682
18.2 Products liability—claims-made	7,156,338	957,719		7,156,338		957,719
19.1,19.2 Private passenger auto liability	1,709,164,408	327,653,524		1,709,164,408		327,653,524
19.3,19.4 Commercial auto liability	210,528,547	54,649,281		210,528,547		54,649,281
21. Auto physical damage	1,200,015,825	82,806,815		1,200,015,825		82,806,815
22. Aircraft (all perils)		6,989,348				6,989,348
23. Fidelity	140,090	1,152,065		140,090		1,152,065
24. Surety	4,499,188	161,285		4,499,188		161,285
26. Burglary and theft	103,821	46,544		103,821		46,544
27. Boiler and machinery	21,046,666	2,763,590		21,046,666		2,763,590
28. Credit						
29. International						
30. Warranty		792				792
31. Reinsurance-Nonproportional Assumed Property	X X X	22,028,963				22,028,963
32. Reinsurance-Nonproportional Assumed Liability	X X X	12,114,746				12,114,746
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	32,414				32,414
34. Aggregate write-ins for other lines of business						
35. TOTALS	5,959,806,661	1,361,254,113		5,959,806,661		1,361,254,113

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 $ 414,607,324

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 413,914,965

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	169,044,684	19,032,158	169,044,684	19,032,158	11,981,450	19,913,980	11,099,628	39.038
2. Allied lines	65,335,738	7,239,545	65,335,738	7,239,545	4,945,030	3,652,376	8,532,199	59.945
3. Farmowners multiple peril		5,601		5,601		5	5,596	45.224
4. Homeowners multiple peril	793,407,263	101,664,575	793,407,263	101,664,575	49,751,058	45,924,397	105,491,236	60.189
5. Commercial multiple peril	21,394,217	22,639,446	21,394,217	22,639,446	41,396,712	41,953,870	22,082,288	87.731
6. Mortgage guaranty								
8. Ocean marine	1,827,078	1,618,519	1,827,078	1,618,519	7,060,519	8,133,110	545,928	9.218
9. Inland marine	14,030,226	60,991,940	14,030,226	60,991,940	11,458,085	13,802,976	58,647,049	68.174
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(270)		(270)	(75,694)	76,765	(152,729)	(34.890)
11.2 Medical professional liability—claims-made		72,503		72,503	185,872	285,582	(27,207)	(9.771)
12. Earthquake		2,727		2,727	19,962	40,589	(17,900)	(0.478)
13. Group accident and health		101,618		101,618	361,878	321,101	142,395	63.281
14. Credit accident and health (group and individual)								
15. Other accident and health		31,710		31,710	248,525	262,040	18,195	34.503
16. Workers' compensation	560,590,105	201,067,448	560,590,105	201,067,448	1,305,613,392	1,219,193,797	287,487,043	78.306
17.1 Other liability—occurrence	128,726,166	54,604,501	128,726,166	54,604,501	238,310,302	236,012,634	56,902,169	74.140
17.2 Other liability—claims-made	2,683	13,837,651	2,683	13,837,651	58,037,026	53,511,842	18,362,835	60.968
17.3 Excess Workers' Compensation	7,228	2,091,113	7,228	2,091,113	52,639,363	44,718,833	10,011,643	95.222
18.1 Products liability—occurrence	33,211,590	13,574,208	33,211,590	13,574,208	48,191,952	67,832,793	(6,066,633)	(45.051)
18.2 Products liability—claims-made	50,716	141,011	50,716	141,011	2,800,624	2,555,380	386,255	38.465
19.1,19.2 Private passenger auto liability	1,014,953,175	187,419,350	1,014,953,175	187,419,350	267,721,541	250,246,137	204,894,754	64.470
19.3,19.4 Commercial auto liability	154,178,203	31,726,607	154,178,203	31,726,607	72,403,090	76,346,112	27,783,585	50.317
21. Auto physical damage	591,857,229	40,327,814	591,857,229	40,327,814	(300,705)	(642,457)	40,669,566	52.266
22. Aircraft (all perils)		5,008,671		5,008,671	6,013,283	12,346,216	(1,324,262)	(17.449)
23. Fidelity	405,958	1,573,626	405,958	1,573,626	2,662,345	2,098,385	2,137,586	151.154
24. Surety		12,813		12,813	118,167	224,574	(93,594)	(137.628)
26. Burglary and theft	1,635	8,662	1,635	8,662	84,766	29,053	64,375	117.702
27. Boiler and machinery	899,482	83,258	899,482	83,258	246,724	65,171	264,811	15.042
28. Credit								
29. International								
30. Warranty					4,792	1,767	3,025	381.944
31. Reinsurance-Nonproportional Assumed Property	X X X	17,033,748		17,033,748	15,866,027	13,001,662	19,898,113	92.240
32. Reinsurance-Nonproportional Assumed Liability	X X X	7,520,680		7,520,680	51,569,911	51,379,743	7,710,848	64.597
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	60,705		60,705	546,826	591,615	15,916	49.102
34. Aggregate write-ins for other lines of business								
35. TOTALS	3,549,923,376	789,491,938	3,549,923,376	789,491,938	2,249,862,823	2,163,880,048	875,474,713	65.625

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	62,544,150	7,951,993	62,544,150	7,951,993	38,000,104	4,029,456	38,000,104	11,981,449	1,132,726
2. Allied lines	21,516,809	2,892,841	21,516,809	2,892,841	11,661,875	2,052,189	11,661,875	4,945,030	681,490
3. Farmowners multiple peril									
4. Homeowners multiple peril	212,744,618	29,326,803	212,744,618	29,326,803	198,227,525	20,424,255	198,227,525	49,751,058	13,260,385
5. Commercial multiple peril	31,337,314	21,824,619	31,337,314	21,824,619	20,360,121	19,572,093	20,360,121	41,396,712	14,582,289
6. Mortgage guaranty									
8. Ocean marine	406,570	3,969,611	406,570	3,969,611	1,926,883	3,090,907	1,926,883	7,060,518	1,329,366
9. Inland marine	1,185,721	2,062,246	1,185,721	2,062,246	3,852,505	9,395,839	3,852,505	11,458,085	1,387,454
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		26,288		26,288		(101,982)		(75,694)	2,278
11.2 Medical professional liablity—claims-made		11,997		11,997		173,875		185,872	102,366
12. Earthquake		22,773		22,773	1,473	(2,812)	1,473	19,961	1,859
13. Group accident and health		301,366		301,366		60,512		(a) 361,878	27,154
14. Credit accident and health (group and individual)									
15. Other accident and health		37,159		37,159		211,365		(a) 248,524	17,202
16. Workers' compensation	1,970,075,690	716,971,846	1,970,075,690	716,971,846	1,073,738,824	588,641,546	1,073,738,824	1,305,613,392	177,023,906
17.1 Other liability—occurrence	176,691,816	94,824,088	176,691,816	94,824,088	425,054,417	143,486,214	425,054,417	238,310,302	107,693,580
17.2 Other liability—claims-made	6,185,500	14,757,219	6,185,500	14,757,219	5,441,480	43,279,807	5,441,480	58,037,026	18,786,487
17.3 Excess Workers' Compensation	235,402	21,352,007	235,402	21,352,007	1,596,942	31,287,356	1,596,942	52,639,363	4,310,901
18.1 Products liability—occurrence	37,119,179	11,837,282	37,119,179	11,837,282	122,794,938	36,354,670	122,794,938	48,191,952	31,261,236
18.2 Products liability—claims-made	13,342	(56,759)	13,342	(56,759)	8,606,798	2,857,383	8,606,798	2,800,624	1,729,476
19.1,19.2 Private passenger auto liability	1,025,150,370	154,365,820	1,025,150,370	154,365,820	626,670,411	113,355,720	626,670,411	267,721,540	51,961,217
19.3,19.4 Commercial auto liability	181,850,970	40,831,898	181,850,970	40,831,898	203,216,307	31,571,192	203,216,307	72,403,090	10,585,690
21. Auto physical damage		338,342		338,342	(4,587,942)	(639,047)	(4,587,942)	(300,705)	8,054,851
22. Aircraft (all perils)		4,682,608		4,682,608		1,330,675		6,013,283	2,350,206
23. Fidelity	190,167	124,403	190,167	124,403	(119,458)	2,537,943	(119,458)	2,662,346	574,024
24. Surety		89,732		89,732	1,933,616	28,435	1,933,616	118,167	(27,714)
26. Burglary and theft		3,702		3,702	108,744	81,064	108,744	84,766	56,255
27. Boiler and machinery	668,268	94,473	668,268	94,473	638,022	152,251	638,022	246,724	27,885
28. Credit									
29. International									
30. Warranty						4,792		4,792	(7,957)
31. Reinsurance-Nonproportional Assumed Property	X X X	8,389,668		8,389,668	X X X	7,476,358		15,866,026	336,737
32. Reinsurance-Nonproportional Assumed Liability	X X X	15,754,827		15,754,827	X X X	35,815,083		51,569,910	3,639,653
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	533,319		533,319	X X X	13,507		546,826	6,863
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,727,915,886	1,153,322,171	3,727,915,886	1,153,322,171	2,739,123,585	1,096,540,646	2,739,123,585	2,249,862,817	450,887,865

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	259,818,693			259,818,693
1.2 Reinsurance assumed	124,606,184			124,606,184
1.3 Reinsurance ceded	259,818,693			259,818,693
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	124,606,184			124,606,184
2. Commission and brokerage:				
2.1 Direct, excluding contingent		191,840,321		191,840,321
2.2 Reinsurance assumed, excluding contingent		(63,667,914)		(63,667,914)
2.3 Reinsurance ceded, excluding contingent		191,840,321		191,840,321
2.4 Contingent—direct		96,155,351		96,155,351
2.5 Contingent—reinsurance assumed		14,248,979		14,248,979
2.6 Contingent—reinsurance ceded		96,155,351		96,155,351
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)		(49,418,935)		(49,418,935)
3. Allowances to manager and agents	1	18,128,822	69	18,128,892
4. Advertising	2,032,645	23,932,646	35,995	26,001,286
5. Boards, bureaus and associations	350,157	3,509,003	1,187	3,860,347
6. Surveys and underwriting reports	2,814	4,901,618	41,400	4,945,832
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	67,855,372	139,792,389	4,126,398	211,774,159
8.2 Payroll taxes	4,137,419	9,384,218	292,179	13,813,816
9. Employee relations and welfare	14,846,553	33,679,904	312,969	48,839,426
10. Insurance	5,398,315	2,286,813	34,775	7,719,903
11. Directors' fees	118	263	2	383
12. Travel and travel items	4,102,193	9,571,784	90,885	13,764,862
13. Rent and rent items	5,247,807	12,340,315	106,108	17,694,230
14. Equipment	4,518,044	10,853,719	114,701	15,486,464
15. Cost or depreciation of EDP equipment and software	844,726	6,553,885	75,187	7,473,798
16. Printing and stationery	713,437	2,631,847	14,049	3,359,333
17. Postage, telephone and telegraph, exchange and express	2,149,814	9,637,470	140,413	11,927,697
18. Legal and auditing	646,176	2,628,542	493,764	3,768,482
19. Totals (Lines 3 to 18)	112,845,591	289,833,238	5,880,081	408,558,910
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 868,276		56,580,326		56,580,326
20.2 Insurance department licenses and fees		2,625,909		2,625,909
20.3 Gross guaranty association assessments		54,315		54,315
20.4 All other (excluding federal and foreign income and real estate)		2,615,987		2,615,987
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		61,876,537		61,876,537
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	1,268,636	32,876,521	924,568	35,069,725
25. Total expenses incurred	238,720,411	335,167,361	6,804,649	(a) 580,692,421
26. Less unpaid expenses—current year	450,887,864	78,583,986		529,471,850
27. Add unpaid expenses—prior year	437,777,666	89,506,105		527,283,771
28. Amounts receivable relating to uninsured plans, prior year		1,664		1,664
29. Amounts receivable relating to uninsured plans, current year		7,569		7,569
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	225,610,213	346,095,385	6,804,649	578,510,247

DETAILS OF WRITE-IN LINES				
2401. Other expenses	5,747,161	32,876,521	924,568	39,548,250
2402. Change in unallocated expense reserves	(4,478,525)			(4,478,525)
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	1,268,636	32,876,521	924,568	35,069,725

(a) Includes management fees of $ 6,507,359 to affiliates and $ 20,650,018 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 18,558,414	18,199,101
1.1	Bonds exempt from U.S. tax	(a) 46,348,438	45,501,405
1.2	Other bonds (unaffiliated)	(a) 70,587,466	75,811,650
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,340,766	1,359,459
2.11	Preferred stocks of affiliates	(b) 607,807	702,354
2.2	Common stocks (unaffiliated)	2,392,067	2,444,711
2.21	Common stocks of affiliates	54,789,819	54,789,819
3.	Mortgage loans	(c) 4,916,937	4,939,388
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 399,174	255,947
7.	Derivative instruments	(f)	
8.	Other invested assets	3,194,211	3,194,209
9.	Aggregate write-ins for investment income	673,406	673,406
10.	Total gross investment income	203,808,505	207,871,449
11.	Investment expenses		(g) 6,804,649
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		6,804,649
17.	Net investment income (Line 10 minus Line 16)		201,066,800

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	673,406	673,406
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)	673,406	673,406
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 $ 4,995,069 accrual of discount less $ 7,196,259 amortization of premium and less $ 6,920,734 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 $ 12,138 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 $ 1,241 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	3,765,345		3,765,345		
1.1	Bonds exempt from U.S. tax	8,195,159		8,195,159	300,749	
1.2	Other bonds (unaffiliated)	10,386,198	(428,290)	9,957,908	1,385,433	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	54,777		54,777	(1,555,572)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,777,551	(258,994)	1,518,557	14,702,232	
2.21	Common stocks of affiliates	(8,036,233)		(8,036,233)	81,626,436	
3.	Mortgage loans	(124,822)		(124,822)	(471,120)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	15,166,512	(19,014,933)	(3,848,421)	16,089,639	(1,763,959)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	31,184,487	(19,702,217)	11,482,270	112,077,797	(1,763,959)

	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	4,501,061	2,533,942	(1,967,119)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	59,459		(59,459)
15.3 Accrued retrospective premiums	8,232,503	6,302,860	(1,929,643)
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	3,526	1,964	(1,562)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	48,064,841	542,487	(47,522,354)
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	4,552,884	2,995,131	(1,557,753)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	65,414,274	12,376,384	(53,037,890)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	65,414,274	12,376,384	(53,037,890)

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	4,545,407	2,975,342	(1,570,065)
2502. Amounts receivable under high deductible policies	7,477	19,789	12,312
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,552,884	2,995,131	(1,557,753)

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

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

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

C. Accounting Policies

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

In addition, the Company applies the following accounting policies, where applicable:

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

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

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

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On June 9, 2010, an affiliate, Liberty Mutual Insurance Company ("LMIC"), purchased the Company's 2.892% holdings of the shares of LIH for $249,957,350 in cash and securities. The purchase price represented the estimated fair value of the LIH shares. The Company recognized a realized loss of $8,036,233 on the sale. As a result of the sale, the Company no longer carries goodwill on its balance sheet related to its investment in LIH.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2010, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2010 were 10.25% and 5.24% respectively.
(2) During 2010, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2010 was 75%.
(4) As of year end, LMFIC held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest of $218,613.
 a) Total interest due on mortgages with interest more than 180 days past due was $19,424.
(5) There were $15,292 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) Total recorded investment in impaired loans as of December 31, 2010 was $1,402,828, of which there is a related allowance for credit losses of $581,186.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) The average recorded investment in impaired loans was $60,186 for 2010.
(9) There was no interest income recognized for impaired loans during 2010.
(10) There was no interest income recognized on a cash basis for impaired loans during 2010.
(11)
 a) The balance in the allowance for credit losses at the beginning of 2010 was $110,065 and at the beginning of 2009 was $30,918.
 b) There were $772,180 of additions to the allowance charged to operations in 2010 and $79,147 in 2009.
 c) There were $301,059 of direct write-downs charged against the allowance in 2010 and $0 in 2009.
 d) There were no recoveries of amounts previously charged off.
 e) The balance in the allowance for credit losses was $581,186 in 2010 and $110,065 in 2009.

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

B. Troubled Debt Restructuring for Creditors

(1) There was $1,944,438 of recorded investment in mortgage loans for which impairment has been recognized.
(2) There was no realized capital loss.
(3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in trouble debt restructuring.
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. 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.

NOTES TO FINANCIAL STATEMENTS

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2010:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
32052TAD8	$8,649,449	$8,043,795	$605,654	$8,043,795	$3,277,308	12/31/2009
32052TAD8	8,071,441	7,869,262	202,178	7,869,262	6,066,035	9/30/2010
32052TAD8	7,869,262	7,766,800	102,462	7,766,800	6,920,041	12/31/2010
81375BAM4	30,996	3,099	27,897	3,099	3,100	6/30/2009
74958YAA0	$2,000,000	$1,878,500	$121,500	$1,878,500	$1,713,250	12/31/2010

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	$(1,243,130)	$(1,541,215)
Fair Value of Securities with Unrealized Losses	$112,526,343	$17,490,227

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.

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 48,986,955
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	48,986,955
Securities Received	64,265
Total Collateral Received	$ 49,051,220

4. Securities Lending Transactions Administered by an Affiliated Agent

   Not applicable

5. Collateral Reinvestment

   a. Aggregate Amount Cash Collateral Reinvested

NOTES TO FINANCIAL STATEMENTS

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 26,227,520	$ 26,228,112
31 to 60 Days	21,071,458	21,072,441
61 to 90 Days	1,685,823	1,686,403
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	48,984,802	48,986,955
Securities Received	64,265	64,265
Total Collateral Reinvested	$ 49,049,067	$ 49,051,220

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

1. Federal Investment in Low Income Housing Tax Credits

a. There are three years remaining of unexpired tax credits. The required holding period for the LIHTC investment is in twelve years.

b. The Company's LIHTC property is not currently subject to any regulatory reviews.

c. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.

d. The Company did not recognize any impairment loss on its LIHTC investment during the year.

e. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies.

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

B. Impairments on joint ventures, partnerships 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 $19,014,932 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).

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.

NOTES TO FINANCIAL STATEMENTS

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	172,318,849	37,331,651	209,650,500	162,146,852	30,696,268	192,843,120	10,171,997	6,635,383	16,807,380
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	172,318,849	37,331,651	209,650,500	162,146,852	30,696,268	192,843,120	10,171,997	6,635,383	16,807,380
Deferred Tax Liabilities	(42,636,278)	(23,007,392)	(65,643,670)	(54,510,479)	(13,629,711)	(68,140,190)	11,874,201	(9,377,681)	2,496,520
Net DTA (DTL)	129,682,571	14,324,259	144,006,830	107,636,373	17,066,557	124,702,930	22,046,198	(2,742,298)	19,303,900
Deferred Tax Assets Nonadmitted	(47,461,849)	(602,992)	(48,064,841)	(542,487)	0	(542,487)	(46,919,362)	(602,992)	(47,522,354)
Net Admitted DTA (DTL)	82,220,722	13,721,267	95,941,989	107,093,886	17,066,557	124,160,443	(24,873,164)	(3,345,290)	(28,218,454)

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.)	1,989,704	12,165,770	14,155,474	5,062,000	8,601,000	13,663,000	(3,072,296)	3,564,770	492,474
Lesser of:									
Expected to be recognized within one year (10bi.)	80,231,018	1,555,497	81,786,515	71,011,535	8,465,557	79,477,092	9,219,483	(6,910,060)	2,309,423
10% of adjusted capital and surplus (10bii.)			107,921,720			90,362,596			
Adj. gross DTAs offset against existing DTLs (10c.)	42,636,278	23,007,392	65,643,670	54,510,479	13,629,711	68,140,190	(11,874,201)	9,377,681	(2,496,520)
Total	124,857,000	36,728,659	161,585,659	130,584,014	30,696,268	161,280,282	(5,727,014)	6,032,391	305,377

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.)	1,989,704	12,165,770	14,155,474	5,062,000	8,601,000	13,663,000	(3,072,296)	3,564,770	492,474
Lesser of:									
Expected to be recognized within three years (10eiia.)	80,231,018	1,555,497	81,786,515	102,031,886	8,465,557	110,497,443	(21,800,868)	(6,910,060)	(28,710,928)
15% of adjusted capital and surplus (10eiib.)			161,882,580			135,543,793			
Adj. gross DTAs offset against existing DTLs (10eiii.)	42,636,278	23,007,392	65,643,670	54,510,479	13,629,711	68,140,190	(11,874,201)	9,377,681	(2,496,520)
Total	124,857,000	36,728,659	161,585,659	161,604,365	30,696,268	192,300,633	(36,747,365)	6,032,391	(30,714,974)

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	1,211,788,687	1,048,584,866	163,203,821
Authorized Control Level	219,990,980	239,587,133	(19,596,153)

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	82,220,722	13,721,267	95,941,989	76,073,535	17,066,557	93,140,092	6,147,187	(3,345,290)	2,801,897
Admitted Assets			4,825,276,385			4,559,111,624			266,164,761
Adjusted Statutory Surplus			1,211,788,687			1,048,584,866			163,203,821
Total Adjusted Capital from DTAs			1,211,788,687			1,048,584,866			163,203,821

NOTES TO FINANCIAL STATEMENTS

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	0	0	0	31,020,351	0	31,020,351	(31,020,351)	0	(31,020,351)
Admitted Assets			4,825,276,385			4,590,131,975			235,144,410
Adjusted Statutory Surplus			1,211,788,687			1,079,605,217			132,183,470
Total Adjusted Capital from DTAs			1,211,788,687			1,079,605,217			132,183,470

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

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	8,838,227	(608,129)
Foreign	0	0
Realized capital gains	6,853,423	1,421,529
Federal and foreign income taxes incurred	15,691,650	813,400

The Company's DTAs and DTLs result primarily from limits on unearned premium reserve deductions, discounting of unpaid losses and LAE reserves, loss based assessment, investment impairments, partnership investments, statutory non-admitted assets and unrealized gains and losses.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	29,218,095
Change in tax effect of unrealized (gains) losses	(9,914,118)
Total change in net deferred income tax	19,303,977

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, tax exempt interest, limits on unearned premium reserve deductions, discounting of unpaid losses and LAE reserves, depreciation, investment impairment and revision to prior year estimates.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $13,631,650 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.
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Avomark Insurance Company (merged 2/23/2010)
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010
Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)
Consolidated Insurance Company
Diversified Settlements, Inc.

NOTES TO FINANCIAL STATEMENTS

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.
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 Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc., a Massachusetts company.

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

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

1. Received return of capital distributions of $5,931,303.

2. Contributed capital in the amount of $24,581,377

3. Received dividends in the amount of $55,580,740

D. At December 31, 2010, the Company reported a net $23,002,129 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company guarantees, jointly and severally with Liberty Mutual Insurance Company ("LMIC"), $25,000,000 of the medium term notes payable which are obligations of its parent company, LMGI.

NOTES TO FINANCIAL STATEMENTS

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 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 $150,000,000 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).

The Company paid $(55,948,033) under the LMIC Tax Sharing Agreement and paid $6,507,359 under the LMGI and LMIA investment management agreements. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual management service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

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.

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

K. The Company does not hold investments in foreign 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 Liberty postretirement health and life insurance benefit plans. Each of these plans is sponsored by the holding company, 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 100,000 shares authorized, issued and outstanding as of December 31, 2010. All shares have a stated par value of $100.

   The Company has 100,000 shares authorized of 10% non-convertible perpetual Series A Preferred Stock. All shares have a stated par value of $0.01.

2. On December 31, 2008, the Company issued 1,000 preferred shares at an issuance price of $200,000,000 to its parent, LMGI at a discount of 25%. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.

3. There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

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

	Ordinary	Total Dividends
March	$3,750,000	$3,750,000
June	3,750,000	3,750,000
September	3,750,000	3,750,000
December	3,750,000	3,750,000
Total	$15,000,000	$15,000,000

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2011 is $120,435,619.

6. As of December 31, 2010, the Company has restricted surplus of $0 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 $166,907,969 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 $23,586,440 after applicable deferred taxes of $(17,923,070).

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

<u>Note 14 - Contingencies</u>

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 $28,780,321 that is offset by future premium tax credits of $3,258,492. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies.

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

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

C. Gain Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

The Company 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	$ 11,710,577

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	$4,353,287	$13,935,336
2012	4,323,783	13,681,687
2013	4,318,666	10,361,424
2014	2,748,096	6,066,655
2015	2,701,318	3,633,986
2016 & thereafter	854,046	17,323,273
Total	$19,299,196	$65,002,361

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.

NOTES TO FINANCIAL STATEMENTS

B. Transfers and Servicing of Financial Assets

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

At December 31, 2010 the total fair value of securities on loan was $47,749,644, with corresponding collateral value of $49,051,220 of which $48,986,955 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 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 $119,181. Claim payment volume was $5,442,672.

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.

NOTES TO FINANCIAL STATEMENTS

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	-	$ 58,121,573	$ 7	$ 58,121,580
Residential Mortgage-Backed Securities	-	$ 15,730,347	-	$ 15,730,347
Commercial Mortgage-Backed Securities	-	$ 4,986,007	$ 1,550	$ 4,987,557
Total Bonds	-	$ 78,837,927	$ 1,557	$ 78,839,484
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	$ 26,530,110	-	$ 26,530,110
Total Preferred Stocks	-	$ 26,530,110	-	$ 26,530,110
Common Stocks				
Industrial and Miscellaneous	$129,460,311	-	-	$129,460,311
Mutual Funds	$ 933,742	-	-	$ 933,742
Total Common Stocks	$130,394,053	-	-	$ 130,394,053
Total assets at fair value	$130,394,053	$ 105,368,037	$ 1,557	$ 235,763,647
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.

2. Rollforward of Level 3 Items

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

	1	2	3	4	5	6	7
	Balance at 12/31/2009	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
Bonds	$ 3,100	-	-	$ (2,152)	$ (8,479)	$ 9,088	$ 1,557
Preferred Stock	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-
Total	$ 3,100	-	-	$ (2,152)	$ (8,479)	$ 9,088	$ 1,557

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.

NOTES TO FINANCIAL STATEMENTS

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.

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

NOTES TO FINANCIAL STATEMENTS

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 $267,470 in 2010 and $337,604 in 2009.

c) The amount the Company was assessed by the Special Disability Trust Fund was $440,895 in 2010 and $779,393 in 2009.

2) Assets in the amount of $244,168,241 and $204,408,781 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.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

(1) Carrying value of transferable state tax credits gross of any related state 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
Production Tax Credit	CT	$1,800,000	$1,800,000
Historical Rehabilitation Credit	OK	$755,300	$755,300
Total		$2,555,300	$2,555,300

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

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

(3) Impairment Loss

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

G. 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.

NOTES TO FINANCIAL STATEMENTS

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	$612,231,039	$5,459,035	$2,890,677,241	$139,686,165	$(2,278,446,202)	$(134,227,130)
All Other	-	-	-	-	-	-
Total	$612,231,039	$5,459,035	$2,890,677,241	$139,686,165	$(2,278,446,202)	$(134,227,130)

Direct Unearned Premium Reserve: $2,890,677,241

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	$7,539,936	$2,987,714	$7,539,936	$2,987,714
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	(25,155,000)	-	(25,155,000)
Totals	$7,539,936	$(22,167,286)	$7,539,936	$(22,167,286)

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	$(295,823,500)	-
	2. Adjustments – Prior Year(s)	42,178,765	-
	3. Adjustments – Current Year	10,332,038	-
	4. Total	$(243,312,697)	-
b.	Consideration Paid or Received:		
	1. Initial	$(122,040,248)	-
	2. Adjustments – Prior Year(s)	(7,060,187)	-
	3. Adjustments – Current Year	(141,018)	-
	4. Total	$(129,241,453)	-

NOTES TO FINANCIAL STATEMENTS

c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(4,673,100)	-
	2. Adjustments – Prior Year(s)	(56,361,199)	-
	3. Adjustments – Current Year	(11,212,898)	-
	4. Total	$(72,247,197)	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$178,456,352	-
	2. Adjustments – Prior Year(s)	7,122,247	-
	3. Adjustments – Current Year	739,842	-
	4. Current Year Special Surplus	166,907,969	-
	5. Cumulative Total Transferred to Unassigned Funds	$19,410,472	-
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(243,312,697)	-
	Total	$(243,312,697)	-

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.*

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	$82,120,373
b.	Unsecured amount	
c.	Less: Non-admitted amount (10%)	8,232,503
d.	Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e.	Admitted amount (a) - (c) - (d)	$73,887,870

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

NOTES TO FINANCIAL STATEMENTS

	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.

(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.

NOTES TO FINANCIAL STATEMENTS

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 $68,911,802 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 $68,911,802 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	$ 40,274,691
Nationwide Life Insurance Company Columbus, Ohio	Yes	$ 18,209,084

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

As of December 31, 2010, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $622,127,318 and the amount billed and recoverable on paid claims was $28,705,928.

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 $146,083,535 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.

NOTES TO FINANCIAL STATEMENTS

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

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	$ 257,774,270	$ 238,619,098	$ 217,017,606	$ 201,649,173	$ 238,836,539
Incurred losses and LAE	12,966,910	29,825,119	18,401,096	70,858,121	9,915,652
Calendar year payments	32,122,082	51,426,610	33,769,530	33,670,755	73,029,540
Ending Reserves	$ 238,619,098	$ 217,017,606	$ 201,649,173	$ 238,836,539	$ 175,722,652
Assumed Reinsurance Basis					
Beginning Reserves	$ 66,290,497	$ 70,106,688	$ 91,364,459	$ 86,499,393	$ 61,911,712
Incurred losses and LAE	6,296,615	24,722,400	(976,742)	(19,705,643)	5,903,826
Calendar year payments	2,480,425	3,464,629	3,888,323	4,882,038	6,201,573
Ending Reserves	$ 70,106,688	$ 91,364,459	$ 86,499,393	$ 61,911,712	$ 61,613,965
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 134,463,913	$ 115,715,869	$ 102,856,200	$ 85,057,023	$ 114,406,239
Incurred losses and LAE	1,574,339	10,981,285	1,837,484	51,026,166	(6,722,552)

NOTES TO FINANCIAL STATEMENTS

Calendar year payments	20,322,382	23,840,954	19,636,660	21,676,950	33,257,950
Ending Reserves	$ 115,715,869	$ 102,856,200	$ 85,057,023	$ 114,406,239	$ 74,425,737

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$ 88,763,246
Assumed Reinsurance Basis	47,458,933
Net of Ceded Reinsurance Basis	$ 35,704,488
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$ 67,832,776
Assumed Reinsurance Basis	2,612,143
Net of Ceded Reinsurance Basis	$ 28,335,347

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	$ 88,493,651	$ 65,211,288	$ 58,162,682	$ 48,148,214	$ 39,543,509
Incurred losses and LAE	6,172,746	758,673	881,996	3,631,816	5,087,923
Calendar year payments	29,455,110	7,807,279	10,896,464	12,236,520	6,763,187
Ending Reserves	$ 65,211,288	$ 58,162,682	$ 48,148,214	$ 39,543,509	$ 37,868,245
Assumed Reinsurance Basis					
Beginning Reserves	$ 6,749,189	$ 6,185,179	$ 5,270,321	$ 5,255,573	$ 6,804,948
Incurred losses and LAE	113,652	190,329	463,148	2,217,073	(74,433)
Calendar year payments	677,662	1,105,187	477,896	667,698	1,476,820
Ending Reserves	$ 6,185,179	$ 5,270,321	$ 5,255,573	$ 6,804,948	$ 5,253,694
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 55,059,970	$ 51,002,210	$ 46,909,033	$ 40,194,738	$ 34,016,770
Incurred losses and LAE	2,605,895	1,266,653	(1,703)	(366)	(368,794)
Calendar year payments	6,663,655	5,359,831	6,712,592	6,177,603	3,831,255
Ending Reserves	$ 51,002,210	$ 46,909,033	$ 40,194,738	$ 34,016,770	$ 29,816,720

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$ 22,993,221
Assumed Reinsurance Basis	3,251,301
Net of Ceded Reinsurance Basis	$ 18,246,283
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$ 16,522,410
Assumed Reinsurance Basis	316,582
Net of Ceded Reinsurance Basis	$ 10,846,880

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? Wisconsin

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

2.2 If yes, date of change:

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/22/2006

3.4 By what department or departments?
Massachusetts 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 [ ] No [ ] N/A [X]

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 [X] No [ ]

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 domilicary 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 [X] No [ ]

12.11	Name of real estate holding company	St. James/Arlington Real Estate
12.12	Number of parcels involved	2
12.13	Total book/adjusted carrying value	$ 23,311,922

12.2 If yes, provide explanation:
Libety Mutual Fire Insurance Company directly owns 5% of St James/Arlington Real Estate LP.

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. $ 49,043,945

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	$ 244,168,241
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	601 Travis Street, Houston, TX 77002
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
Stancorp Mortgage Investors	1100 SW Sixth Avenue, Portland, OR 97204

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 [ ] No [X]

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

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

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

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

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
530158-10-4	LIBERTY ALL-STAR EQUITY FUND	933,742
		0
		0
28.2999 TOTAL		933,742

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
LIBERTY ALL-STAR EQUITY F	Apple Inc	25,715	09/30/2010
LIBERTY ALL-STAR EQUITY F	JPMorgan Chase & Co	18,245	09/30/2010
LIBERTY ALL-STAR EQUITY F	Dell Inc.	17,956	09/30/2010
LIBERTY ALL-STAR EQUITY F	Bank of American Corp	16,901	09/30/2010

GENERAL INTERROGATORIES

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
LIBERTY ALL-STAR EQUITY F	QUALCOMM Inc	16,238	09/30/2010

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	3,194,911,713	3,292,616,646	97,704,933
29.2 Preferred stocks	26,934,273	26,987,154	52,881
29.3 Totals	3,221,845,986	3,319,603,800	97,757,814

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? $ 6,321,651

GENERAL INTERROGATORIES

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? $ 965,860

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	$ 277,755	$ 6,666
2.2	Premium Denominator	$ 1,335,890,697	$ 1,284,781,601
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 664,424	$ 624,509
2.5	Reserve Denominator	$ 3,312,981,726	$ 3,265,080,352
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	$ 5,900,056,087
3.22	Non-participating policies	$ 59,750,574

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 $ 60,321,836

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 18,423,360

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? $ 13,753,878

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 $ 960,217,389

12.62 Collateral and other funds $ 173,541,985

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 8,091,525

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 [X] No [ ]

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	$ 249,915	$ 9,665,339	$ 3,075,000	$ 876,165	$ 3,075,000
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,580,509,074	3,590,647,037	3,718,690,571	3,926,002,421	4,079,094,206
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,889,538,771	2,010,912,616	1,993,882,355	2,004,950,580	1,959,252,250
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,810,596,040	1,804,217,748	1,730,228,776	1,707,461,220	1,597,063,454
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	6,240,766	9,919,017	(7,207,304)	36,159,337	32,826,801
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	34,176,123	33,282,664	23,130,966	18,761,642	11,471,427
6. Total (Line 35)	7,321,060,774	7,448,979,082	7,458,725,364	7,693,335,200	7,679,708,138
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)	884,704,009	879,669,500	707,669,879	785,354,232	759,187,103
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	212,319,062	276,270,576	183,338,000	183,855,128	195,545,430
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	228,453,431	209,918,385	172,343,529	197,164,058	195,313,438
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,601,488	1,898,466	(15,828,295)	29,822,829	24,895,705
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	34,176,123	33,282,664	23,130,966	18,761,642	11,471,427
12. Total (Line 35)	1,361,254,113	1,401,039,591	1,070,654,079	1,214,957,889	1,186,413,103
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(107,972,761)	(142,133,087)	(63,124,588)	(65,389,363)	(35,831,805)
14. Net investment gain (loss) (Line 11)	205,695,647	151,268,944	154,213,924	141,144,337	129,278,747
15. Total other income (Line 15)	(13,647,580)	(22,092,934)	(12,278,518)	(9,215,093)	(8,303,200)
16. Dividends to policyholders (Line 17)	8,120,272	2,984,835	2,679,073	6,977,259	5,102,760
17. Federal and foreign income taxes incurred (Line 19)	8,838,227	(608,129)	(25,866,829)	9,189,847	27,049,266
18. Net income (Line 20)	67,116,807	(15,333,783)	101,998,574	50,372,775	52,991,716
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	4,825,276,385	4,590,131,975	3,569,946,982	3,565,128,451	3,420,760,390
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	135,020,259	153,215,375	124,587,991	106,169,541	82,310,609
20.2 Deferred and not yet due (Line 15.2)	353,107,772	363,175,679	242,671,447	275,048,165	275,281,586
20.3 Accrued retrospective premiums (Line 15.3)	73,887,870	56,725,740	47,917,537	51,079,004	69,581,565
21. Total liabilities excluding protected cell business (Page 3, Line 26)	3,620,920,193	3,517,256,976	2,601,953,831	2,603,833,443	2,507,229,875
22. Losses (Page 3, Line 1)	2,249,862,822	2,163,880,048	1,660,695,040	1,659,389,032	1,529,242,431
23. Loss adjustment expenses (Page 3, Line 3)	450,887,864	437,777,667	324,963,843	338,953,051	313,472,293
24. Unearned premiums (Page 3, Line 9)	612,231,039	566,403,363	437,433,448	484,675,823	468,376,826
25. Capital paid up (Page 3, Lines 30 & 31)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,204,356,192	1,072,874,999	967,993,151	961,295,008	913,530,515
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	254,418,367	603,268,357	47,086,432	180,566,720	254,212,484
Risk-Based Capital Analysis					
28. Total adjusted capital	1,211,788,687	1,079,605,217	974,300,833	968,354,122	919,697,516
29. Authorized control level risk-based capital	219,990,980	239,615,136	194,652,242	191,184,380	158,722,416
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)	76.4	71.9	66.0	71.0	77.1
31. Stocks (Lines 2.1 & 2.2)	9.2	14.4	15.4	15.4	9.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.0	2.0	2.5	2.3	1.2
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	3.2	5.5	7.3	3.7	6.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8)	7.8	5.9	8.9	7.5	5.6
38. Receivables for securities (Line 9)	0.2	0.2	0.1	0.2	0.3
39. Securities lending reinvested collateral assets (Line 10)	1.2	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)		24,312,264	24,312,264		
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	212,123,488	369,991,686	316,685,493	214,218,007	44,932,264
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	23,400,914	23,137,046	26,531,878	25,620,108	
48. Total of above Lines 42 to 47	235,524,402	417,440,996	367,529,635	239,838,115	44,932,264
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)	19.6	38.9	38.0	24.9	7.6

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)	102,163,679	63,738,367	(243,003,410)	2,217,240	23,279,156
51.	Dividends to stockholders (Line 35)	(15,000,000)	(15,000,000)			
52.	Change in surplus as regards policyholders for the year (Line 38)	131,481,193	104,881,848	6,698,143	47,764,493	83,556,345
	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)	2,396,253,988	2,062,366,481	2,496,216,598	2,337,127,553	2,297,354,783
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	967,872,358	1,129,670,727	990,204,294	1,007,871,398	1,263,123,605
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	948,548,110	975,767,824	1,040,851,660	806,812,793	863,341,060
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,125,725	410,383	11,287,934	3,422,622	1,690,446
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	24,615,133	(4,293,205)	8,827,470	10,724,488	15,212,995
58.	Total (Line 35)	4,339,415,314	4,163,922,210	4,547,387,956	4,165,958,854	4,440,722,889
	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)	504,534,122	102,519,076	484,806,456	401,485,489	374,227,410
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	127,602,846	146,808,198	108,521,833	100,000,740	112,931,045
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	131,020,070	105,966,265	132,135,513	89,124,148	83,347,035
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,719,767	(122,299)	10,927,722	3,189,058	1,638,408
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	24,615,133	(4,293,205)	8,827,470	10,724,488	15,212,995
64.	Total (Line 35)	789,491,938	350,878,035	745,218,994	604,523,923	587,356,893
	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	25.6	25.2	24.1	27.7	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)	113.0	130.6	110.6	126.4	129.9
	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)	(15,345)	31,108	(33,312)	31,239	49,421
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)	(1.4)	3.2	(3.5)	3.4	6.0
	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)	(14,232)	(6,480)	23,775	112,836	134,597
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)	(1.5)	(0.7)	2.6	13.6	20.0

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

If no, please explain:
Not applicable.

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	138,817	53,818	29,479	16,959	3,497	1,102	2,349	99,914	X X X
2. 2001	1,253,184	216,864	1,036,320	972,427	233,471	79,029	14,210	95,700	1,662	30,837	897,813	X X X
3. 2002	1,435,201	290,273	1,144,928	923,100	204,820	75,202	13,398	108,316	1,269	47,019	887,131	X X X
4. 2003	1,604,419	389,315	1,215,104	844,057	188,135	71,376	9,470	114,834	1,719	49,222	830,943	X X X
5. 2004	1,675,006	439,844	1,235,162	823,773	214,356	64,761	12,594	115,701	6,023	48,296	771,262	X X X
6. 2005	1,724,628	407,094	1,317,534	971,398	293,719	64,535	13,176	116,999	8,219	47,026	837,818	X X X
7. 2006	1,871,929	426,963	1,444,966	810,991	153,742	62,241	8,493	123,944	8,785	46,937	826,156	X X X
8. 2007	1,964,179	464,547	1,499,632	869,822	199,246	61,485	8,777	125,888	10,786	54,669	838,386	X X X
9. 2008	2,065,381	557,156	1,508,225	969,184	235,484	53,777	6,401	137,962	9,077	47,589	909,961	X X X
10. 2009	1,959,974	611,723	1,348,251	759,333	228,570	32,224	4,531	128,625	1,699	42,696	685,382	X X X
11. 2010	1,980,890	644,998	1,335,892	570,783	224,734	14,072	2,231	106,662	504	29,384	464,048	X X X
12. Totals	X X X	X X X	X X X	8,653,685	2,230,095	608,181	110,240	1,178,128	50,845	446,024	8,048,814	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	616,184	192,319	251,156	183,425	38,834	30,362	110,642	41,431	19,010	42	6,297	588,247	X X X
2. 2001	40,951	16,168	22,154	17,723	611	161	5,191	3,516	763	14	502	32,088	X X X
3. 2002	40,783	25,685	33,987	27,447	914	329	5,184	2,240	933	31	775	26,069	X X X
4. 2003	38,175	15,653	64,536	26,370	1,393	578	6,065	1,754	1,024		1,211	66,838	X X X
5. 2004	43,199	14,194	70,970	17,955	1,591	423	12,551	1,562	2,471		1,625	96,648	X X X
6. 2005	54,030	18,532	86,862	37,521	1,858	456	11,671	3,094	1,929	755	2,382	95,992	X X X
7. 2006	72,310	19,661	101,804	32,911	2,792	739	23,936	4,447	2,955	11	3,784	146,028	X X X
8. 2007	107,537	22,218	127,210	28,382	4,745	948	31,220	5,252	4,506	669	4,511	217,749	X X X
9. 2008	160,172	34,617	194,933	55,466	6,297	854	54,035	9,613	15,208	2,107	7,012	327,988	X X X
10. 2009	174,468	23,081	275,361	59,180	6,536	710	68,090	9,992	21,310	354	8,833	452,448	X X X
11. 2010	220,556	32,907	439,084	85,134	6,681	678	67,266	8,194	44,542	548	23,554	650,668	X X X
12. Totals	1,568,365	415,035	1,668,057	571,514	72,252	36,238	395,851	91,095	114,651	4,531	60,486	2,700,763	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	491,596	96,651
2. 2001	1,216,826	286,925	929,901	97.099	132.306	89.731			12.900	29,214	2,874
3. 2002	1,188,419	275,219	913,200	82.805	94.814	79.760			12.900	21,638	4,431
4. 2003	1,141,460	243,679	897,781	71.145	62.592	73.885			12.900	60,688	6,150
5. 2004	1,135,017	267,107	867,910	67.762	60.728	70.267			12.900	82,020	14,628
6. 2005	1,309,282	375,472	933,810	75.917	92.232	70.876			12.900	84,839	11,153
7. 2006	1,200,973	228,789	972,184	64.157	53.585	67.281			12.900	121,542	24,486
8. 2007	1,332,413	276,278	1,056,135	67.836	59.473	70.426			12.900	184,147	33,602
9. 2008	1,591,568	353,619	1,237,949	77.059	63.469	82.080			12.900	265,022	62,966
10. 2009	1,465,947	328,117	1,137,830	74.794	53.638	84.393			12.900	367,568	84,880
11. 2010	1,469,646	354,930	1,114,716	74.191	55.028	83.444			12.900	541,599	109,069
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,249,873	450,890

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	1,664,866	1,765,265	1,880,282	2,019,034	2,119,733	2,183,326	2,266,562	2,258,981	2,309,582	2,303,989	(5,593)	45,008
2. 2001	808,904	786,857	799,228	789,457	814,537	824,870	831,118	834,433	838,686	838,740	54	4,307
3. 2002	X X X	799,680	756,340	756,827	782,729	797,847	803,583	807,771	807,231	809,368	2,137	1,597
4. 2003	X X X	X X X	836,952	752,109	730,760	773,120	784,730	784,277	788,971	789,252	281	4,975
5. 2004	X X X	X X X	X X X	840,205	779,881	758,522	762,752	761,054	759,741	763,995	4,254	2,941
6. 2005	X X X	X X X	X X X	X X X	914,444	870,133	847,339	834,803	834,709	832,027	(2,682)	(2,776)
7. 2006	X X X	X X X	X X X	X X X	X X X	934,563	892,819	875,311	871,661	864,138	(7,523)	(11,173)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	998,746	975,011	950,180	947,833	(2,347)	(27,178)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,140,565	1,131,050	1,108,632	(22,418)	(31,933)
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	982,611	1,001,103	18,492	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	976,619	X X X	X X X
										12. Totals	(15,345)	(14,232)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	396,529	674,761	923,596	1,088,738	1,222,101	1,343,931	1,454,121	1,546,300	1,643,819	X X X	X X X
2. 2001	365,276	548,568	641,213	697,139	737,903	759,566	776,463	787,950	795,880	803,775	X X X	X X X
3. 2002	X X X	339,851	524,737	632,386	686,213	730,627	751,105	765,045	773,731	780,084	X X X	X X X
4. 2003	X X X	X X X	316,019	482,351	565,071	624,441	664,989	689,785	707,228	717,828	X X X	X X X
5. 2004	X X X	X X X	X X X	288,613	445,766	521,060	581,355	621,338	646,285	661,584	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	332,867	511,839	602,064	662,285	703,147	729,038	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	324,965	500,722	599,850	667,102	710,997	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	334,036	537,408	647,312	723,284	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	408,409	653,327	781,076	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	349,129	558,456	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	357,890	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	458,643	295,366	231,392	198,851	229,446	234,888	252,369	204,792	232,638	150,991
2. 2001	227,597	93,059	55,683	28,532	23,071	18,538	16,114	12,357	9,969	6,708
3. 2002	X X X	243,466	96,149	43,385	32,719	25,240	21,872	16,568	13,307	10,715
4. 2003	X X X	X X X	349,249	143,566	65,653	75,598	70,009	57,899	52,149	45,494
5. 2004	X X X	X X X	X X X	385,464	215,071	143,386	111,010	90,039	75,244	69,041
6. 2005	X X X	X X X	X X X	X X X	412,797	224,146	148,806	104,407	81,484	63,564
7. 2006	X X X	X X X	X X X	X X X	X X X	430,244	252,636	169,651	125,147	94,798
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	459,392	280,188	183,156	132,882
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	480,577	292,377	194,209
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	436,275	283,401
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	424,203

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	65,376,427	61,682,963	38,768	35,466,426	34,039,219	68,461,736	200,779	
2. Alaska AK	L	6,644,308	6,000,912	(10,224)	2,349,392	3,497,797	11,601,698	7,085	
3. Arizona AZ	L	105,764,241	106,206,573	(2,068)	66,534,396	74,215,672	97,376,528	350,802	
4. Arkansas AR	L	23,394,629	21,576,631	1,524	20,869,378	14,959,056	29,625,159	42,305	
5. California CA	L	585,923,686	578,122,914	(498,673)	340,354,144	319,296,283	717,081,334	2,624,764	
6. Colorado CO	L	86,461,449	84,266,010	34,655	59,752,101	50,817,920	77,399,708	316,068	
7. Connecticut CT	L	224,704,862	222,092,140	(65,800)	124,929,756	124,374,972	192,081,026	1,308,983	
8. Delaware DE	L	76,433,901	75,664,906	(9,406)	41,247,368	42,869,256	56,717,055	333,309	
9. District of Columbia DC	L	14,308,628	13,741,662	7,963	8,249,024	9,158,960	18,380,818	48,309	
10. Florida FL	L	305,321,207	325,528,662	191,566	191,374,544	209,365,455	410,575,336	2,280,218	
11. Georgia GA	L	255,078,856	247,484,888	23,802	152,684,464	149,180,038	173,791,885	877,253	
12. Hawaii HI	L	43,134,012	42,270,636	332	17,948,179	16,772,815	30,552,739	236,895	
13. Idaho ID	L	19,128,497	18,529,025	540	9,495,058	10,042,729	10,045,256	90,921	
14. Illinois IL	L	194,492,023	196,293,764	86,853	138,843,720	129,051,199	237,724,109	753,504	
15. Indiana IN	L	83,928,975	82,910,940	2,777	40,103,783	37,500,431	78,719,837	382,732	
16. Iowa IA	L	14,787,177	15,340,334	1,311	11,497,711	9,426,354	35,830,475	35,435	
17. Kansas KS	L	37,078,675	35,382,225	(285)	19,732,636	20,326,789	35,591,505	98,229	
18. Kentucky KY	L	87,009,679	88,624,711	1,934	50,730,394	46,933,183	92,099,644	420,761	
19. Louisiana LA	L	161,334,379	159,715,315	1,986	65,925,013	59,357,411	134,107,943	414,315	
20. Maine ME	L	55,589,713	55,401,862	568	29,200,129	25,408,216	41,554,273	510,791	
21. Maryland MD	L	156,332,294	151,708,507	(25,635)	98,630,260	105,334,932	132,706,423	774,407	
22. Massachusetts MA	L	173,565,866	170,528,705	14	76,526,984	84,637,238	153,687,735	809,305	
23. Michigan MI	L	175,124,886	171,848,674	92,026	99,340,255	86,446,383	248,285,336	764,595	
24. Minnesota MN	L	103,360,366	101,112,590	2,839	59,290,335	62,837,715	141,890,772	371,670	
25. Mississippi MS	L	20,287,028	19,522,901	5,024	13,933,654	12,394,852	27,390,615	43,590	
26. Missouri MO	L	90,527,290	86,845,880	24,811	49,865,492	49,189,906	86,429,130	299,751	
27. Montana MT	L	13,436,429	13,720,104	541	9,975,302	11,445,900	23,628,633	51,148	
28. Nebraska NE	L	16,825,110	16,610,143	5,489	8,670,886	8,527,629	30,062,386	49,454	
29. Nevada NV	L	65,943,156	65,587,002	484	41,767,390	41,184,668	55,453,338	250,435	
30. New Hampshire NH	L	77,655,714	79,182,650	1,663	57,662,506	53,143,597	61,426,509	573,205	
31. New Jersey NJ	L	435,906,423	451,734,448	64,689	275,931,135	244,761,880	498,830,458	3,994,069	
32. New Mexico NM	L	30,022,205	29,746,970	1,215	15,701,035	14,675,134	24,605,449	101,213	
33. New York NY	L	796,446,500	760,859,267	(10,827)	435,746,739	464,370,201	828,629,264	5,701,342	
34. North Carolina NC	L	75,973,111	75,053,540	12,105	54,417,234	44,154,516	132,156,297	146,863	
35. North Dakota ND	L	2,486,392	2,471,528	84	1,652,011	533,154	2,168,183	5,432	
36. Ohio OH	L	147,493,111	147,466,733	19,016	79,071,393	80,419,001	74,810,379	978,351	
37. Oklahoma OK	L	84,571,862	82,903,224	9,700	86,313,259	91,989,733	73,433,591	289,461	
38. Oregon OR	L	56,253,694	54,886,758	7,996	30,593,779	29,229,737	44,655,909	285,573	
39. Pennsylvania PA	L	232,340,353	235,913,330	(186)	142,755,324	125,675,424	322,015,608	1,475,376	
40. Rhode Island RI	L	56,087,202	55,395,632	(891)	32,136,089	32,398,617	42,591,325	332,180	
41. South Carolina SC	L	82,945,464	85,843,883	3,476	45,763,311	43,703,550	72,284,140	334,015	
42. South Dakota SD	L	3,785,680	3,692,402	113	2,727,787	1,595,297	7,246,167	10,270	
43. Tennessee TN	L	98,917,542	95,777,755	9,476	77,111,186	77,203,264	148,070,135	446,010	
44. Texas TX	L	167,683,074	168,741,774	1,964,529	114,812,171	66,591,278	383,339,460	161,527	
45. Utah UT	L	43,047,605	42,972,058	(11,877)	22,129,566	23,707,312	32,949,633	154,975	
46. Vermont VT	L	21,945,755	21,720,143	(10,474)	12,526,187	12,165,593	15,739,292	150,736	
47. Virginia VA	L	66,841,052	67,908,316	484	40,404,392	33,913,564	75,916,191	343,689	
48. Washington WA	L	104,222,143	102,950,040	4	49,228,226	45,636,468	46,751,562	369,919	
49. West Virginia WV	L	35,403,260	34,543,795	1	18,833,716	19,971,199	15,840,912	187,653	
50. Wisconsin WI	L	73,669,581	71,319,015	441,711	65,062,693	53,804,117	99,688,204	286,840	
51. Wyoming WY	L	3,585,797	3,582,551		2,002,085	1,776,040	2,290,656	10,563	
52. American Samoa AS	N								
53. Guam GU	N	(64,687)	(63,929)			(634)	1,301		
54. Puerto Rico PR	L	1,223,965	1,332,091	(1)	80,443	(535,951)	999,444		
55. U.S. Virgin Islands VI	N	18,914	18,970		79,198	9,549	6,493		
56. Northern Mariana Islands MP	N								
57. Canada CN	N	(56)	(56)		68,634	107,985	55,351		
58. Aggregate Other Alien OT	X X X	47,257	39,255	(45)	1,825,104	3,812,613	11,685,130		
59. Totals	(a) 52	5,959,806,662	5,910,313,722	2,415,677	3,549,923,377	3,413,405,216	6,467,039,475	31,087,075	

DETAILS OF WRITE-INS									
5801. Other alien	X X X	47,257	39,255	(45)	1,825,104	3,812,613	11,685,130		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	47,257	39,255	(45)	1,825,104	3,812,613	11,685,130		

(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.

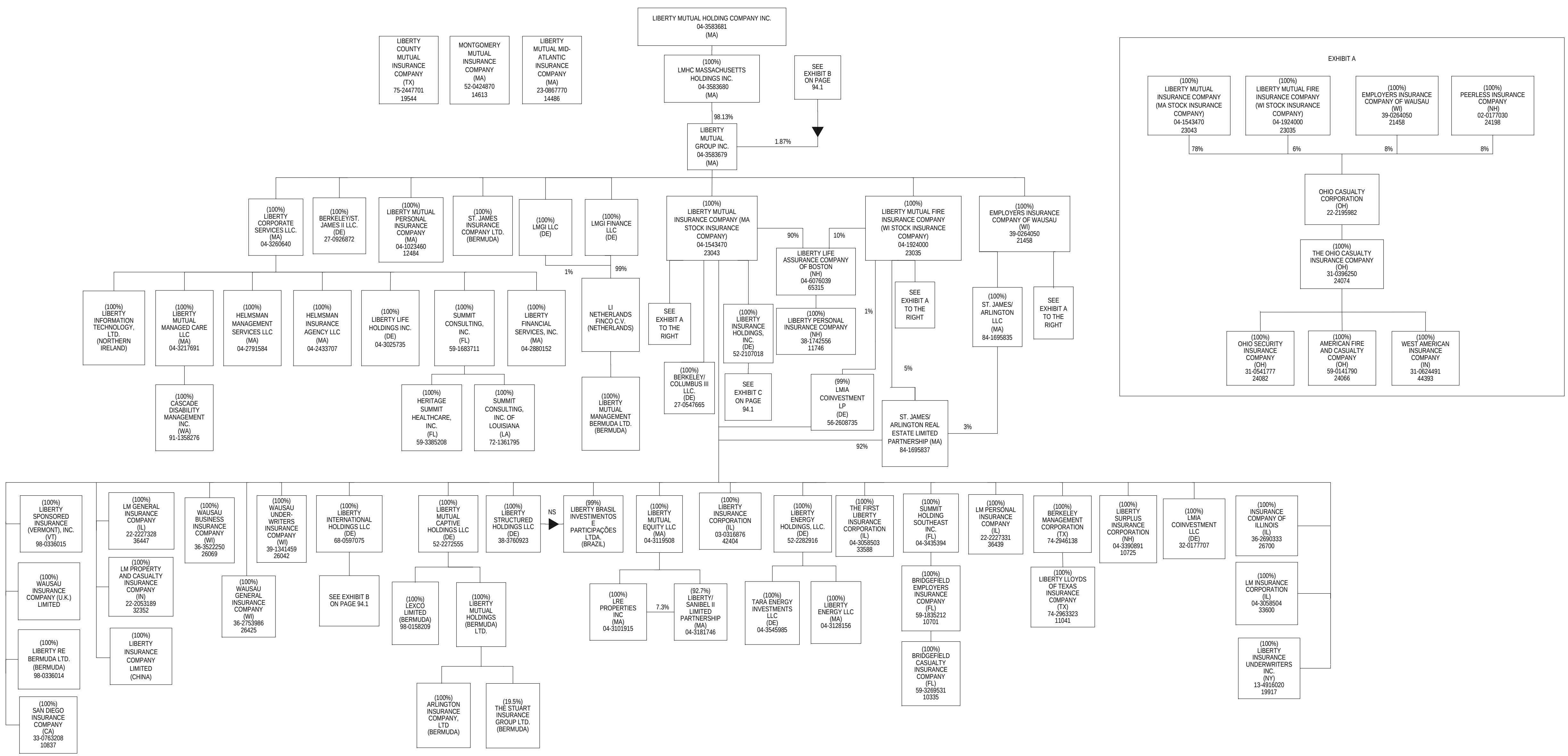
Explanation of basis of allocation of premiums by states, etc.

*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.

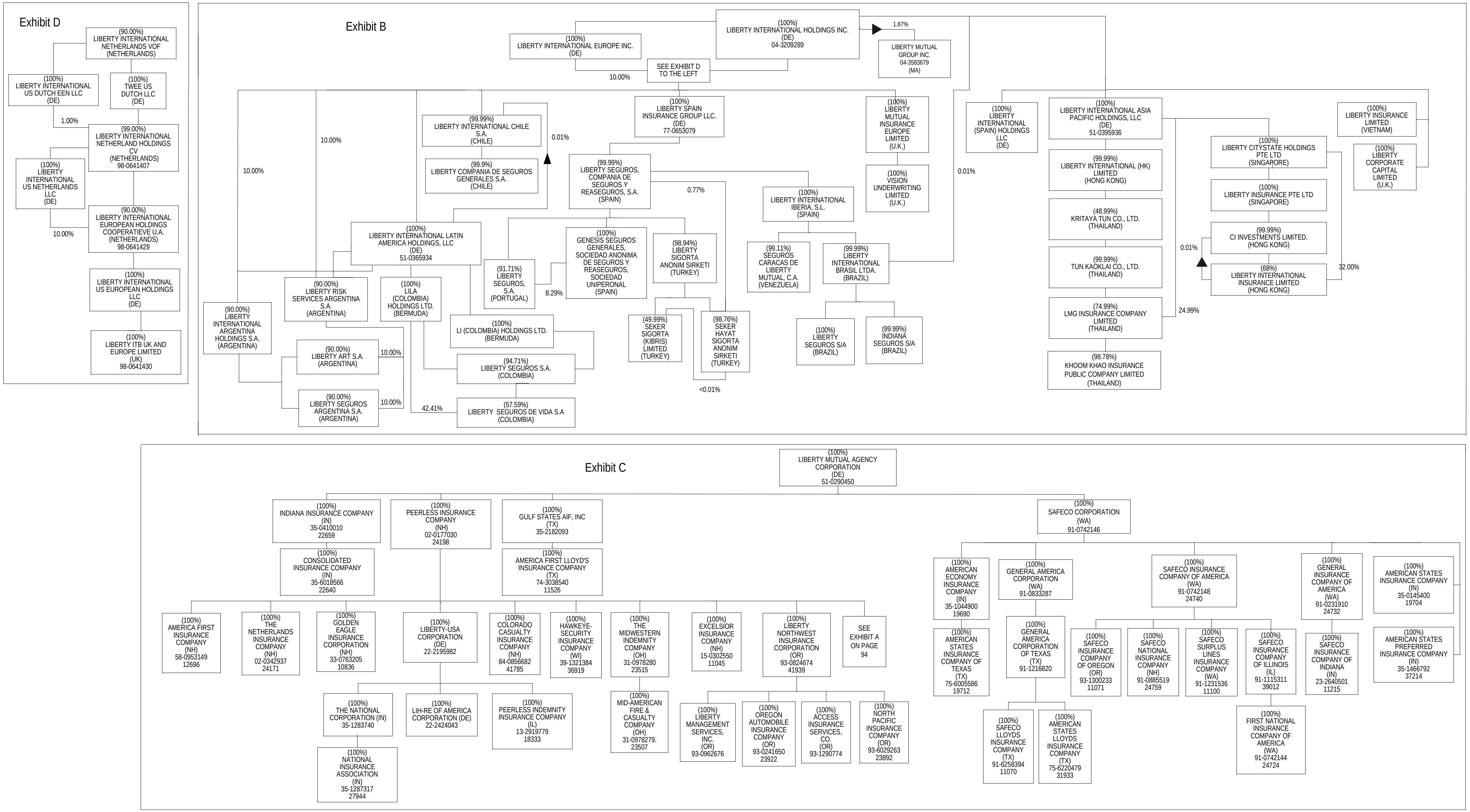
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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	5,209,200	4,545,407	663,793	2,945,902
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	5,209,200	4,545,407	663,793	2,945,902

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Collateral held for securities loaned		105,984,899
2505. Retroactive reinsurance reserves	(268,467,697)	(278,799,735)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(268,467,697)	(172,814,836)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT