ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL INSURANCE COMPANY

of BOSTON

in the state of MASSACHUSETTS

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

23043200920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 23043 **Employer's ID Number** 04-1543470

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

Country of Domicile United States of America

Incorporated/Organized: January 1, 1912 **Commenced Business:** July 1, 1912

Statutory Home Office: 175 Berkeley Street (Street and Number) , Boston, MA 02116 (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.LibertyMutual.com

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

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

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
James Paul Condrin, III	Executive Vice President	James Martin McGlennon	SVP & Chief Information Officer
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	David Henry Long	Executive Vice President
Paul Garvin Alexander #	Senior Vice President	John Derek Doyle	Vice President & Comptroller
Robert Thomas Muleski	SVP & Corporate Actuary	Timothy Michael Sweeney	Executive Vice President

DIRECTORS OR TRUSTEES

Edmund Francis Kelly	James Paul Condrin, III	Dennis James Langwell	Anthony Alexander Fontanes
David Henry Long	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)
Edmund Francis Kelly	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chairman of the Board President & CEO	Vice President & Secretary	Senior Vice President & Treasurer
(Title)	(Title)	(Title)

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

1st day of February , 2010, by

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

b. If no: 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	11,425,766,895		11,425,766,895	11,057,669,501
2. Stocks (Schedule D):				
2.1 Preferred stocks	782,976,318		782,976,318	757,319,706
2.2 Common stocks	9,135,552,552		9,135,552,552	7,570,471,320
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	519,022,709		519,022,709	548,091,252
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	337,179,530		337,179,530	425,989,166
4.2 Properties held for the production of income (less $ 0 encumbrances)	978,262		978,262	1,039,982
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 389,502,555, Schedule E - Part 1), cash equivalents ($ 82,179,054, Schedule E - Part 2), and short-term investments ($ 352,650,853, Schedule DA)	824,332,462		824,332,462	1,349,305,516
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)	5,771,150,576	206,157	5,770,944,419	5,131,343,213
8. Receivables for securities	12,271,548		12,271,548	2,859,056
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	28,809,230,852	206,157	28,809,024,695	26,844,088,712
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	133,129,777		133,129,777	140,188,757
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	993,264,743	14,732,220	978,532,523	1,071,899,224
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	1,519,460,073		1,519,460,073	1,594,927,150
13.3 Accrued retrospective premiums	366,445,346	36,644,535	329,800,811	363,694,097
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	593,195,507		593,195,507	560,300,803
14.2 Funds held by or deposited with reinsured companies	13,527,020		13,527,020	17,294,633
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	21,095	11,418	9,677	175,315
16.1 Current federal and foreign income tax recoverable and interest thereon	313,172,066		313,172,066	
16.2 Net deferred tax asset	1,188,251,090	164,925,490	1,023,325,600	846,790,256
17. Guaranty funds receivable or on deposit	33,248,467		33,248,467	32,559,328
18. Electronic data processing equipment and software	319,102,379	257,221,814	61,880,565	50,291,004
19. Furniture and equipment, including health care delivery assets ($ 0)	126,014,225	126,014,225		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	346,223,617	610	346,223,007	312,158,606
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	715,856,703	39,949,956	675,906,747	715,420,301
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	35,470,142,960	639,706,425	34,830,436,535	32,549,788,186
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	35,470,142,960	639,706,425	34,830,436,535	32,549,788,186

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Cash Surrender Value Life Insurance	383,284,396		383,284,396	348,631,523
2302. Amounts receivable under high deductible policies	172,319,200	115,054	172,204,146	165,149,487
2303. Other assets	132,718,497	39,834,902	92,883,595	165,597,198
2398. Summary of remaining write-ins for Line 23 from overflow page	27,534,610		27,534,610	36,042,093
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	715,856,703	39,949,956	675,906,747	715,420,301

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	12,580,697,955	12,604,675,356
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	76,374,442	92,048,425
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	2,545,218,983	2,466,475,556
4.	Commissions payable, contingent commissions and other similar charges	119,922,389	96,083,863
5.	Other expenses (excluding taxes, licenses and fees)	234,522,784	390,923,555
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	168,208,453	256,823,744
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		36,105,135
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		505,212
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 2,135,447,190 and including warranty reserves of $ 0)	3,293,042,806	3,320,119,872
10.	Advance premium	43,887,917	60,012,654
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	1,800,778	1,136,856
12.	Ceded reinsurance premiums payable (net of ceding commissions)	717,199,249	650,465,345
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	1,746,563,156	1,807,274,064
14.	Amounts withheld or retained by company for account of others	555,667,197	455,703,129
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)	69,876,166	73,987,601
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	294,010,958	292,965,747
19.	Payable to parent, subsidiaries and affiliates	35,060,360	72,875,912
20.	Payable for securities	59,521,615	15,457,672
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $ 0 and interest thereon $ 0		
23.	Aggregate write-ins for liabilities	(202,691,588)	(478,583,930)
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	22,338,883,620	22,215,055,768
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	22,338,883,620	22,215,055,768
27.	Aggregate write-ins for special surplus funds	1,209,068,460	957,921,671
28.	Common capital stock	10,000,000	10,000,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31.	Surplus notes	795,347,694	892,074,990
32.	Gross paid in and contributed surplus	6,435,272,283	6,335,272,283
33.	Unassigned funds (surplus)	4,040,614,478	2,138,213,474
34.	Less treasury stock, at cost:		
	34.1 0 shares common (value included in Line 28 $ 0)		
	34.2 0 shares preferred (value included in Line 29 $ 0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	12,491,552,915	10,334,732,418
36.	Totals (Page 2, Line 26, Col. 3)	34,830,436,535	32,549,788,186

	DETAILS OF WRITE-IN LINES		
2301.	Amounts held under uninsured plans	651,634,174	581,997,189
2302.	Other liabilities	410,875,388	424,947,976
2303.	Collateral held for securities loaned	279,831,199	110,828,705
2398.	Summary of remaining write-ins for Line 23 from overflow page	(1,545,032,349)	(1,596,357,800)
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(202,691,588)	(478,583,930)
2701.	Special surplus from retroactive reinsurance	967,721,654	957,921,671
2702.	SSAP10R incremental change	241,346,806	
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page		
2799.	Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	1,209,068,460	957,921,671
3001.	Guaranty funds	1,250,000	1,250,000
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page		
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	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)	7,469,660,471	8,432,913,259
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	4,916,329,697	5,714,416,439
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,455,364,797	1,331,209,244
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,923,620,404	1,875,505,091
5.	Aggregate write-ins for underwriting deductions	703,615	
6.	Total underwriting deductions (Lines 2 through 5)	8,296,018,513	8,921,130,774
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(826,358,042)	(488,217,515)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	628,394,278	2,088,386,369
10.	Net realized capital gains (losses) less capital gains tax of $ (15,845,996) (Exhibit of Capital Gains (Losses))	43,857,769	60,972,457
11.	Net investment gain (loss) (Lines 9 + 10)	672,252,047	2,149,358,826
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 2,351,683 amount charged off $ 61,274,643)	(58,922,960)	(67,681,334)
13.	Finance and service charges not included in premiums	37,249,963	42,102,059
14.	Aggregate write-ins for miscellaneous income	(67,465,388)	(93,446,384)
15.	Total other income (Lines 12 through 14)	(89,138,385)	(119,025,659)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(243,244,380)	1,542,115,652
17.	Dividends to policyholders	17,353,693	20,334,167
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)	(260,598,073)	1,521,781,485
19.	Federal and foreign income taxes incurred	(195,500,454)	21,106,616
20.	Net income (Line 18 minus Line 19) (to Line 22)	(65,097,619)	1,500,674,869
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	10,334,732,418	11,823,299,954
22.	Net income (from Line 20)	(65,097,619)	1,500,674,869
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 42,535,292	1,687,848,478	(4,579,004,881)
25.	Change in net unrealized foreign exchange capital gain (loss)	174,430,911	(190,743,152)
26.	Change in net deferred income tax	(238,702,090)	182,373,055
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	487,003,888	(341,667,977)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	8,482,252	34,049,569
29.	Change in surplus notes	(96,727,297)	108,830
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles	10,540,681	
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	100,000,000	1,986,321,106
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(224,766,000)	(10,720,080)
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	313,807,293	(69,958,875)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,156,820,497	(1,488,567,536)
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	12,491,552,915	10,334,732,418

	DETAILS OF WRITE-IN LINES		
0501.	Private Passenger Auto Escrow	703,615	
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)	703,615	
1401.	Retroactive reinsurance gain/(loss)	23,361,917	9,214,256
1402.	Other income/(expense)	(90,827,305)	(102,660,640)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(67,465,388)	(93,446,384)
3701.	SSAP10R incremental change	241,346,806	
3702.	Change in Accumulated Translation Adjustment	82,436,323	(87,120,967)
3703.	Other changes in surplus	(9,975,836)	17,162,092
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	313,807,293	(69,958,875)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	7,672,232,632	8,113,339,097
2.	Net investment income	656,231,644	2,229,935,333
3.	Miscellaneous income	12,401,900	(359,844,611)
4.	Total (Lines 1 through 3)	8,340,866,176	9,983,429,819
5.	Benefit and loss related payments	5,032,704,866	5,547,775,530
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	3,466,413,752	3,364,569,933
8.	Dividends paid to policyholders	16,689,772	31,999,995
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	137,060,153	(74,245,114)
10.	Total (Lines 5 through 9)	8,652,868,543	8,870,100,344
11.	Net cash from operations (Line 4 minus Line 10)	(312,002,367)	1,113,329,475
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	3,055,330,534	5,427,119,221
	12.2 Stocks	324,564,060	1,615,070,438
	12.3 Mortgage loans	26,979,833	17,610,032
	12.4 Real estate	86,548,411	
	12.5 Other invested assets	351,293,953	124,940,561
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	27,963	(51,130)
	12.7 Miscellaneous proceeds	2,767,257	292,520,266
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,847,512,011	7,477,209,388
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	3,057,647,871	1,685,571,615
	13.2 Stocks	231,830,930	7,039,149,697
	13.3 Mortgage loans	130,045	136,662,112
	13.4 Real estate	17,250,170	26,565,091
	13.5 Other invested assets	653,154,882	792,909,890
	13.6 Miscellaneous applications	(41,811,547)	
	13.7 Total investments acquired (Lines 13.1 to 13.6)	3,918,202,351	9,680,858,405
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)	(70,690,340)	(2,203,649,017)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	(67,373,951)	108,830
	16.2 Capital and paid in surplus, less treasury stock	100,000,000	1,986,321,106
	16.3 Borrowed funds	(505,212)	(1,010,514)
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	224,766,000	10,720,080
	16.6 Other cash provided (applied)	50,364,815	(363,194,110)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(142,280,348)	1,611,505,232
	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)	(524,973,055)	521,185,690
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	1,349,305,517	828,119,827
	19.2 End of year (Line 18 plus Line 19.1)	824,332,462	1,349,305,517

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

20.0001			
20.0002			
20.0003			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	163,645,497	101,910,670	91,022,133	174,534,034
2. Allied lines	94,489,889	47,961,060	45,868,153	96,582,796
3. Farmowners multiple peril	27,974			27,974
4. Homeowners multiple peril	886,908,411	497,775,154	554,177,655	830,505,910
5. Commercial multiple peril	98,995,249	94,666,097	85,122,537	108,538,809
6. Mortgage guaranty				
8. Ocean marine	35,643,696	12,377,715	14,401,907	33,619,504
9. Inland marine	508,143,059	30,694,412	27,389,136	511,448,335
10. Financial guaranty				
11.1 Medical professional liability—occurrence	(26)			(26)
11.2 Medical professional liability—claims-made	1,860,566	254,145	323,233	1,791,478
12. Earthquake	27,884,805	15,536,789	12,431,617	30,989,977
13. Group accident and health	2,605			2,605
14. Credit accident and health (group and individual)				
15. Other accident and health	36,036	550	438	36,148
16. Workers' compensation	1,982,731,101	50,324,848	40,211,996	1,992,843,953
17.1 Other liability—occurrence	402,683,338	219,149,727	187,380,179	434,452,886
17.2 Other liability—claims-made	188,473,578	110,982,009	117,614,740	181,840,847
17.3 Excess Workers' Compensation	65,444,239	25,028,088	24,388,290	66,084,037
18.1 Products liability—occurrence	81,480,836	46,648,446	38,815,372	89,313,910
18.2 Products liability—claims-made	6,996,849	1,530,186	1,244,866	7,282,169
19.1,19.2 Private passenger auto liability	1,768,516,442	873,341,727	904,073,693	1,737,784,476
19.3,19.4 Commercial auto liability	277,197,746	122,723,007	106,401,994	293,518,759
21. Auto physical damage	619,454,513	625,277,982	636,152,404	608,580,091
22. Aircraft (all perils)	51,897,542	15,223,579	14,989,915	52,131,206
23. Fidelity	9,680,110	3,217,622	4,549,744	8,347,988
24. Surety	568,329	867	448,605	120,591
26. Burglary and theft	374,741	232,010	160,959	445,792
27. Boiler and machinery	1,749,438	826,431	850,983	1,724,886
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	115,773,365	11,001,874	7,181,809	119,593,430
32. Reinsurance-Nonproportional Assumed Liability	72,972,796	9,330,324	11,395,103	70,908,017
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	7,463,632,724	2,916,015,319	2,926,597,461	7,453,050,582

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	88,153,833	2,868,300			91,022,133
2. Allied lines	44,180,592	1,687,561			45,868,153
3. Farmowners multiple peril					
4. Homeowners multiple peril	554,177,655				554,177,655
5. Commercial multiple peril	59,426,381	25,696,156			85,122,537
6. Mortgage guaranty					
8. Ocean marine	10,172,431	4,229,476			14,401,907
9. Inland marine	26,463,275	925,862			27,389,137
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liablity—claims-made	323,233				323,233
12. Earthquake	12,240,173	191,444			12,431,617
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	438				438
16. Workers' compensation	327,787,188	41,941,400		(329,516,588)	40,212,000
17.1 Other liability—occurrence	158,800,427	43,557,724		(14,977,971)	187,380,180
17.2 Other liability—claims-made	77,504,720	40,110,020			117,614,740
17.3 Excess Workers' Compensation	21,296,666	3,091,624			24,388,290
18.1 Products liability—occurrence	29,551,980	15,628,467		(6,365,075)	38,815,372
18.2 Products liability—claims-made	1,244,866				1,244,866
19.1,19.2 Private passenger auto liability	904,073,688				904,073,688
19.3,19.4 Commercial auto liability	118,191,332	3,796,346		(15,585,684)	106,401,994
21. Auto physical damage	635,555,942	596,490		(28)	636,152,404
22. Aircraft (all perils)	14,989,915				14,989,915
23. Fidelity	4,413,836	135,908			4,549,744
24. Surety	202,362	246,243			448,605
26. Burglary and theft	160,587	372			160,959
27. Boiler and machinery	834,190	16,793			850,983
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	7,181,809				7,181,809
32. Reinsurance-Nonproportional Assumed Liability	11,168,153	226,950			11,395,103
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	3,108,095,672	184,947,136		(366,445,346)	2,926,597,462
36. Accrued retrospective premiums based on experience					366,445,346
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					3,293,042,808

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 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	7,071,989	306,421,022	12,235,268	56,036,215	106,046,567	163,645,497
2. Allied lines	12,248,746	171,372,950	3,585,741	33,893,231	58,824,316	94,489,890
3. Farmowners multiple peril		37,298		9,325		27,973
4. Homeowners multiple peril	16,112,304	2,054,982,396	278,762	303,485,775	880,979,276	886,908,411
5. Commercial multiple peril	105,582,664	174,712,722	50,931,218	54,549,506	177,681,849	98,995,249
6. Mortgage guaranty						
8. Ocean marine	64,517,630	15,562,380	3,723,864	18,885,798	29,274,379	35,643,697
9. Inland marine	1,653,604,660	47,869,954	17,054,192	169,870,619	1,040,515,128	508,143,059
10. Financial guaranty						
11.1 Medical professional liability--occurrence			(35)	(9)		(26)
11.2 Medical professional liability--claims-made		2,484,773		624,207		1,860,566
12. Earthquake	1,000	44,455,095		9,539,458	7,031,832	27,884,805
13. Group accident and health	1,403	3,363	110	2,271		2,605
14. Credit accident and health (group and individual)						
15. Other accident and health	48,729	(672)		12,021		36,036
16. Workers' compensation	188,439,133	2,894,151,661	76,073,325	682,878,709	493,054,309	1,982,731,101
17.1 Other liability—occurrence	252,887,774	478,257,871	(1,890,412)	154,523,901	172,047,995	402,683,337
17.2 Other liability—claims-made	200,467,203	121,601,376	5,104,796	68,264,114	70,435,682	188,473,579
17.3 Excess Workers' Compensation	9,175,593	77,221,273	11,918,553	22,875,464	9,995,717	65,444,238
18.1 Products liability—occurrence	21,437,942	83,516,973	171,353	27,792,188	(4,146,756)	81,480,836
18.2 Products liability—claims-made	159,506	9,193,819		2,356,476		6,996,849
19.1,19.2 Private passenger auto liability	336,644,029	2,128,723,370	12,760,077	603,313,255	106,297,779	1,768,516,442
19.3,19.4 Commercial auto liability	62,400,414	374,282,930	5,428,400	98,526,964	66,387,034	277,197,746
21. Auto physical damage	221,052,342	1,523,590,012	1,974,873	1,067,982,283	59,180,430	619,454,514
22. Aircraft (all perils)	86,467,107	724,430	10,346,913	18,296,265	27,344,642	51,897,543
23. Fidelity	14,289,517	558,576	1,045,969	3,078,965	3,134,987	9,680,110
24. Surety	268,846,239	12,362,704	4,054,240	279,879,121	4,815,733	568,329
26. Burglary and theft	233,116	288,147	1,794	128,581	19,736	374,740
27. Boiler and machinery	9,012	2,692,666		596,212	356,028	1,749,438
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	67,251,424	87,375,002	38,765,065	87,996	115,773,365
32. Reinsurance-Nonproportional Assumed Liability	X X X	127,662	97,316,914	24,471,780		72,972,796
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	3,521,698,052	10,592,446,175	399,490,917	3,740,637,760	3,309,364,659	7,463,632,725

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 $ 206,108,106

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 190,379,279

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
	1	2	3	4				
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	2,627,439	314,008,220	108,364,936	208,270,723	115,778,954	191,607,395	132,442,282	75.883
2. Allied lines	1,297,019	70,233,433	33,089,701	38,440,751	21,234,743	38,949,020	20,726,474	21.460
3. Farmowners multiple peril		578,615	143,933	434,682	26	60,807	373,901	1336.602
4. Homeowners multiple peril	5,769,797	1,111,100,697	498,853,301	618,017,193	267,002,309	414,315,495	470,704,007	56.677
5. Commercial multiple peril	151,591,842	156,030,085	169,945,062	137,676,865	243,917,851	251,784,813	129,809,903	119.598
6. Mortgage guaranty								
8. Ocean marine	58,832,583	6,626,730	47,835,691	17,623,622	47,285,523	55,254,354	9,654,791	28.718
9. Inland marine	1,031,747,979	40,958,285	708,478,600	364,227,664	80,249,858	82,464,035	362,013,487	70.782
10. Financial guaranty								
11.1 Medical professional liability—occurrence		3,403	(4,466)	7,869	446,307	448,333	5,843	(22473.077)
11.2 Medical professional liability—claims-made		2,025	(5,225)	7,250	1,660,361	483,318	1,184,293	66.107
12. Earthquake			681	(681)	235,984	(57,420)	292,723	0.945
13. Group accident and health	290,766	713,304	443,325	560,745	1,866,865	2,181,097	246,513	9463.071
14. Credit accident and health (group and individual)								
15. Other accident and health	241,495	45,910	51,886	235,519	1,523,487	1,683,770	75,236	208.133
16. Workers' compensation	245,885,426	2,271,923,471	960,579,789	1,557,229,108	7,088,336,027	7,170,700,278	1,474,864,857	74.008
17.1 Other liability—occurrence	197,468,275	281,940,310	192,321,126	287,087,459	1,372,166,479	1,289,804,840	369,449,098	85.038
17.2 Other liability—claims-made	74,428,016	62,803,780	72,998,929	64,232,867	311,115,361	254,697,636	120,650,592	66.350
17.3 Excess Workers' Compensation	857,289	20,836,301	8,191,935	13,501,655	259,993,217	214,113,412	59,381,460	89.857
18.1 Products liability—occurrence	7,685,032	41,538,546	22,055,540	27,168,038	394,376,702	313,402,074	108,142,666	121.082
18.2 Products liability—claims-made	18,000	699,451	22,625	694,826	14,856,860	14,344,742	1,206,944	16.574
19.1,19.2 Private passenger auto liability	189,247,824	1,259,033,535	405,131,831	1,043,149,528	1,456,613,537	1,363,435,191	1,136,327,874	65.389
19.3,19.4 Commercial auto liability	85,040,763	227,608,404	108,413,538	204,235,629	442,178,608	498,734,475	147,679,762	50.314
21. Auto physical damage	140,730,975	784,513,993	607,970,017	317,274,951	(3,735,214)	6,756,616	306,783,121	50.410
22. Aircraft (all perils)	42,751,537	6,945,375	24,382,006	25,314,906	71,780,328	61,801,737	35,293,497	67.701
23. Fidelity	1,779,980	738,533	511,546	2,006,967	12,199,912	9,792,564	4,414,315	52.879
24. Surety	25,219,287	(334,042)	24,904,945	(19,700)	1,305,665	1,292,713	(6,748)	(5.596)
26. Burglary and theft	108,129	47,892	38,498	117,523	168,912	42,941	243,494	54.621
27. Boiler and machinery		122,197	35,741	86,456	378,899	(437,859)	903,214	52.364
28. Credit			(14)	14		1,157	(1,143)	
29. International								
30. Warranty			(123)	123	10,274	10,398	(1)	
31. Reinsurance-Nonproportional Assumed Property	X X X	41,632,487	10,678,901	30,953,586	75,591,060	77,956,938	28,587,708	23.904
32. Reinsurance-Nonproportional Assumed Liability	X X X	34,085,756	5,134,412	28,951,344	298,719,436	285,639,237	42,031,543	59.276
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	1,297,487	283,922	1,013,565	3,439,622	3,411,249	1,041,938	
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,263,619,453	6,735,734,183	4,010,852,589	4,988,501,047	12,580,697,953	12,604,675,356	4,964,523,644	66.611

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,149,118	137,151,029	56,265,863	82,034,284	2,621,550	50,022,728	18,899,608	115,778,954	8,061,910
2. Allied lines	2,144,808	14,442,431	6,269,623	10,317,616	1,813,290	16,653,238	7,549,401	21,234,743	3,699,365
3. Farmowners multiple peril		35	9	26				26	
4. Homeowners multiple peril	3,688,798	265,297,951	111,209,922	157,776,827	6,391	212,307,361	103,088,270	267,002,309	79,136,889
5. Commercial multiple peril	108,406,858	204,244,941	154,187,969	158,463,830	39,679,229	147,317,430	101,542,639	243,917,850	80,834,169
6. Mortgage guaranty									
8. Ocean marine	108,519,801	26,751,508	104,028,099	31,243,210	39,294,234	3,541,822	26,793,743	47,285,523	7,858,786
9. Inland marine	33,344,900	22,163,912	35,365,276	20,143,536	171,986,500	12,285,135	124,165,313	80,249,858	8,554,730
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		120,904	30,226	90,678	101	474,085	118,557	446,307	12,752
11.2 Medical professional liablity—claims-made		12,750	3,188	9,562	100,000	2,101,064	550,266	1,660,360	33,441
12. Earthquake		176,769	46,262	130,507	(16,691)	177,878	55,711	235,983	10,884
13. Group accident and health	1,838,532	2,444,555	2,459,543	1,823,544		57,762	14,440	(a) 1,866,866	165,184
14. Credit accident and health (group and individual)									
15. Other accident and health		184,300	46,075	138,225	276,900	1,570,117	461,755	(a) 1,523,487	74,894
16. Workers' compensation	1,189,566,759	5,640,249,259	2,882,253,558	3,947,562,460	783,226,853	5,241,363,549	2,883,816,835	7,088,336,027	930,413,488
17.1 Other liability—occurrence	479,860,657	416,709,019	398,313,882	498,255,794	751,911,824	886,911,763	764,912,902	1,372,166,479	639,963,893
17.2 Other liability—claims-made	137,361,574	95,249,276	152,262,030	80,348,820	336,077,086	144,570,017	249,880,563	311,115,360	115,482,633
17.3 Excess Workers' Compensation	25,326,283	153,966,185	89,973,611	89,318,857	64,888,462	260,262,179	154,476,279	259,993,219	19,779,591
18.1 Products liability—occurrence	42,997,968	63,806,620	43,180,962	63,623,626	285,890,871	156,337,180	111,474,976	394,376,701	192,460,911
18.2 Products liability—claims-made		100,002	62,501	37,501	14,236,911	5,764,423	5,181,976	14,856,859	8,690,726
19.1,19.2 Private passenger auto liability	134,487,454	1,285,826,319	523,797,082	896,516,691	80,635,409	691,870,582	212,409,144	1,456,613,538	287,848,616
19.3,19.4 Commercial auto liability	80,255,789	308,079,272	139,514,879	248,820,182	89,021,274	317,665,758	213,328,606	442,178,608	77,648,116
21. Auto physical damage	429,698	1,598,302	931,540	1,096,460	2,300,970	(5,053,491)	2,079,152	(3,735,213)	41,937,624
22. Aircraft (all perils)	101,917,552	21,703,982	83,489,797	40,131,737	34,043,211	10,016,043	12,410,663	71,780,328	18,362,754
23. Fidelity	1,507,042	140,628	488,317	1,159,353	29,569,149	1,911,425	20,440,016	12,199,911	2,361,931
24. Surety	5,926,411	402,521	5,893,134	435,798	152,085,163	8,021,810	159,237,105	1,305,666	(50,215)
26. Burglary and theft	7,564	3,045	2,654	7,955	882,261	(625,100)	96,206	168,910	937,960
27. Boiler and machinery		4,795	1,199	3,596	17,828	488,359	130,885	378,898	57,562
28. Credit									
29. International									
30. Warranty						13,699	3,425	10,274	
31. Reinsurance-Nonproportional Assumed Property	X X X	53,278,591	13,658,631	39,619,960	X X X	47,852,588	11,881,487	75,591,061	2,109,527
32. Reinsurance-Nonproportional Assumed Liability	X X X	133,338,205	33,334,551	100,003,654	X X X	264,954,376	66,238,594	298,719,436	18,724,491
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	4,471,960	1,117,990	3,353,970	X X X	114,203	28,551	3,439,622	46,371
34. Aggregate write-ins for other lines of business									
35. TOTALS	2,458,737,566	8,851,919,066	4,838,188,373	6,472,468,259	2,880,548,776	8,478,947,983	5,251,267,068	12,580,697,950	2,545,218,983

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	539,806,746			539,806,746
1.2 Reinsurance assumed	632,013,973			632,013,973
1.3 Reinsurance ceded	377,177,851			377,177,851
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	794,642,868			794,642,868
2. Commission and brokerage:				
2.1 Direct, excluding contingent		178,122,223		178,122,223
2.2 Reinsurance assumed, excluding contingent		485,546,675		485,546,675
2.3 Reinsurance ceded, excluding contingent		956,256,829		956,256,829
2.4 Contingent—direct		(954,312)		(954,312)
2.5 Contingent—reinsurance assumed		143,095,923		143,095,923
2.6 Contingent—reinsurance ceded		41,010,732		41,010,732
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)		(191,457,052)		(191,457,052)
3. Allowances to manager and agents		82,794,227	353	82,794,580
4. Advertising	11,200,157	141,690,029	434,104	153,324,290
5. Boards, bureaus and associations	2,065,543	17,474,533	12,858	19,552,934
6. Surveys and underwriting reports	140,075	23,289,332	449,367	23,878,774
7. Audit of assureds' records		(12,213)		(12,213)
8. Salary and related items:				
8.1 Salaries	372,560,928	815,346,683	81,339,256	1,269,246,867
8.2 Payroll taxes	22,447,263	56,985,722	4,653,051	84,086,036
9. Employee relations and welfare	77,997,273	204,331,394	4,512,703	286,841,370
10. Insurance	23,752,433	5,059,595	941,654	29,753,682
11. Directors' fees		273,004		273,004
12. Travel and travel items	22,080,199	61,021,426	1,483,947	84,585,572
13. Rent and rent items	30,611,464	81,624,721	1,473,796	113,709,981
14. Equipment	24,300,977	67,766,438	1,303,773	93,371,188
15. Cost or depreciation of EDP equipment and software	4,847,612	35,344,620	668,497	40,860,729
16. Printing and stationery	3,738,900	14,675,326	214,015	18,628,241
17. Postage, telephone and telegraph, exchange and express	14,369,181	50,187,529	2,677,258	67,233,968
18. Legal and auditing	3,939,394	15,125,729	2,684,521	21,749,644
19. Totals (Lines 3 to 18)	614,051,399	1,672,978,095	102,849,153	2,389,878,647
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 5,988,039		289,750,765		289,750,765
20.2 Insurance department licenses and fees		14,271,787		14,271,787
20.3 Gross guaranty association assessments		(2,799,584)		(2,799,584)
20.4 All other (excluding federal and foreign income and real estate)		2,788,314		2,788,314
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		304,011,282		304,011,282
21. Real estate expenses			29,410,673	29,410,673
22. Real estate taxes			7,776,665	7,776,665
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	46,670,532	138,088,084	14,589,504	199,348,120
25. Total expenses incurred	1,455,364,799	1,923,620,409	154,625,995	(a) 3,533,611,203
26. Less unpaid expenses—current year	2,545,218,986	520,384,334	2,269,293	3,067,872,613
27. Add unpaid expenses—prior year	2,466,475,556	674,277,202	69,553,960	3,210,306,718
28. Amounts receivable relating to uninsured plans, prior year		175,315		175,315
29. Amounts receivable relating to uninsured plans, current year		9,677		9,677
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,376,621,369	2,077,347,639	221,910,662	3,675,879,670

DETAILS OF WRITE-IN LINES				
2401. Other expenses	17,802,200	138,088,084	14,589,504	170,479,788
2402. Change in unallocated expense reserves	28,868,332			28,868,332
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	46,670,532	138,088,084	14,589,504	199,348,120

(a) Includes management fees of $ 0 to affiliates and $ 101,134,090 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 41,843,911	42,365,051
1.1	Bonds exempt from U.S. tax	(a) 163,799,361	164,884,369
1.2	Other bonds (unaffiliated)	(a) 405,156,902	396,628,405
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 11,524,553	10,781,174
2.11	Preferred stocks of affiliates	(b) 57,566,479	57,566,479
2.2	Common stocks (unaffiliated)	6,028,122	4,571,032
2.21	Common stocks of affiliates	673,014	673,014
3.	Mortgage loans	(c) 33,722,747	33,503,677
4.	Real estate	(d) 74,988,566	74,988,566
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 8,517,076	7,560,854
7.	Derivative instruments	(f) 39,303	32,284
8.	Other invested assets	74,003,371	74,003,371
9.	Aggregate write-ins for investment income	2,810,322	2,810,322
10.	Total gross investment income	880,673,727	870,368,598
11.	Investment expenses		(g) 154,625,995
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 67,762,007
14.	Depreciation on real estate and other invested assets		(i) 19,586,316
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		241,974,318
17.	Net investment income (Line 10 minus Line 16)		628,394,280

	DETAILS OF WRITE-IN LINES		
0901.	Investment Income/(Expense)	5,154,327	5,154,327
0902.	Investment Income/(Expense) – Pooling Restatement	(2,344,005)	(2,344,005)
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	2,810,322	2,810,322
1501.			
1502.	NONE		
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes $ 20,429,084 accrual of discount less $ 17,077,888 amortization of premium and less $ 9,160,948 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 $ 5 paid for accrued interest on purchases.
(d) Includes $ 71,364,807 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 573,522 accrual of discount less $ 1,819 amortization of premium and less $ 96,016 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 $ 67,646,540 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 19,586,316 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	6,950,673		6,950,673		
1.1	Bonds exempt from U.S. tax	410,043		410,043	5,774,797	
1.2	Other bonds (unaffiliated)	17,067,762	(83,551,495)	(66,483,733)	107,585,248	154,043,304
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	5,129,718	(6,516,048)	(1,386,330)	71,053,431	
2.11	Preferred stocks of affiliates				(131,322)	
2.2	Common stocks (unaffiliated)	86,827,609	(5,634,221)	81,193,388	(56,920,541)	7,192,827
2.21	Common stocks of affiliates				1,273,432,345	
3.	Mortgage loans	(1,456,099)		(1,456,099)	(762,656)	
4.	Real estate	944,154		944,154		
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	27,963		27,963		
7.	Derivative instruments	10,087,286		10,087,286	5,108,472	
8.	Other invested assets	113,872,145	(116,147,717)	(2,275,572)	326,159,365	13,194,781
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	239,861,254	(211,849,481)	28,011,773	1,731,299,139	174,430,912

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks		309,142,000	309,142,000
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)	206,157	923,910	717,753
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)	206,157	310,065,910	309,859,753
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	14,732,220	15,162,262	430,042
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums	36,644,535	40,410,454	3,765,919
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	11,418	2,602	(8,816)
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	164,925,490	622,710,792	457,785,302
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	257,221,814	239,393,443	(17,828,371)
19. Furniture and equipment, including health care delivery assets	126,014,225	82,645,678	(43,368,547)
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates	610	3,740,554	3,739,944
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	39,949,956	52,021,117	12,071,161
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	639,706,425	1,366,152,812	726,446,387
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	639,706,425	1,366,152,812	726,446,387

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	39,834,902	40,884,448	1,049,546
2302. Amounts receivable under high deductible policies	115,054	11,136,669	11,021,615
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	39,949,956	52,021,117	12,071,161

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

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

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

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

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

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

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

7. The Company carries its investments in SCA companies in accordance with SSAP No. 97, Investment in Subsidiaries, Controlled Entities and Affiliates, and the SVO Manual. Schedule D Part 6-Section 1 illustrates the valuation method used for each SCA company.

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

9. Derivative Securities refer to Note 8.

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53*, Property Casualty Contracts - Premiums*.

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

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

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

B. The Company adopted SSAP No. 43R, Loan-backed and Structured Securities (SSAP 43R), in the third quarter 2009. The cumulative effect of adopting SSAP No. 43R, $10,540,681, was reported through Surplus, as a change in accounting principles. The cumulative effect is not considered material.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

Effective August 31, 2009 the Company purchased the Insurance Company of Illinois, at statutory carrying value, from a downstream subsidiary, Safeco Insurance Company of Illinois.

Acquired Company	Date of Acquisition	% Ownership	Cost	Unamortized Goodwill December 31, 2009	Goodwill Amortization Current Year
Liberty Insurance Holdings, Inc.	May 10, 1999	93.06%	$1,472,492,028	0	$2,277,393
Ohio Casualty Corporation	August 24, 2007	78.00%	$1,690,592,354	$877,412,543	$114,769,463

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 to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2009, 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 2009 were 10.25% and 5.24% respectively.
(2) During 2009, the company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2009 was 75%.
(4) No loans had interest more than 180 days past due.
(5) There were $14,252 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, 2009 was $3,099,579, of which there is a related allowance for credit losses of $960,815.
(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 $153,218 for 2009.
(9) There was no interest income recognized for impaired loans during 2009.
(10) There was no interest income recognized on a cash basis for impaired loans during 2009.
(11)
   a) The balance in the allowance for credit losses at the beginning of 2009 was $198,159 and at the beginning of 2008 was $154,755.
   b) There were $762,656 of additions to the allowance charged to operations in 2009 and $0 in 2008.
   c) There were no direct write-downs charged against the allowance in 2009 and $43,404 in 2008.
   d) There were no recoveries of amounts previously charged off.
   e) The balance in the allowance for credit losses was $960,815 in 2009 and $198,159 in 2008.

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

B. Troubled Debt Restructuring for Creditors

(1) There was $5,593,404 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.

NOTES TO FINANCIAL STATEMENTS

D. Loaned Backed Securities

1. Not used.

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

3. Not used.

4. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2009 as of December 31, 2009:

	1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value
Aggregate Intent to Sell			
Aggregate Intent & Ability	32,138,206	5,929,885	22,028,641

5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009:

1 CUSIP	2 Book/Adj Carrying Value Amortized cost before current period OTTI	3 Projected Cash Flows	4 Recognized other-than-tempor ary impairment	5 Amortized cost after other-than-tempor ary impairment	6 Fair Value
021468AD5	20,935,137	18,493,036	2,442,101	18,493,036	13,157,258
33848JAB1	4,731,319	3,925,671	805,648	3,925,671	4,227,671
36186KAC9	2,699,090	1,248,581	1,450,509	1,248,581	1,197,142
43710RAD3	3,694,986	2,533,264	1,161,721	2,533,264	3,438,803
81375BAM4	77,674	7,767	69,907	7,767	7,767

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

	1 Less Than 12 Months	2 Greater Than 12 Months
Gross Unrealized Loss	(3,576,605)	(19,266,059)

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

8. Not used.

E. Repurchase Agreements

1. On September 1, 2009, the Company renewed its existing $750,000,000 364-day committed repurchase agreement facility for general corporate purposes. To date, no funds have been borrowed under the facility.

2. The Company maintained collateral for loaned securities.

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

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

NOTES TO FINANCIAL STATEMENTS

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

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	83,826,210	88,641,831	72,778,550	34,584,608	279,831,199

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

F. Real Estate

1. The Company did not incur any impairments on real estate during the year.

2. The Company does not engage in retail land sale operations.

3. The Company does not hold real estate investments with participating mortgage features.

G. Investments in Low Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

B. The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $103,747,717 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 (180 days for mortgage loans).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

The Company has a Derivative Use Policy, which was approved in 2004 by the state of New York 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 immaterial to the underlying investment portfolio.

In August 2008, the Company entered into an equity swap agreement with a total notional amount of $200 million. The contract matured in January 2009 resulting in realized gains of $10 million.

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	1,483,576,568	323,037,432	1,806,614,000	2,289,390,000	(482,776,000)
Total gross DTLs	(513,867,910)	(104,495,000)	(618,362,910)	(819,889,000)	201,526,090
Net DTA (DTL)	969,708,658	218,542,432	1,188,251,090	1,469,501,000	(281,249,910)
Net DTA non-admitted			(164,925,490)	(622,711,000)	457,785,510
Net Admitted DTA (DTL)			1,023,325,600	846,790,000	176,535,600

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

NOTES TO FINANCIAL STATEMENTS

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

Ordinary	241,346,806
Capital	0
Total increase in net admitted DTAs	241,346,806

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	84,485,000	206,289,000	290,774,000	237,596,000
Lesser of:				
Expected to be recognized within one year (10bi.)	491,204,794	0	491,204,794	609,194,000
10% of adjusted capital and surplus (10bii.)			1,072,713,311	858,000,000
Adj. gross DTAs offset against existing DTLs (10c.)	513,867,910	104,495,000	618,362,910	819,889,000

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	84,485,000	206,289,000	290,774,000
Lesser of:			
Expected to be recognized within three years (10eiia.)	732,551,600	0	732,551,600
15% of adjusted capital and surplus (10eiib.)			1,609,069,967
Adj. gross DTAs offset against existing DTLs (10eiii.)	513,867,910	104,495,000	618,362,910

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	12,310,778,067
Authorized control level	2,617,344,557

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

	December 31, 2009
Admitted DTAs	781,978,794
Admitted assets	34,589,089,729
Statutory surplus	12,250,206,109
Total adjust capital	12,310,778,067

Admitted DTAs, admitted assets and statutory surplus increased by $241,346,806 resulting from the use of paragraph 10e.

B. The Company has not provided for deferred taxes on unremitted earnings of subsidiaries outside the United States where such earnings are permanently reinvested. At December 31, 2009, unremitted earnings of foreign subsidiaries were $-1,371,898,617. If these earnings were distributed in the form of dividends or otherwise, the Company would be subject to U.S. income taxes less an adjustment for applicable foreign tax credits.

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

	2009	2008
Federal	(210,378,074)	11,780,606
Foreign	14,877,620	9,326,010
Realized capital gains	(15,845,996)	61,389,184
Federal and foreign income taxes incurred	(211,346,450)	82,495,800

The Company's DTAs and DTLs result primarily from AOCI branch foreign currency translation, contingency reserve, discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, loss based adjustments, deferred compensation deductions, depreciation expense, investment impairments, unrealized gains and losses, partnership investments, and statutory non-admitted assets.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(238,702,090)
Change in tax effect of unrealized (gains) losses	(42,535,292)
Total change in net deferred income tax	(281,237,382)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, partnership income, revisions to prior year estimates, intercompany transactions, depreciation expense, capital loss limitation, deferred compensation deductions, foreign operations, permanent impairments, alternative minimum taxes, and other investment activity.

NOTES TO FINANCIAL STATEMENTS

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses are none from the current year and $120,103,400 from the preceding year.

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

The Company has a foreign tax credit of $48,251,287 as follows:

Year Generated	Amount	Expiration
2003	23,900,249	2013
2004	13,468,989	2014
2007	135,097	2017
2009	10,746,952	2019

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Services 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 Ambassador Casualty Company (merged 10/21/2009)
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Avomark Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Ohio corporation)
Capitol Agency, Inc., The (Tennessee corporation)
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Companies Agency of New York, Inc.
Companies Agency of Pennsylvania, Inc.
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Company, Inc.
First National Insurance Company of America
First State Agency Inc.
Florida State Agency, Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Globe American Casualty Company (merged 12/30/2009)
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Heritage-Summit HealthCare, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty - USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Company of America (merged 9/17/2009)
Liberty Insurance Corporation
SCIT, Inc.
St. James Insurance Company Ltd.
State Agency, Inc. (Indiana corporation)
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters, Inc.
Liberty International Europe Inc.*
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings, Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings, Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited
Liberty Sponsored Insurance (Vermont) Inc.
Liberty Surplus Insurance Corporation
LIH U.S. P&C Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Personal Insurance Company
LM Property & Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, Inc.
Mid-American Agency, Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
OCASCO Budget, Inc.
OCI Printing, Inc.
Ohio Casualty Corporation
Ohio Casualty of New Jersey, Inc. (merged 9/30/2009)
Ohio Security Insurance Company
Open Seas Solutions, Inc.
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Pilot Insurance Services, Inc.
Rianoc Research Corporation
S.C. Bellevue, Inc.
Safecare Company, Inc.
Safeco Corporation
Safeco General Agency, Inc.
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Properties, Inc.
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
The Ohio Casualty Insurance Company
The Ohio Life Brokerage Services, Inc.
Wausau Business Insurance Company

NOTES TO FINANCIAL STATEMENTS

State Agency, Inc. (Wisconsin corporation)
Summit Consulting, Inc.
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
Wausau General Insurance Company
Wausau Service Corporation (dissolved 10/21/2009)
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc

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

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

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

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

1. Received capital contributions of $100,000,000 from its parent, LMGI.

2. Received return of capital distributions of $119,722,101.

3. Contributed capital in the amount of $584,901,110

4. Received dividends in the amount of $123,711,651

D. At December 31, 2009, the Company reported $311,162,648 due from 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 Fire Insurance Company, $25,000,000 of the medium term notes payable that are obligations of its parent company, LMGI.

The Company guarantees the performance of LMGI under a $400,000,000 commercial paper program. The amount outstanding as of December 31, 2009 was $0.

The Company is contingently liable for the performance of Liberty Corporate Capital Limited's obligations under standby letters of credit in the aggregate amount of $549,542,000 (£340M), that have been collateralized. As of December 31, 2009, there have been no drawings under the standby letters of credit.

The Company guarantees that, if America First Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.1068, the Company shall pay America First Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding $5,000,000. As of December 31, 2009**,** $6,760,348 in "qualifying Louisiana investment" was held.

The Company guarantees that, if Liberty Personal Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.1068, the Company shall pay Liberty Personal Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding $7,000,000. As of December 31, 2009, $5,700,371 in "qualifying Louisiana investment" was held.

The Company guarantees the future non-cancellable lease obligations of Liberty Information Technology Ltd. in the amount of $7,857,679 (£4,861,522).

The Company guarantees the future non-cancellable lease obligations of Liberty Insurance Underwriters Inc. in the amount of $9,544,834.

The Company guarantees obligations of Liberty Life Assurance Company of Boston on policies and contracts issued and is obligated to provide additional capital to that company necessary at any time to raise its Best's Capital Adequacy Ratio to at least 150%.

The Company guarantees obligations of Liberty Mutual Insurance Europe Limited ("LMIE") on policies and contracts issued until such time as LMIE can achieve a Standard & Poor's rating as specified in the guarantee.

The Company guarantees the performance of LMIE under a credit agreement in the amount of $20,000,000. As of December 31, 2009, there was $4,000,000 in outstanding borrowings under the agreement.

The Company guarantees obligations of Liberty Re (Bermuda) Limited under certain reinsurance policies issued.

NOTES TO FINANCIAL STATEMENTS

The Company guarantees obligations of San Diego Insurance Company under a reinsurance agreement with Golden Eagle Insurance Company (in liquidation) and the California Insurance Commissioner, providing reinsurance of $190,000,000 in excess of San Diego Insurance Company's existing obligations under a 1997 agreement.

The Company guarantees obligations of Liberty Insurance Company Limited for tax liabilities and other indebtedness prior to and arising from the conversion to a limited liability subsidiary. The amount of these obligations as of December 31, 2009 was $252,597.

The Company guarantees the performance of Safeco Insurance Company of America under a Master Lease Agreement with RBS Asset Finance, Inc. The amount of this obligation as of December 31, 2009 was $21,225,109.

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

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

There are service agreements between the Company and the following SCA companies -

America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire and 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
Berkeley/Columbus II LLC
Berkeley/Columbus Real Estate LLC
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Companies Agency of New York, Inc.
Companies Agency of Pennsylvania, Inc.
Consolidated Insurance Company
Employers Insurance Company of Wausau
Excelsior Insurance Company
First National Insurance Company
General Insurance Company of America
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Helmsman Insurance Agency LLC
Helmsman Management Services LLC
Indiana Insurance Company
Insurance Company of Illinois
Liberty Energy Holdings LLC
Liberty Information Technology Limited
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty Life Assurance Company of Boston
Liberty Lloyd's of Texas Insurance Company
Liberty Mutual Equity LLC
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Inc.
Liberty Mutual Managed Care LLC
Liberty Mutual Mid-Atlantic Insurance Company
Liberty Northwest Insurance Company
Liberty Personal Insurance Company
Liberty Surplus Insurance Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Personal Insurance Company
LM Property and Casualty Insurance Company
Mid-American Fire and Casualty Company
Montgomery Mutual Insurance Company
National Insurance Association
North Pacific Insurance Company.
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon

NOTES TO FINANCIAL STATEMENTS

Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Signature Agency LLC
Wausau Underwriters Insurance Company
West American Insurance Company

Under these agreements, the Company may provide the SCA companies with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company. Services include but are not limited to the following: claims handling, credit and collections, sales policy production, underwriting, investment management, and a variety of computer activities.

The Company is a party to a management services agreement with LMGI. Under the agreement, LMGI provides underwriting, claims processing, policyholder services, administration, information systems, accounting, advertising, sales, agent development and other services to the extent necessary or appropriate for the operation and use of the Company and others pursuant to agreements that obligate the Company to perform services.

Pursuant to an Employee Benefit Plans Cost-Sharing Agreement, the Company has agreed to reimburse LMGI for certain costs related to one or more employee benefit or welfare plans covering current or past employees of the Company or its affiliates which have been transferred to LMGI or which may be transferred to LMGI in the future. The amount of the reimbursement is: (a) the required contributions to the pension plans and (b) with respect to other plans, the benefits incurred on the Company's behalf.

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

The Company is a party to investment management agreements with Liberty County Mutual Insurance Company (“LCMIC”), LMIA, Liberty Mutual Personal Insurance Company (“LMPIC”), National Insurance Association (“NIA”), and Safeco Insurance Foundation (“SIF”). Under each agreement, the Company provides services to LCMIC, LMIA, LMPIC, NIA, and SIF.

The Company is a party to revolving credit agreements under which the Company may lend funds to the following SCA companies:

Bridgefield Employers Insurance Company
Colorado Casualty Insurance Company
Employers Insurance Company of Wausau
Golden Eagle Insurance Corporation
Indiana Insurance Company
Liberty Corporate Capital Limited
Liberty Insurance Corporation.
Liberty Insurance Underwriters Inc.
Liberty Life Assurance Company of Boston
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Inc.
Liberty Mutual Mid-Atlantic Insurance Company
Liberty Northwest Insurance Corporation
Peerless Indemnity Insurance Company
Peerless Insurance Company
The Netherlands Insurance Company
The Ohio Casualty Insurance 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.

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

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

I. The Company owns 93.06% of Liberty Insurance Holdings, Inc (“LIH, Inc.”), a downstream holding company, along with two affiliates: Liberty Mutual Fire Insurance Company (2.892%) and Employers Insurance Company of Wausau (4.048%). LIH, Inc. is carried at audited U.S Generally Accepted Accounting Principals (“GAAP”) equity, adjusted for statutory basis of accounting in accordance with SSAP No 97.

NOTES TO FINANCIAL STATEMENTS

At December 31, 2009, the Company's ownership interest in LIH, Inc.'s assets, liabilities and results of operations are as follows:

	Assets	Liabilities	Results of Operations
Total	$6,051,876,385	$271	$126,050

The Company did not change the valuation method of its subsidiaries, controlled and affiliated entities.

J. The Company recognized an impairment of $12,400,000 in December of 2009, related to its investment in Comparison Markets Convertible Preferred Stock.

K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.

L. Investments in downstream non-insurance holding companies

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

	Carrying Value
Berkeley Management Corporation	$16,108,922
LM Captive Holdings, LLC	$28,719,245
Berkeley/Columbus III, LLC	$30,160,197
Total	$74,988,364

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

Note 11- Debt

A. Debt consists of the following obligation as of December 31, 2009:

The Company maintains a $1,000,000,000 revolving line of credit with LMGI. There were no outstanding borrowings as of December 31, 2009. Interest is paid quarterly in arrears based on average borrowings at a variable interest rate. In 2009 the Company paid and incurred interest expense of $27,503 and $12,930, respectively.

B. On March 11, 2009, the Company became a member of the Federal Home Loan Bank of Boston. To date, no funds have been borrowed.

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

A. The U.S. Liberty Mutual Retirement Benefit Plan and Supplemental Income at Retirement Plan (SIRP) defined benefit pension plans are sponsored by the Holding Company, LMGI. Accordingly, the plan assets and obligations are not included in the Company's summary of assets and obligations as of December 31, 2009 and December 31, 2008. (The Employees' Thrift-Incentive plan and Supplemental Income at Retirement Plan (SIRP) defined contribution pension plans are also sponsored by LMGI.)

The Company continues to sponsor non-contributory defined benefit and contributory defined contribution pension plans covering substantially all Canadian and certain U.S. employees. The benefits and eligibility are based on age, years of service and the employee's compensation, as more fully defined in the Plan. As of December 31, 2009, the Company accrued pension cost in accordance with the actuarially determined amounts, with an offset for the incremental asset amortization.

The Company's U.S. postretirement health and life benefit obligations are also sponsored by LMGI. Accordingly, the plan assets and obligations are not included in the Company's summary of assets and obligations as of December 31, 2009 and December 31, 2008. However, the Company continues to provide certain health care and life insurance benefits for retired Canadian employees. Substantially all Canadian employees may become eligible for these benefits if they reach retirement age and have ten years of service working for the Company, as more fully defined in the Plan. Also, the Company provides a Death Benefit Only life insurance benefit for certain U.S. employees.

A summary of assets, obligations, and assumptions of the Company Pension Plans and Postretirement Benefit Plans are as follows at December 31, 2009 and 2008:

	Pension Plans		Postretirement	
	2009	2008	2009	2008
(1) Change in benefit obligations				
a. Benefit obligations, beginning of year	$ 105,786,737	$ 114,243,252	$ 4,748,587	$ 3,817,096
b. Service costs	2,482,871	2,715,119	-	-
c. Interest costs	6,985,858	6,604,688	319,902	273,000

NOTES TO FINANCIAL STATEMENTS

d. Eligibility costs	-	-	513,344	194,453
e. Amendments	-	-	-	-
f. Actuarial (gains)/losses	4,902,168	(3,202,877)	103,932	1,321,095
g. Foreign currency exchange rate change	6,435,287	(10,432,273)	341,471	(561,756)
h. Acquisition / (Divestiture)	-	2,346,000	-	-
i. Benefits paid	(6,636,912)	(6,487,172)	(175,161)	(295,301)
j. Benefit obligations, end of year	$ 119,956,009	$ 105,786,737	$ 5,852,076	$ 4,748,587
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	$32,700,857	$50,320,519	$ -	$ -
b. Actual return on plan assets	5,180,948	(7,394,267)	-	-
c. Foreign currency exchange rate changes	5,664,201	(9,396,231)	-	-
d. Employer contributions	934,790	1,069,733	-	-
e. Plan participants' contributions	-	-	-	-
f. Benefits paid	(1,687,342)	(1,898,897)	-	-
g. Other	-	-	-	-
h. Fair value of plan assets at end of the year	$ 42,793,454	$ 32,700,857	$ -	$ -
(3) Reconciliation of funding status				
a. Funded status of the plan	$(77,162,555)	$(73,085,880)	$ (5,852,076)	$ (4,748,587)
b. Unrecognized net (gain)/loss	16,754,851	12,421,930	1,316,707	1,509,479
c. Unrecognized prior service costs	1,825,261	1,896,472	-	-
d. Unrecognized net transition (asset)/obligation	1,762,183	2,460,355	723,955	719,201
e. Net amount recognized	$(56,820,260)	$(56,307,123)	$ (3,811,414)	$ (2,519,907)
(4) Vested accumulated benefit obligation	$ 105,821,017	$ 98,037,997	$ 5,852,076	$ 4,748,587
(5) Non-vested benefit obligation	$ -	$ -	$ 5,284,173	$ 3,852,026
(6) Components of net periodic benefit costs				
a. Service costs	$ 2,482,871	$ 2,715,119	$ -	$ -
b. Eligibility costs	-	-	513,344	194,453
c. Interest costs	6,985,858	6,604,688	319,902	273,000
d. Expected return on plan assets	(2,871,199)	(2,977,056)	-	-
e. Amortization of unrecognized:				
Net (gain)/Loss	123,528	629,125	288,707	304,236
Prior service cost	204,826	201,291	-	-
Net transition (asset)/obligation	79,551	106,700	99,210	93,550
Total net periodic benefit cost	$ 7,005,435	$ 7,279,867	$ 1,221,163	$ 865,239
(7) Amounts recognized in the statutory financial statements consist of				
Prepaid Benefit Cost	$ 8,939,537	$ 6,798,629	$ -	$ -
Accrued benefit liability	(67,551,087)	(69,567,092)	(3,811,414)	(2,519,907)
Minimum pension liability	-	188,411	-	-
Intangible asset	1,791,290	6,272,929	-	-
Net amount recognized	$(56,820,260)	$(56,307,123)	$ (3,811,414)	$ (2,519,907)
Change in additional pension liability	(188,411)	(870,770)	-	-
(8) Weighted-average assumptions used to determine net periodic benefit costs:				
Discount rate	6.40%	6.00%	6.40%	6.00%
Expected return on plan assets	6.75%	7.50%	-	-
7.5Rate of compensation increase	4.70%	4.70%	-	-

NOTES TO FINANCIAL STATEMENTS

Weighted-average assumptions used to determine projected benefit obligation:				
Discount rate	6.30%	6.40%	6.30%	6.40%
Rate of compensation increase	4.70%	4.70%	-	-

(9) The measurement date used to determine the pension and other postretirement measurements is December 31.

(10) The weighted average healthcare cost trend rate assumed for 2010 is 9.0% graded to 5.0% for 2018.

(11) Assumed healthcare cost rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in the assumed healthcare cost trends rate would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on postretirement benefit obligation:	$ 335,188	$ (263,511)
Effect on total of service cost and interest cost:	$ 30,040	$ (33,462)

(12) The pension plan's weighted-average asset allocation by asset category is as follows:

Asset Category	**2009**	**2008**
Equity Investments	43%	55%
Debt Investments	55%	31%
Other	2%	14%
Total	**100%**	**100%**

Narrative description of investment policy

The Company recognizes that, based on historical data, the asset classes most likely to produce the greatest return in excess of inflation over time are also likely to exhibit the most volatility. Conversely, the asset classes likely to be the least volatile are likely to produce the lowest return over time. Therefore, the investment philosophies and strategies must take into account both return and risk objectives.

Based on the following considerations, the Company can tolerate a moderate amount of risk while striving to maximize investment returns:

i. The Company is responsible for financing any unfunded liabilities emerging because of poor investment returns. Therefore, the Company has a direct exposure to risk. While it is important to avoid excessive volatility in investment returns, the Company can tolerate some volatility risk;

ii. The Company contributes to the Plan in compliance with regulatory requirements and at a level sufficient to finance the defined benefits. The Company will establish these contributions based on the advice of an actuary. However, periodic increases in pension contributions, to finance unfunded liabilities emerging from poorer than expected investment performance, should not significantly affect the Company's overall cash flow. Therefore, the Company can tolerate some volatility of investment returns; and,

iii. The Plan is managed on a going concern basis, including management of the assets. In the foreseeable future, it is unlikely that there will be any special liquidity demands on the Plan. Thus, shorter-term fluctuations in security values will not have a significant adverse impact on the financial stability of the Plan. Therefore, the Company can tolerate some volatility of investment returns.

Taking into consideration the investment risk and philosophy of the Plan, the following asset mix has been established.

Assets	**Minimum %**	**Target Mix %**	**Maximum %**
Equity Investments	20	35	45
Debt Investments	55	65	80
Other	0	0	10

Narrative description of expected long term rate of return assumption

The expected long-term rate of return is estimated based on many factors including the expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies.

(13) Expected Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate are expected to be paid:

Year	Pension	Postretirement Benefits
2010	5,185,291	216,738
2011	5,311,462	234,625
2012	5,705,115	255,796
2013	5,933,871	275,116
2014	6,173,572	301,862
2015-2019	35,386,959	2,041,519

(14) Expected Company Contributions

The Company expects to contribute $7,045,270 and $216,738 to the pension plan and post retirement plan respectively in 2010.

B. The Company continues to sponsor various defined contribution savings plans for Canadian and certain U.S. employees. The Company's expense charged to operations amounted to approximately $1,388,154 and $1,137,223 in 2009 and 2008 respectively. The Company's contribution to the defined contribution plans is based on the employee contribution amounts and profitability.

C. Multi-employer Plans

Not applicable

D. The Company's eligible U.S. employees participate in non contributory defined benefit pension plans and contributory defined contribution pension plans sponsored by LMGI, a holding company. The Company has no legal obligation for benefits under these plans subsequent to September 24, 2003. LMGI allocates defined benefit pension amounts to the Company based on paid amounts. LMGI allocates defined contribution pension and postretirement amounts to the Company based on Statutory incurred amounts.

LMGI allocated $216,216,505 and $13,071,057 of defined benefit pension expense to the Company in 2009 and 2008, respectively. LMGI allocated $152,001,180 and $138,270,642 of defined contribution pension expense to the Company in 2009 and 2008, respectively. LMGI allocated $65,154,051 and $53,161,651 of postretirement expense to the Company in 2009 and 2008, respectively.

E. The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

Not applicable

Note 13- Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Common Stock

The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2009. 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. Preferred Stock

On December 31, 2008, the Company issued 7,468 shares at an issuance price of $647,660,000 to its parent, LMGI. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.

3. Dividend Restrictions

There are no dividend restrictions.

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

March	$16,191,500
June	$16,191,500
September	$16,191,500
December	$176,191,500
Total	$224,766,000

The December Dividend included the Company's holdings in Berkeley/St. James III LLC. This dividend was at a fair value of $160,000,000 and the Company realized a gain of $73,451,588.

NOTES TO FINANCIAL STATEMENTS

5. The maximum amount of dividends which can be paid by Massachusetts-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2010 is $1,249,155,292.

6. As of December 31, 2009, the Company has restricted surplus of $241,346,806, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of $967,721,654 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior years' retroactive reinsurance contracts during 2009 and from the adoption of the revised guidance on calculations DTA's in SSAP No. 10R.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is ($2,249,269,116) after applicable deferred taxes of $51,551,507.

11. Surplus Notes

(1) Date Issued	(2) Interest Rate	(3) Amount of Note(s)	(4) Carrying Value	(5) Interest Paid Current Year	(6) Total Interest Paid	(7) Unapproved Interest	(8) Date of Maturity
May 18, 1995	8.500%	140,000,000	139,852,591	12,605,972	184,730,972	0	5/15/2025
Oct 21, 1996	7.875%	227,085,000	226,872,001	19,388,025	255,638,025	0	10/15/2026
Oct 15, 1997	7.697%	435,083,000	428,623,102	37,196,968	460,531,968	0	10/15/2097
Total		$802,168,000	$795,347,694	$69,190,965	$900,900,965	$0	

The 8.50% surplus debenture listed under 13.10.2 was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by Merrill Lynch & Co., Goldman Sachs & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was $150,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased $10,000,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

The 7.875% surplus debenture listed under 13.10.3 was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Morgan Stanley & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was $250,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased $22,915,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

The 7.697% surplus debenture listed under 13.10.4 was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Goldman Sachs & Co. and Merrill Lynch & Co. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was $500,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased $64,917,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

Note 14- Contingencies

A. Contingent Commitments

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

B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of $160,743,142 that is offset by future premium tax credits of $24,933,807. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

During 2009 there have been no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$955,549

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

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

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

E. All Other Contingencies

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

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

Pursuant to North Carolina General Statute #58-36-25, the potential interest payable to policyholders for the 2009 Private Passenger Automobile Escrow was $13,042.

Note 15- Leases

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

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, furniture and fixtures. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The following is a schedule of the Company's minimum lease obligations:

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$19,888,965	$84,215,293
2011	11,092,241	76,105,657
2012	11,062,488	54,879,970
2013	11,032,736	33,567,119
2014	1,901,518	24,498,945
2015 & thereafter	6,466,695	115,448,987
Total	$61,444,643	$388,715,971

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a

NOTES TO FINANCIAL STATEMENTS

lending agent. The Company does not participate in term loans; therefore, the company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2009 the total fair value of securities on loan was $285,890,961 with corresponding collateral value of $294,631,239 of which $279,831,199 represents cash collateral.

C. Wash Sales

The Company did not have any wash sales 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 over actual expenses on uninsured plans and net gain was $649,946. Claim payment volume was $35,065,019.

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

Full Name and Address of MGA or TPA	FEIN #	Exclusive Contract	Type of Business Written	Type of Authority Granted	Total Direct Written Premiums
Asurion Insurance Services Inc* 648 Grassmere Park, Suite 300, Nashville, TN 37211	62-1463468	N	Inland Marine	U, P, CA	$1,616,284,243

* As defined by the statutes of the Commonwealth of Massachusetts.

U – Underwriting
P – Premium Collection
CA – Claims Adjustment

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

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

b) The Company received payments from the Special Disability Trust Fund of $1,962,812 in 2009 and $4,468,259 in 2008.

c) The amount the Company was assessed by the Special Disability Trust Fund was $164,708 in 2009 and $403,128 in 2008.

2) Assets in the amount of $2,193,941,534 and $2,107,986,005 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law. Assets valued at $800,659,946 and $753,740,548 at December 31, 2009 and 2008, respectively, were maintained as compensating balances or pledged as collateral for bank loans and other financing arrangements.

3) 2009 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the Company was $936,980 at December 31, 2009.

NOTES TO FINANCIAL STATEMENTS

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Film Credit	MA	5,637,981	5,637,981
Historical Rehabilitation Credit	OK	312,707	312,707
Total		5,950,688	5,950,688

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

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

(3) Impairment Loss

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

G. Sub-Prime Lending

1. The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.

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

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other Then Temporary Impairments Recognized
$10,404,324	$10,503,702	$15,142,262	$3,434,303

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 25, the unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of the Company's policyholder's surplus are listed below.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
National Workers' Compensation Reins Pool		AA-9992118	$1,405,203,000
Swiss Re Group:			
Facility Insurance Corporation	10818	74-1194354	
North American Elite Insurance Company	29700	13-3440360	
North American Specialty Insurance Company	29874	02-0311919	
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Australia Ltd.		AA-1934100	
Swiss Reinsurance Company		AA-1460146	
Swiss Reinsurance Life and Health America Inc.	82627	06-0839705	

NOTES TO FINANCIAL STATEMENTS

Swiss Reinsurance Specialty Insurance (UK) Ltd.		AA-1120512	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			$1,093,724,000

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

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	4,325,800,104	211,558,146	1,305,170,596	22,902,046	3,020,629,508	188,656,100
All Other	98,702,063	26,018,451	830,276,594	221,265,655	(731,574,531)	(195,247,204)
Total	4,424,502,167	237,576,597	2,135,447,190	244,167,701	2,289,054,977	(6,591,104)

Direct Unearned Premium Reserve: $1,003,987,830

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$3,914,693	$126,403,092	$34,602,884	$95,714,901
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	0	146,250,000	(146,250,000)
Totals	$3,914,693	$126,403,092	$180,852,884	$(50,535,099)

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

D. During the current year, the Company wrote off reinsurance balances of $3,963,629. This amount is shown below by Income Statement classification and by reinsurer.

Income Statement Classification	Amount
Losses Incurred	$2,977,182
Loss Expenses Incurred	334,981
Premiums Earned	651,466
Other Expenses	0
Total	$3,963,629
Reinsurer	Amount
Orion Insurance Co. Plc.	$2,025,261
Excess & Casualty Reinsurance Association	705,798
Legion Indemnity Company	570,466
London And Overseas Ins. Co. Plc.	473,831
Legion Insurance Company	81,000
All Other	107,273
Total	$3,963,629

E. The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of $1,299,816. This amount is shown below by Income Statement classification and by reinsurer.

Income Statement Classification	Amount
Losses Incurred	$1,272,957
Loss Expenses Incurred	26,859
Total	$1,299,816
Reinsurer	Amount
Stuart Insurance Group Ltd.	$728,006
Stronghold Insurance Company Ltd.	583,291
Reliastar Life Insurance Company	78,519
All Other	(90,000)
Total	$1,299,816

NOTES TO FINANCIAL STATEMENTS

F. The Company has three assumed and nineteen ceded retroactive contracts that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$8,144,699	$1,728,738,301
	2. Adjustments – Prior Year(s)	(4,457,996)	(208,681,474)
	3. Adjustments – Current Year	(476,430)	(42,167,860)
	4. Total	$3,210,273	$1,477,888,967
b.	Consideration Paid or Received:		
	1. Initial	$2,482,101	$805,768,427
	2. Adjustments – Prior Year(s)	1,050,187	40,361,115
	3. Adjustments – Current Year	(24,266)	1,712,404
	4. Total	$3,508,022	$847,841,946
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(17,144,434)	$10,060,162
	2. Adjustments – Prior Year(s)	6,368,076	267,425,501
	3. Adjustments – Current Year	497,539	67,086,092
	4. Total	$(10,278,819)	$344,571,755
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$11,481,836	$(933,030,036)
	2. Adjustments – Prior Year(s)	(859,893)	(18,382,912)
	3. Adjustments – Current Year	(45,375)	(23,205,828)
	4. Current Year Special Surplus	1,899,490	(965,822,164)
	5. Cumulative Total Transferred to Unassigned Funds	$8,677,078	$(8,796,612)
e.	All cedents and reinsurers included in the above transactions:		
	Allianz Cornhill Insurance PLC, AA-1120445	$4,676,062	
	Wettereau Insurance Co. Ltd., AA-3191047	591,512	
	Employers Insurance Company of Wausau, 21458	(2,057,301)	
	National Indemnity Insurance Company, 20087		775,076,186
	North American Specialty Insurance Company, 29874		658,174,419
	Partner Re Co LTD, AA-3190686		225,382,177
	Federal Insurance Company, 20281		130,956,409
	ACE INA Overseas Insurance Company, AA-0000000		128,880,647
	Munich Reinsurance America Inc, 10227		40,483,012
	Swiss Reinsurance America Corporation, 25364		4,638,915
	Everest Reinsurance Company, 26921		1,854,880
	Diversified Insurance Corp, AA-0000000		1,385,739
	American National Insurance Company, 60739		1,304,116
	Other		707,346
	North European Financial Re, AA-0000000		604,686
	Liberty Mutual Fire Insurance Company, 23035		(253,644,735)
	Employers Insurance Company of Wausau, 21458		(157,299,061)
	Liberty Insurance Corporation, 42404		(58,987,148)
	Wausau Business Insurance Company, 26069		(7,864,953)
	Wausau Underwriters Insurance Company, 26042		(7,864,953)
	LM Insurance Corporation, 33600		(3,932,477)
	The First Liberty Insurance Corporation, 33588		(1,966,238)
	Total	$3,210,273	$1,477,888,967

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. At December 31, 2009, the deposit balance for reinsurance contracts accounted for under the deposit method was $11,670,414.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Total accrued retro premium	$366,445,346
Less: Non-admitted amount	36,644,535
Admitted amount	$329,800,811

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 25- Inter-Company Pooling Arrangements

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

(h) Amounts due to affiliated entities participating in the Liberty Mutual inter-company pool as at December 31, 2009:

Affiliate:	Amount:
Liberty Mutual Fire Insurance Company	($13,159,172)
Liberty Insurance Corporation	($3,060,273)
LM Insurance Corporation	($204,018)
The First Liberty Insurance Corporation	($102,009)
Employers Insurance Company of Wausau	($31,113,857)
Wausau Underwriters Insurance Company	($408,036)
Wausau Business Insurance Corporation	($408,036)

During 2009, Liberty Insurance Company of America (LICA), a participant in the Liberty Mutual inter-company Reinsurance Agreement, merged with an affiliate, Insurance Company of Illinois (ICIL). ICIL became the surviving entity. Concurrent with the merger, ICIL entered into a Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (LMIC), covering the business written by LICA. ICIL continued as a participant in the Peerless Amended and Restated Reinsurance Agreement. Effective January 1, 2010, ICIL terminated the Quota Share Reinsurance Agreement with LMIC and became a participant in the Liberty Mutual inter-company Reinsurance Agreement, with a 0.00% participation in the Pool. As a participant in the Liberty Mutual inter-company Pool, ICIL cedes the business of LICA to the Pool. Concurrent with entering into the Liberty Mutual inter-company Pool, ICIL terminated its participation in the Peerless Amended and Restated Reinsurance Agreement and entered into a Quota Share Reinsurance Agreement with Peerless Insurance Company, covering the business written by ICIL.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $802,445,690 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 $802,445,690 as of December 31, 2009.

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

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
The Prudential Insurance Company of America Newark, New Jersey	Yes	$389,560,292
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$241,133,180

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

As of December 31, 2009, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $3,589,233,004 and the amount billed and recoverable on paid claims was $172,319,200.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of $836,011,847 net of all reinsurance.

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

Note 32 - Asbestos/Environmental Reserves

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

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

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

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

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

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

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

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

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

Asbestos:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	1,276,846,859	1,498,687,614	1,387,320,335	1,261,730,269	1,172,378,911
Incurred losses and LAE	415,679,133	75,389,010	173,401,852	106,983,116	411,965,822
Calendar year payments	193,838,378	186,756,289	298,991,918	196,334,474	195,760,203
Ending Reserves	1,498,687,614	1,387,320,335	1,261,730,269	1,172,378,911	1,388,584,530
Assumed Reinsurance Basis					
Beginning Reserves	367,193,132	385,409,870	407,597,021	531,188,714	502,903,449
Incurred losses and LAE	40,833,290	36,608,224	143,734,886	(5,678,734)	(114,567,689)
Calendar year payments	22,616,552	14,421,073	20,143,193	22,606,531	28,383,944
Ending Reserves	385,409,870	407,597,021	531,188,714	502,903,449	359,951,816
Net of Ceded Reinsurance Basis					
Beginning Reserves	713,601,058	781,766,934	672,766,679	598,001,163	494,517,576
Incurred losses and LAE	164,526,571	9,153,130	63,844,681	10,683,044	296,663,758
Calendar year payments	96,360,695	118,153,385	138,610,197	114,166,631	126,028,781
Ending Reserves	781,766,934	672,766,679	598,001,163	494,517,576	665,152,553

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

Direct Basis	919,338,710
Assumed Reinsurance Basis	267,992,942

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis	549,417,572
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	494,743,409
Assumed Reinsurance Basis	2,713,217
Net of Ceded Reinsurance Basis	197,255,609

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	532,635,278	514,497,971	379,135,393	338,155,128	279,931,476
Incurred losses and LAE	118,924,574	35,888,060	4,410,889	5,127,884	21,115,209
Calendar year payments	137,061,881	171,250,638	45,391,154	63,351,536	71,142,560
Ending Reserves	514,497,971	379,135,393	338,155,128	279,931,476	229,904,125
Assumed Reinsurance Basis					
Beginning Reserves	53,163,740	39,239,471	35,960,343	30,641,402	30,555,658
Incurred losses and LAE	(9,172,703)	660,770	1,106,565	2,692,719	12,889,958
Calendar year payments	4,751,566	3,939,898	6,425,506	2,778,463	3,881,966
Ending Reserves	39,239,471	35,960,343	30,641,402	30,555,658	39,563,650
Net of Ceded Reinsurance Basis					
Beginning Reserves	395,035,079	320,116,106	296,524,479	272,726,936	233,690,335
Incurred losses and LAE	382,022	15,150,555	7,364,263	(9,902)	(2,125)
Calendar year payments	75,300,995	38,742,182	31,161,806	39,026,699	35,916,294
Ending Reserves	320,116,106	296,524,479	272,726,936	233,690,335	197,771,916

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	131,488,685
Assumed Reinsurance Basis	27,428,989
Net of Ceded Reinsurance Basis	122,699,329
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	106,179,773
Assumed Reinsurance Basis	489,904
Net of Ceded Reinsurance Basis	72,870,848

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Massachusetts

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

2.2 If yes, date of change:

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 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 [ ] No [X]

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

11.11 Name of real estate holding company		Various
11.12 Number of parcels involved		6
11.13 Total book/adjusted carrying value	$	497,641,251

11.2 If yes, provide explanation:
Liberty Mutual Insurance Company directly owns 100% of Liberty Real Estate Holdings, LLC, 92% of St. James/Arlington Real Estate LP, and 98% of Berkeley/Columbus III, LLC.

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

20.2 If answer is yes:

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

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

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 177,530

INVESTMENT

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

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

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

Please reference Note 17B.

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

22.5 If answer to 22.4 is yes, report amount of collateral. $ 294,631,239

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

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

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

23.21	Subject to repurchase agreements	$ 0
23.22	Subject to reverse repurchase agreements	$ 0
23.23	Subject to dollar repurchase agreements	$ 0
23.24	Subject to reverse dollar repurchase agreements	$ 0
23.25	Pledged as collateral	$ 800,659,946
23.26	Placed under option agreements	$ 0
23.27	Letter stock or securities restricted as to sale	$ 0
23.28	On deposit with state or other regulatory body	$ 2,193,941,534
23.29	Other	$ 0

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	3 Chase Metro Tech Center, Brooklyn, NY 11245
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
JP Morgan Chase	259 George Street, Sydney, Australia
Bank of New York	919 Congress, Suite 500, Austin, TX 78701

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
2528	Lazard Asset Management	30 Rockefeller Plaza, New York, NY 10112
106054	Mathews International Capital	Four Embarcadero Center, Suite 550, San Francisc
N/A	Stancorp Mortgage Investor	1100 SW Sixth Avenue, Portland , OR 97204
N/A	Liberty Mutual Investment Advisors	175 Berkeley Street, Boston, MA 02116

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

GENERAL INTERROGATORIES

27.2 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	15,844,699
		0
		0
27.2999 TOTAL		15,844,699

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Liberty All-Star Equity Fund	Bank of America Corp	359,041	09/30/2009
Liberty All-Star Equity Fund	Dell Inc	357,456	09/30/2009
Liberty All-Star Equity Fund	Microsoft Corp	332,739	09/30/2009
Liberty All-Star Equity Fund	Chesapeake Energy Corp	259,378	09/30/2009
Liberty All-Star Equity Fund	Visa Inc	247,653	09/30/2009

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	11,860,596,802	12,256,802,700	396,205,898
28.2 Preferred stocks	782,976,318	783,934,830	958,512
28.3 Totals	12,643,573,120	13,040,737,530	397,164,410

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

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

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

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

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

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ 59,720,259

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Insurance Services Office	16,035,116
	0
	0

32.1 Amount of payments for legal expenses, if any? $ 46,199,881

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

1 Name	2 Amount Paid
	0
	0
	0

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 6,935,495

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

1.64	Total premium earned	$ 9,913
1.65	Total incurred claims	$ 16,243
1.66	Number of covered lives	2

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	$ 38,753	$ 48,974
2.2	Premium Denominator	$ 7,469,660,471	$ 8,432,913,259
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 3,630,869	$ 4,117,907
2.5	Reserve Denominator	$ 18,495,334,187	$ 18,483,319,209
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 3,261,739,579
3.22	Non-participating policies	$ 259,958,471

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

See Note 20C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

8.2 If yes, give full information

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

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 [X] No [ ]

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

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

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

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

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 [X] No [ ]

11.2 If yes, give full information
The company guarantees policies issued by Liberty Life Assurance Company of Boston and Liberty Mutual Insurance Europe Ltd.

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 120,467,685
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 54,836,662

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 112,053,728

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 $ 6,129,885,371
12.62 Collateral and other funds $ 549,338,352

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 36,768,750

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

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

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

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

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

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

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

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

15.2 If yes, give full information

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

		1 2009	2 2008	3 2007	4 2006	5 2005
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	7,350,611,697	8,291,530,017	9,245,077,794	9,228,935,929	8,596,074,589
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,023,060,901	3,910,844,891	3,321,961,946	2,768,196,493	2,298,660,168
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,586,681,366	2,478,118,345	2,270,979,670	2,220,376,327	1,849,814,156
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	301,210,178	322,142,882	308,999,249	283,321,347	226,816,610
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	252,071,002	231,309,561	190,444,569	122,448,204	98,408,543
6.	Total (Line 35)	14,513,635,144	15,233,945,696	15,337,463,228	14,623,278,300	13,069,774,066
	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,	4,775,384,668	5,371,214,386	6,114,506,014	5,048,594,237	4,646,796,895
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,413,992,505	1,391,535,427	1,493,593,006	1,300,377,111	1,199,538,716
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,075,222,311	1,308,087,389	1,597,564,173	1,298,834,358	1,012,716,155
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	10,287,080	(120,136,762)	240,292,462	165,556,441	132,780,359
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	188,746,161	175,564,030	143,235,686	76,284,989	54,565,246
12.	Total (Line 35)	7,463,632,725	8,126,264,470	9,589,191,341	7,889,647,136	7,046,397,371
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(826,358,042)	(488,217,515)	(496,310,714)	(239,600,769)	(520,024,924)
14.	Net investment gain (loss) (Line 11)	672,252,047	2,149,358,826	1,250,734,655	1,638,583,474	1,092,891,029
15.	Total other income (Line 15)	(89,138,385)	(119,025,659)	(112,176,670)	(78,674,864)	(78,809,145)
16.	Dividends to policyholders (Line 17)	17,353,693	20,334,167	52,957,399	33,933,356	24,011,749
17.	Federal and foreign income taxes incurred (Line 19)	(195,500,454)	21,106,616	148,786,079	279,364,285	(114,095,184)
18.	Net income (Line 20)	(65,097,619)	1,500,674,869	440,503,793	1,007,010,200	584,140,395
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	34,830,436,535	32,549,788,186	34,829,204,572	29,920,012,089	26,011,608,289
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 13.1)	978,532,523	1,071,899,224	928,137,391	703,139,102	636,279,658
	20.2 Deferred and not yet due (Line 13.2)	1,519,460,073	1,594,927,150	1,638,534,970	1,462,229,358	1,376,405,401
	20.3 Accrued retrospective premiums (Line 13.3)	329,800,811	363,694,097	387,689,632	462,717,401	468,226,952
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	22,338,883,620	22,215,055,768	23,005,904,618	19,967,883,060	18,086,911,457
22.	Losses (Page 3, Line 1)	12,580,697,955	12,604,675,356	12,594,762,751	10,169,462,164	9,499,145,761
23.	Loss adjustment expenses (Page 3, Line 3)	2,545,218,983	2,466,475,556	2,572,655,246	2,084,590,736	1,934,981,136
24.	Unearned premiums (Page 3, Line 9)	3,293,042,806	3,320,119,872	3,678,689,493	3,114,705,894	2,792,535,119
25.	Capital paid up (Page 3, Lines 28 & 29)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26.	Surplus as regards policyholders (Page 3, Line 35)	12,491,552,915	10,334,732,418	11,823,299,954	9,952,129,029	7,924,696,832
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	(312,002,367)	1,113,329,475	3,685,920,555	1,737,942,745	1,596,160,322
	Risk-Based Capital Analysis					
28.	Total adjusted capital	12,552,124,874	10,391,501,558	11,886,831,983	10,007,632,029	7,976,676,447
29.	Authorized control level risk-based capital	2,618,115,850	2,587,950,002	2,289,668,717	1,807,577,710	1,612,464,662
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30.	Bonds (Line 1)	39.7	41.2	52.2	57.5	58.4
31.	Stocks (Lines 2.1 & 2.2)	34.4	31.0	26.2	21.3	24.5
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)	1.8	2.0	1.5	1.0	0.2
33.	Real estate (Lines 4.1, 4.2 & 4.3)	1.2	1.6	1.4	1.3	1.5
34.	Cash, cash equivalents and short-term investments (Line 5)	2.9	5.0	2.8	4.8	5.0
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)	20.0	19.1	15.8	13.8	10.3
37.	Receivables for securities (Line 8)	0.0	0.0	0.0	0.2	0.1
38.	Aggregate write-ins for invested assets (Line 9)					
39.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
40.	Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	575,664,787	575,796,109	131,322	131,322	131,322
42.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	8,951,056,491	7,587,331,257	5,971,660,656	3,577,413,444	4,016,798,661
43.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44.	Affiliated mortgage loans on real estate				39,500,000	39,500,000
45.	All other affiliated	4,529,501,289	3,714,886,153	3,397,656,837	2,525,870,295	1,533,031,957
46.	Total of above Lines 40 to 45	14,056,222,567	11,878,013,519	9,369,448,815	6,142,915,061	5,589,461,940
47.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	112.5	114.9	79.2	61.7	70.5

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	1,687,848,478	(4,579,004,881)	514,906,079	106,820,347	(253,467,664)
49. Dividends to stockholders (Line 35)	(224,766,000)	(10,720,080)	(4,373,207)	(2,163,559)	(100,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	2,156,820,497	(1,488,567,536)	1,871,170,925	2,027,432,197	669,346,914
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	4,967,019,851	5,804,105,124	5,127,438,809	5,036,541,040	4,910,452,276
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,386,273,364	2,191,390,193	1,767,945,082	1,875,813,948	1,148,216,467
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,540,349,458	1,546,971,075	1,059,486,667	1,155,873,076	1,093,077,356
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	28,695,233	39,835,273	31,438,191	51,970,685	41,114,562
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	77,015,730	89,075,678	108,889,994	183,117,093	127,619,834
56. Total (Line 35)	8,999,353,636	9,671,377,343	8,095,198,743	8,303,315,842	7,320,480,495
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	3,197,314,229	3,679,681,000	1,755,682,915	2,488,612,275	2,485,144,663
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	928,330,931	823,680,710	740,377,079	750,991,450	611,523,898
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	799,153,724	1,002,908,551	606,276,723	554,257,787	641,485,593
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,783,668	82,941,407	13,846,327	10,895,410	35,351,313
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	60,918,495	67,000,499	34,860,903	101,166,421	72,670,898
62. Total (Line 35)	4,988,501,047	5,656,212,167	3,151,043,947	3,905,923,343	3,846,176,365
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	65.8	67.8	61.9	61.1	63.8
65. Loss expenses incurred (Line 3)	19.5	15.8	15.9	15.3	18.8
66. Other underwriting expenses incurred (Line 4)	25.8	22.2	27.8	26.8	24.9
67. Net underwriting gain (loss) (Line 8)	(11.1)	(5.8)	(5.5)	(3.2)	(7.5)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	27.0	24.5	27.1	26.7	25.5
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	85.3	83.5	77.8	76.4	82.6
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	59.7	78.6	81.1	79.3	88.9
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	180,986	(252,832)	237,131	328,648	340,224
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	1.8	(2.1)	2.4	4.1	4.7
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(37,539)	180,446	856,463	895,068	889,237
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.3)	1.8	10.8	12.3	14.5

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	558,869	180,416	160,117	46,206	28,780	203	17,078	520,941	X X X
2. 2000	6,858,436	1,200,344	5,658,092	5,557,044	1,011,328	464,642	73,195	574,490	11,864	144,381	5,499,789	X X X
3. 2001	7,095,449	1,248,036	5,847,413	5,445,356	1,300,123	438,989	74,921	546,344	9,586	178,262	5,046,059	X X X
4. 2002	8,053,241	1,647,685	6,405,556	5,139,974	1,124,408	405,694	64,203	618,776	7,230	271,519	4,968,603	X X X
5. 2003	8,942,829	2,183,138	6,759,691	4,658,134	1,046,387	380,923	43,350	657,443	9,712	283,008	4,597,051	X X X
6. 2004	9,208,385	2,438,832	6,769,553	4,486,234	1,178,965	332,075	57,464	646,632	35,213	276,295	4,193,299	X X X
7. 2005	9,377,401	2,247,368	7,130,033	5,234,120	1,604,062	315,360	60,935	646,911	47,078	265,295	4,484,316	X X X
8. 2006	10,168,380	2,381,288	7,787,092	4,224,723	811,164	274,872	31,265	687,040	50,956	259,090	4,293,250	X X X
9. 2007	10,812,320	2,625,392	8,186,928	4,405,603	1,051,459	243,730	32,030	687,730	62,604	295,536	4,190,970	X X X
10. 2008	11,523,690	3,190,747	8,332,943	4,684,366	1,212,656	186,626	23,218	733,175	52,522	250,524	4,315,771	X X X
11. 2009	10,974,047	3,504,380	7,469,667	2,979,718	1,079,522	71,247	13,063	585,801	9,349	151,102	2,534,832	X X X
12. Totals	X X X	X X X	X X X	47,374,141	11,600,490	3,274,275	519,850	6,413,122	296,317	2,392,090	44,644,881	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	14	15	16	17	18	19	20	21	22		Total Net	Number of Claims Outstanding
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Losses and Expenses Unpaid	Direct and Assumed
1. Prior	3,471,646	1,068,611	1,768,932	1,063,789	215,206	178,579	781,363	275,387	79,208	12	40,374	3,729,977	X X X
2. 2000	242,595	89,015	96,602	77,619	6,821	1,936	22,909	13,207	5,186	18	2,888	192,318	X X X
3. 2001	289,848	119,573	130,800	102,949	7,034	3,247	36,282	17,535	6,001	30	3,612	226,631	X X X
4. 2002	249,561	157,478	191,849	151,870	8,237	3,801	38,267	12,646	5,809	18	5,195	167,910	X X X
5. 2003	247,706	100,641	413,943	171,247	9,910	4,128	45,013	18,075	6,657	42	9,100	429,096	X X X
6. 2004	288,238	97,991	452,066	127,654	9,205	1,857	79,440	16,080	27,700	265	13,390	612,802	X X X
7. 2005	385,003	131,870	550,076	231,904	12,430	2,151	105,567	17,272	25,381	2,846	19,814	692,414	X X X
8. 2006	542,672	132,712	725,419	235,618	19,548	3,811	185,314	33,033	31,952	341	27,270	1,099,390	X X X
9. 2007	780,192	156,087	1,004,331	256,140	27,321	4,042	256,807	41,197	51,409	1,094	40,577	1,661,500	X X X
10. 2008	1,257,667	274,537	1,643,008	399,100	34,552	5,373	376,493	78,893	134,238	3,890	56,653	2,684,165	X X X
11. 2009	1,260,241	214,385	2,475,476	526,377	32,140	2,573	396,904	60,101	271,604	3,179	148,104	3,629,750	X X X
12. Totals	9,015,369	2,542,900	9,452,502	3,344,267	382,404	211,498	2,324,359	583,426	645,145	11,735	366,977	15,125,953	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	3,108,178	621,799
2. 2000	6,970,289	1,278,182	5,692,107	101.631	106.485	100.601			75.000	172,563	19,755
3. 2001	6,900,654	1,627,964	5,272,690	97.255	130.442	90.171			75.000	198,126	28,505
4. 2002	6,658,167	1,521,654	5,136,513	82.677	92.351	80.188			75.000	132,062	35,848
5. 2003	6,419,729	1,393,582	5,026,147	71.786	63.834	74.355			75.000	389,761	39,335
6. 2004	6,321,590	1,515,489	4,806,101	68.650	62.140	70.996			75.000	514,659	98,143
7. 2005	7,274,848	2,098,118	5,176,730	77.579	93.359	72.605			75.000	571,305	121,109
8. 2006	6,691,540	1,298,900	5,392,640	65.807	54.546	69.251			75.000	899,761	199,629
9. 2007	7,457,123	1,604,653	5,852,470	68.969	61.121	71.486			75.000	1,372,296	289,204
10. 2008	9,050,125	2,050,189	6,999,936	78.535	64.254	84.003			75.000	2,227,038	457,127
11. 2009	8,073,131	1,908,549	6,164,582	73.566	54.462	82.528			75.000	2,994,955	634,795
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	12,580,704	2,545,249

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										DEVELOPMENT	
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior	9,200,493	10,096,948	10,643,732	11,151,642	11,823,917	12,361,555	12,702,768	13,116,913	13,028,634	13,336,916	308,282	220,003
2. 2000	4,503,245	4,701,433	4,729,438	4,888,341	5,018,146	5,060,483	5,094,317	5,143,749	5,149,580	5,147,115	(2,465)	3,366
3. 2001	X X X	4,587,422	4,457,864	4,528,817	4,467,219	4,606,947	4,676,556	4,712,066	4,723,677	4,747,950	24,273	35,884
4. 2002	X X X	X X X	4,494,915	4,250,790	4,256,093	4,409,000	4,489,722	4,521,315	4,537,211	4,535,879	(1,332)	14,564
5. 2003	X X X	X X X	X X X	4,662,632	4,182,204	4,062,301	4,306,397	4,378,107	4,376,936	4,401,714	24,778	23,607
6. 2004	X X X	X X X	X X X	X X X	4,604,090	4,291,596	4,179,256	4,211,754	4,218,127	4,212,792	(5,335)	1,038
7. 2005	X X X	X X X	X X X	X X X	X X X	5,000,558	4,749,382	4,650,516	4,602,939	4,604,550	1,611	(45,966)
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	5,060,740	4,869,023	4,800,339	4,782,679	(17,660)	(86,344)
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,440,355	5,356,515	5,236,664	(119,851)	(203,691)
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,304,397	6,273,082	(31,315)	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,416,442	X X X	X X X
										12. Totals	180,986	(37,539)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11	12
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	2,048,390	3,743,229	4,934,014	5,997,931	6,798,375	7,458,784	8,084,861	8,652,455	9,144,819	X X X	X X X
2. 2000	2,007,317	3,129,415	3,713,946	4,120,755	4,493,986	4,647,382	4,757,828	4,836,076	4,897,160	4,937,163	X X X	X X X
3. 2001	X X X	2,066,858	3,113,759	3,641,308	3,954,866	4,185,068	4,306,342	4,401,023	4,464,945	4,509,301	X X X	X X X
4. 2002	X X X	X X X	1,940,222	2,973,325	3,573,620	3,869,697	4,118,858	4,230,638	4,308,777	4,357,057	X X X	X X X
5. 2003	X X X	X X X	X X X	1,785,352	2,711,491	3,160,882	3,489,667	3,714,542	3,852,425	3,949,320	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	1,614,008	2,479,821	2,886,002	3,218,286	3,441,912	3,581,880	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	1,849,943	2,836,025	3,327,001	3,659,477	3,884,483	X X X	X X X
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	1,801,265	2,749,710	3,289,530	3,657,166	X X X	X X X
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,860,225	2,966,933	3,565,844	X X X	X X X
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,296,123	3,635,118	X X X	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,958,380	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior	3,083,850	2,144,637	1,475,251	1,179,769	1,022,509	1,234,654	1,283,033	1,379,889	1,104,521	1,292,901
2. 2000	1,229,591	462,437	194,723	131,616	107,849	78,899	63,895	76,884	54,627	34,585
3. 2001	X X X	1,269,391	507,052	298,754	144,801	121,958	98,484	90,417	61,472	49,996
4. 2002	X X X	X X X	1,331,997	514,524	220,343	166,965	133,011	121,574	82,882	67,060
5. 2003	X X X	X X X	X X X	1,927,523	782,105	347,309	412,817	386,603	317,439	287,739
6. 2004	X X X	X X X	X X X	X X X	2,089,647	1,171,964	778,022	601,131	495,816	416,625
7. 2005	X X X	X X X	X X X	X X X	X X X	2,243,514	1,214,591	793,175	563,894	443,534
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	2,359,813	1,356,742	919,795	680,854
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,464,575	1,528,499	1,008,066
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,619,622	1,613,291
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,379,567

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	37,271,574	33,451,825	(12,499)	80,328,000	74,268,212	61,548,551	2,205	
2. Alaska AK	L	8,779,369	7,505,934	41	30,421,519	29,417,947	5,683,394		
3. Arizona AZ	L	50,818,193	51,207,614	94	30,880,088	31,255,465	37,481,775	13,385	
4. Arkansas AR	L	10,321,895	11,089,227	(19)	4,962,909	7,595,533	22,158,502	323	
5. California CA	L	334,043,489	319,307,915	11,396	205,819,377	186,630,146	248,793,192	76,795	
6. Colorado CO	L	43,865,606	45,077,712	(17,324)	20,733,232	25,419,788	42,920,444	8,082	
7. Connecticut CT	L	36,055,055	36,281,852	3,602	39,830,190	48,805,274	100,829,463	67,087	
8. Delaware DE	L	12,095,365	12,169,928	240	9,753,878	8,038,852	22,746,686	4,462	
9. District of Columbia DC	L	37,793,071	36,223,344	(511)	17,893,678	17,837,448	26,307,357	760	
10. Florida FL	L	254,761,311	243,227,363	15,653	164,432,491	147,633,244	249,247,977	213,836	
11. Georgia GA	L	89,350,861	89,877,425	3,463	56,049,327	66,668,304	75,111,515	9,125	
12. Hawaii HI	L	16,211,218	16,260,573	(52)	6,263,687	8,009,888	10,668,606	6,372	
13. Idaho ID	L	10,138,324	10,689,778	14	6,048,592	7,371,982	7,085,693	1,320	
14. Illinois IL	L	91,509,647	91,282,411	(6,193)	50,304,432	58,068,451	188,212,366	20,783	
15. Indiana IN	L	34,415,081	34,377,888	3,433	1,261,271	11,132,582	44,680,921	6,283	
16. Iowa IA	L	15,901,210	16,364,534	61	6,814,126	8,197,713	14,983,115	1,643	
17. Kansas KS	L	14,906,001	15,226,332	8	5,705,510	5,804,436	35,336,759	1,204	
18. Kentucky KY	L	14,776,091	13,871,799	34	20,146,494	9,024,475	84,964,895	6,863	
19. Louisiana LA	L	62,471,822	63,220,271	(388)	45,864,844	83,619,784	106,530,248	8,610	
20. Maine ME	L	6,986,232	7,440,629	30	6,118,658	3,027,465	25,655,441	8,888	
21. Maryland MD	L	41,185,040	41,209,724	576	25,466,924	28,537,640	72,315,742	14,520	
22. Massachusetts MA	L	422,443,338	401,005,826	(5,253)	276,597,491	275,968,941	429,064,911	6,135,301	
23. Michigan MI	L	52,312,820	54,495,977	(1,232)	30,810,644	35,091,166	100,393,488	5,774	
24. Minnesota MN	L	30,561,501	30,959,040	(513)	17,513,770	18,492,705	70,300,383	11,324	
25. Mississippi MS	L	13,356,113	12,206,378	27	13,513,432	21,584,830	55,731,033	316	
26. Missouri MO	L	25,260,008	24,871,088	(737)	13,247,993	12,548,253	41,949,322	6,593	
27. Montana MT	L	15,182,054	15,840,092	(2,797)	8,580,441	8,804,147	7,270,782	336	
28. Nebraska NE	L	10,293,714	10,188,112	(25)	7,470,715	5,191,324	17,237,221	1,485	
29. Nevada NV	L	25,550,246	29,500,733		11,326,909	14,674,049	18,773,517	6,020	
30. New Hampshire NH	L	10,966,216	11,249,649	20,832	8,186,774	6,598,194	48,258,920	28,655	
31. New Jersey NJ	L	111,262,200	111,733,517	1,291	98,527,227	85,632,103	336,640,888	160,102	
32. New Mexico NM	L	18,494,786	19,972,796	72	9,913,023	14,588,988	20,102,065	1,769	
33. New York NY	L	340,425,511	347,183,763	115,973	227,755,827	220,877,062	625,754,998	307,795	
34. North Carolina NC	L	155,590,122	153,264,395	1,084	87,492,693	84,390,576	113,336,169	643,982	
35. North Dakota ND	L	5,844,574	6,039,153		2,704,261	5,706,171	5,523,943	52	
36. Ohio OH	L	69,601,698	70,878,958		66,269,760	79,721,940	92,952,910	18,832	
37. Oklahoma OK	L	23,903,782	24,586,377	10	22,357,508	14,800,804	37,201,648	2,710	
38. Oregon OR	L	25,511,287	25,437,500	2,287	12,807,398	13,133,388	20,474,181	5,960	
39. Pennsylvania PA	L	107,005,935	108,400,443	4,851	62,777,144	75,094,017	272,064,427	50,200	
40. Rhode Island RI	L	11,047,162	11,174,884		14,797,655	10,731,554	27,647,482	6,748	
41. South Carolina SC	L	37,031,345	36,017,482	1,119	19,325,147	22,216,354	43,641,948	3,580	
42. South Dakota SD	L	5,282,621	5,848,109	1	2,661,831	2,796,060	3,455,535	124	
43. Tennessee TN	L	62,757,325	62,766,103	28	50,524,532	49,186,211	90,587,303	7,551	
44. Texas TX	L	231,849,419	239,876,583	1,143,111	190,307,474	45,359,698	427,172,330	25,837	
45. Utah UT	L	15,317,493	15,863,867	5	9,169,595	11,426,196	15,663,973	2,188	
46. Vermont VT	L	4,240,078	3,202,834	20,553	4,497,327	2,946,810	18,245,136	2,420	
47. Virginia VA	L	63,106,127	61,242,852	635	31,522,379	38,743,815	88,577,406	16,726	
48. Washington WA	L	48,267,167	49,529,201		27,284,289	28,203,870	19,800,592	8,791	
49. West Virginia WV	L	6,036,975	6,201,271		2,297,719	7,568,027	18,751,378	1,485	
50. Wisconsin WI	L	30,135,412	28,890,557	15,687	27,392,080	32,439,018	86,750,010	10,753	
51. Wyoming WY	L	9,984,530	9,745,475		5,497,374	4,915,645	6,477,090	80	
52. American Samoa AS	N								
53. Guam GU	N	16,329	1,016			(1,511)	15,516		
54. Puerto Rico PR	L	11,746,481	12,436,390		1,108,207	6,584,280	25,167,713		
55. U.S. Virgin Islands VI	L	147,825	283,440		21,800	(565,800)	171,925		
56. Northern Mariana Islands MP	N								
57. Canada CN	L	149,167,775	155,988,005		41,009,542	68,135,686	272,497,249		
58. Aggregate Other Alien OT	XXX	148,341,619	137,578,097		23,250,265	50,728,413	398,370,315		
59. Totals	(a) 53	3,521,698,043	3,489,824,041	1,318,668	2,263,619,453	2,240,677,613	5,339,286,349	7,946,035	

DETAILS OF WRITE-INS									
5801. Other alien	XXX	148,341,619	137,578,097		23,250,265	50,728,413	398,370,315		
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	148,341,619	137,578,097		23,250,265	50,728,413	398,370,315		

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

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

*State of employee's main work place - Worker's Compensation

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty

*Point of origin of shipment or principal location of assured - Inland Marine

*State in which employees regularly work - Group Accident and Health

*Location of Court - Surety

*Address of Assured - Other Accident and Health

*Location of Properties covered - Burglary and Theft

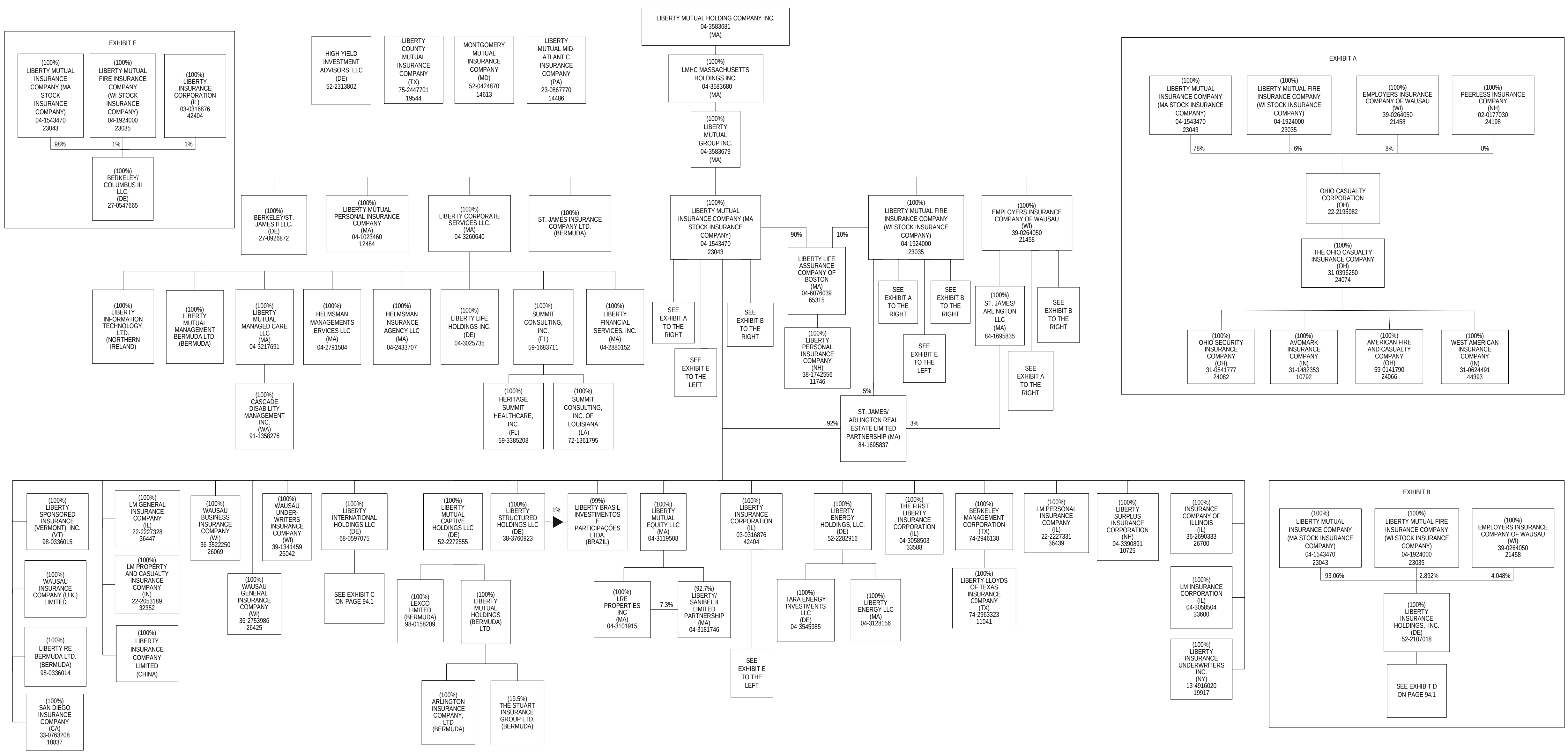
*Principal Location of Assured - Ocean Marine, Credit

*Primary Residence of Assured - Aircraft (all perils)

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

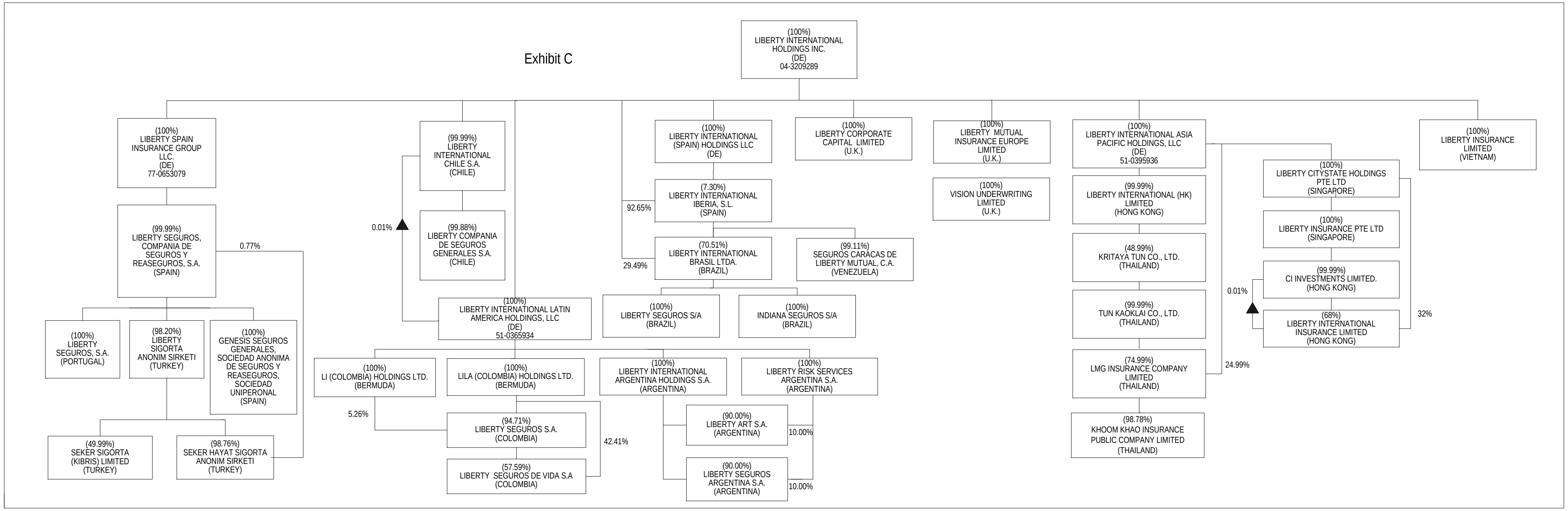
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

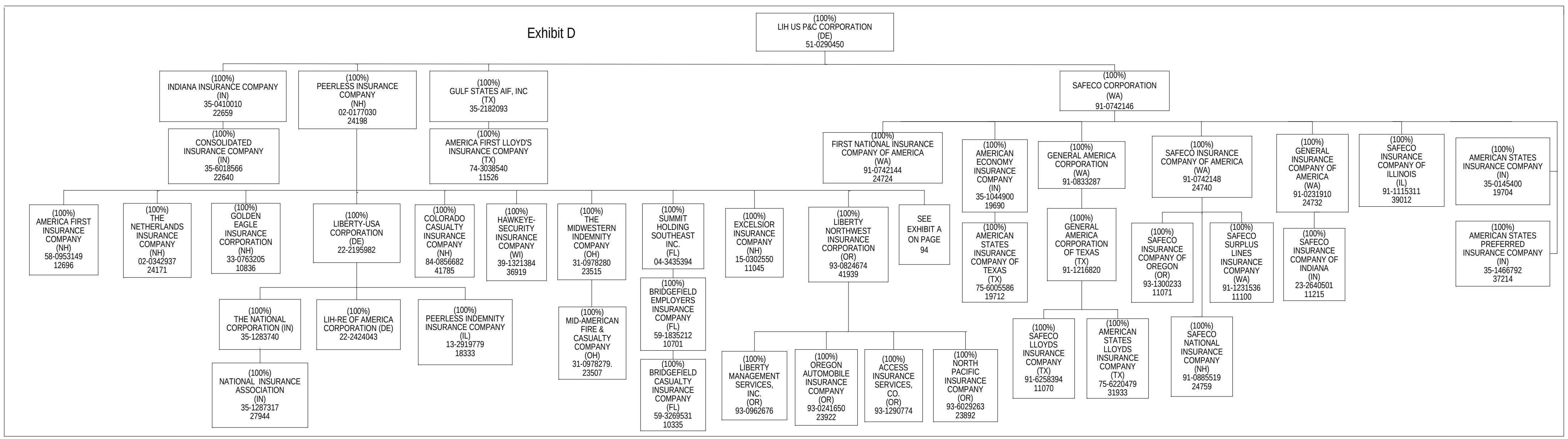
PART 1 - ORGANIZATIONAL CHART



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 23 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2304. Equities and deposits in pools and associations	27,534,610		27,534,610	36,042,093
2397. Totals (Lines 2301. through 2396.) (Page 2, Line 2398)	27,534,610		27,534,610	36,042,093

OVERFLOW PAGE FOR WRITE-INS

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REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	1 Current Year	2 Prior Year
2304. Deposit liability	75,192,730	81,108,468
2305. Private Passenger Auto Escrow	703,615	
2306. Swap Payable (Schedule DB - Part 4)		5,108,472
2307. Retroactive reinsurance reserves	(1,620,928,694)	(1,682,574,740)
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	(1,545,032,349)	(1,596,357,800)

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