

**ANNUAL STATEMENT**

**OF THE**

**LM INSURANCE CORPORATION**

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**of WEST DES MOINES**

**in the state of IOWA**

**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2008**

**PROPERTY AND CASUALTY**

**2008**



33600200820100010

ANNUAL STATEMENT

For the Year Ended December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

LM Insurance Corporation

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 33600 Employer's ID Number 04-3058504

Organized under the Laws of Iowa State of Domicile or Port of Entry Iowa

Country of Domicile United States of America

Incorporated/Organized: June 16, 1989 Commenced Business: June 22, 1989

Statutory Home Office: 2829 Westown Parkway Suite 300 (Street and Number), West Des Moines, IA 50265 (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 Website Address: www.LibertyMutual.com

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

Joanne.Connolly@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Table with 2 columns: Name, Title. Rows include Edmund Francis Kelly (Chairman of the Board President & CEO), Dexter Robert Legg (Vice President & Secretary), and Laurance Henry Soyer Yahia (Vice President & Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Rows include James Paul Condrin, III (Vice President), David Henry Long (Vice President), Christopher Charles Mansfield (Vice President & Assistant Secretary), John Derek Doyle (Vice President & Comptroller), Anthony Alexander Fontanes (Vice President & Assistant Treasurer), Dennis James Langwell (Vice President & CFO), and Gary Jay Ostrow (Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include James Paul Condrin, III (Dennis James Langwell), David Henry Long (Edmund Francis Kelly), and Anthony Alexander Fontanes (Christopher Charles Mansfield).

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

Subscribed and sworn to before me this 2nd day of February, 2009

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			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	52,912,785		52,912,785	55,652,697
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	634,490		634,490	774,564
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 458,964, Schedule E - Part 1), cash equivalents (\$ 2,793,992, Schedule E - Part 2), and short-term investments (\$ 4,938,650, Schedule DA)	8,191,606		8,191,606	2,957,776
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				6,239
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	61,738,881		61,738,881	59,391,276
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	532,110		532,110	587,198
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	2,531,713	39,953	2,491,760	2,123,391
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	4,853,429		4,853,429	5,500,963
13.3 Accrued retrospective premiums	1,064,834	106,483	958,351	1,021,580
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	469	7	462	422
16.1 Current federal and foreign income tax recoverable and interest thereon	11,011		11,011	
16.2 Net deferred tax asset	3,157,000	1,630,598	1,526,402	1,370,728
17. Guaranty funds receivable or on deposit	85,795		85,795	77,872
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				23,249
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	1,739,542	75,944	1,663,598	1,142,203
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	75,714,784	1,852,985	73,861,799	71,238,882
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	75,714,784	1,852,985	73,861,799	71,238,882

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	261,387	46,598	214,789	60,093
2302. Cash surrender value - life insurance	918,660		918,660	539,330
2303. Equities and deposits in pools and associations	94,973		94,973	84,942
2398. Summary of remaining write-ins for Line 23 from overflow page	464,522	29,346	435,176	457,838
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,739,542	75,944	1,663,598	1,142,203

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	33,213,901	33,187,781
2. Reinsurance payable on paid losses and loss adjustment expenses	1,648,840	1,328,110
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	6,499,277	6,779,061
4. Commissions payable, contingent commissions and other similar charges	253,185	355,649
5. Other expenses (excluding taxes, licenses and fees)	846,824	930,699
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	676,742	660,582
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		147,102
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 113,715,802 and including warranty reserves of \$ 0)	8,748,669	9,693,516
10. Advance premium	158,136	105,398
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	2,996	33,736
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	127,453	169,197
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	772,017	754,607
19. Payable to parent, subsidiaries and affiliates	320,065	
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	213,007	(2,634,611)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	53,481,112	51,510,827
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	53,481,112	51,510,827
27. Aggregate write-ins for special surplus funds	2,524,168	2,500,330
28. Common capital stock	3,600,000	3,600,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	7,400,000	7,400,000
33. Unassigned funds (surplus)	6,856,519	6,227,725
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)	20,380,687	19,728,055
36. Totals (Page 2, Line 26, Col. 3)	73,861,799	71,238,882

DETAILS OF WRITE-IN LINES		
2301. Other liabilities	1,024,383	435,658
2302. Pooled retroactive reinsurance	(4,433,662)	(4,561,971)
2303. Amounts held under uninsured plans	1,533,589	1,491,702
2398. Summary of remaining write-ins for Line 23 from overflow page	2,088,697	
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	213,007	(2,634,611)
2701. Special surplus from retroactive reinsurance	2,524,168	2,500,330
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	2,524,168	2,500,330
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

## STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	22,221,115	23,601,427
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	15,057,751	14,616,492
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	3,507,802	3,742,025
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	4,918,054	6,550,713
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	23,483,607	24,909,230
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,262,492)	(1,307,803)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,979,557	2,953,942
10. Net realized capital gains (losses) less capital gains tax of \$ (161,075) (Exhibit of Capital Gains (Losses))	(299,140)	4,801
11. Net investment gain (loss) (Lines 9 + 10)	2,680,417	2,958,743
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 6,412 amount charged off \$ 184,755)	(178,343)	(42,483)
13. Finance and service charges not included in premiums	110,941	112,994
14. Aggregate write-ins for miscellaneous income	(179,830)	(285,183)
15. Total other income (Lines 12 through 14)	(247,232)	(214,672)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,170,693	1,436,268
17. Dividends to policyholders	53,581	139,545
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)	1,117,112	1,296,723
19. Federal and foreign income taxes incurred	452,975	482,145
20. Net income (Line 18 minus Line 19) (to Line 22)	664,137	814,578
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	19,728,055	18,981,268
22. Net income (from Line 20)	664,137	814,578
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (69,943)	(129,895)	(24,269)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	68,057	178,931
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	96,335	(226,788)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(46,002)	4,335
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	652,632	746,787
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	20,380,687	19,728,055

<b>DETAILS OF WRITE-IN LINES</b>		
0501.		
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)		
1401. Other income/(expense)	(204,110)	(312,052)
1402. Retroactive reinsurance gain/(loss)	24,280	26,869
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(179,830)	(285,183)
3701. Other changes in surplus	(46,002)	4,335
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(46,002)	4,335

**CASH FLOW**

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	21,759,377	23,848,184
2. Net investment income	3,053,563	2,973,229
3. Miscellaneous income	(393,094)	(319,626)
4. Total (Lines 1 through 3)	24,419,846	26,501,787
5. Benefit and loss related payments	14,566,357	12,199,503
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,841,785	9,767,007
8. Dividends paid to policyholders	84,321	117,840
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	450,013	693,690
10. Total (Lines 5 through 9)	23,942,476	22,778,040
11. Net cash from operations (Line 4 minus Line 10)	477,370	3,723,747
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	15,228,755	16,488,948
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	6,238	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	15,234,993	16,488,948
13. Cost of investments acquired (long-term only):		
13.1 Bonds	12,967,976	21,018,703
13.2 Stocks	59,764	59,901
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		314
13.7 Total investments acquired (Lines 13.1 to 13.6)	13,027,740	21,078,918
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)	2,207,253	(4,589,970)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	2,549,207	288,386
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	2,549,207	288,386
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	5,233,830	(577,837)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,957,776	3,535,613
19.2 End of year (Line 18 plus Line 19.1)	8,191,606	2,957,776

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	510,858	274,214	268,539	516,533
2. Allied lines	252,395	123,944	126,380	249,959
3. Farmowners multiple peril	456			456
4. Homeowners multiple peril	2,755,647	1,845,364	1,311,660	3,289,351
5. Commercial multiple peril	468,071	245,541	249,450	464,162
6. Mortgage guaranty				
8. Ocean marine	78,040	37,992	32,616	83,416
9. Inland marine	1,406,683	79,933	80,881	1,405,735
10. Financial guaranty				
11.1 Medical malpractice—occurrence				
11.2 Medical malpractice—claims-made	2,774		670	2,104
12. Earthquake	100,654	40,356	40,940	100,070
13. Group accident and health	16			16
14. Credit accident and health (group and individual)				
15. Other accident and health	113		1	112
16. Workers' compensation	6,410,729	294,984	132,608	6,573,105
17.1 Other liability—occurrence	1,527,311	627,927	643,420	1,511,818
17.2 Other liability—claims-made	540,571	200,369	292,443	448,497
18.1 Products liability—occurrence	270,822	111,895	122,921	259,796
18.2 Products liability—claims-made	22,030	4,474	4,032	22,472
19.1,19.2 Private passenger auto liability	4,531,631	2,233,796	2,301,296	4,464,131
19.3,19.4 Commercial auto liability	847,530	369,708	323,381	893,857
21. Auto physical damage	1,390,463	1,609,652	1,647,636	1,352,479
22. Aircraft (all perils)	139,087	51,269	40,115	150,241
23. Fidelity	22,684	5,187	8,479	19,392
24. Surety	(339,379)	339,393	2	12
26. Burglary and theft	5,708	630	611	5,727
27. Boiler and machinery	5,570	3,645	2,178	7,037
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	312,411	29,323	28,990	312,744
32. Reinsurance-Nonproportional Assumed Liability	150,209	7,742	24,586	133,365
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	21,413,084	8,537,338	7,683,835	22,266,587

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	268,539				268,539
2. Allied lines	119,640	6,739			126,379
3. Farmowners multiple peril					
4. Homeowners multiple peril	1,311,660				1,311,660
5. Commercial multiple peril	168,960	80,489			249,449
6. Mortgage guaranty					
8. Ocean marine	22,805	9,810			32,615
9. Inland marine	76,810	4,071			80,881
10. Financial guaranty					
11.1 Medical malpractice—occurrence					
11.2 Medical malpractice—claims-made	667	3			670
12. Earthquake	40,633	307			40,940
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	1				1
16. Workers' compensation	1,092,161			(959,552)	132,609
17.1 Other liability—occurrence	686,226	14,056		(56,861)	643,421
17.2 Other liability—claims-made	167,494	124,949			292,443
18.1 Products liability—occurrence	144,033			(21,113)	122,920
18.2 Products liability—claims-made	4,032				4,032
19.1,19.2 Private passenger auto liability	2,301,296				2,301,296
19.3,19.4 Commercial auto liability	340,300	10,388		(27,307)	323,381
21. Auto physical damage	1,646,009	1,628			1,647,637
22. Aircraft (all perils)	40,115				40,115
23. Fidelity	8,154	325			8,479
24. Surety	2				2
26. Burglary and theft	611				611
27. Boiler and machinery	2,178				2,178
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	28,990				28,990
32. Reinsurance-Nonproportional Assumed Liability	24,586				24,586
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	8,495,902	252,765		(1,064,833)	7,683,834
36. Accrued retrospective premiums based on experience					1,064,833
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					8,748,667

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		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	60,299	510,858		60,299		510,858
2. Allied lines	56,494	252,395		56,494		252,395
3. Farmowners multiple peril		456				456
4. Homeowners multiple peril	10,174,513	2,755,647		10,174,513		2,755,647
5. Commercial multiple peril	3,085,180	468,071		3,085,180		468,071
6. Mortgage guaranty						
8. Ocean marine		78,040				78,040
9. Inland marine	2,002,159	1,406,683		2,002,159		1,406,683
10. Financial guaranty						
11.1 Medical malpractice—occurrence						
11.2 Medical malpractice—claims-made		2,774				2,774
12. Earthquake	45,674	100,654		45,674		100,654
13. Group accident and health		16				16
14. Credit accident and health (group and individual)						
15. Other accident and health		113				113
16. Workers' compensation	385,709,698	6,410,729		385,709,698		6,410,729
17.1 Other liability—occurrence	26,555,344	1,527,311		26,555,344		1,527,311
17.2 Other liability—claims-made		540,571				540,571
18.1 Products liability—occurrence	3,515,147	270,822		3,515,147		270,822
18.2 Products liability—claims-made		22,030				22,030
19.1,19.2 Private passenger auto liability	1,995,464	4,531,631		1,995,464		4,531,631
19.3,19.4 Commercial auto liability	11,171,969	847,530		11,171,969		847,530
21. Auto physical damage	3,876,944	1,390,463		3,876,944		1,390,463
22. Aircraft (all perils)		139,087				139,087
23. Fidelity	140,080	22,684		140,080		22,684
24. Surety	31,758	(339,379)		31,758		(339,379)
26. Burglary and theft	56,262	5,708		56,262		5,708
27. Boiler and machinery	10,418	5,570		10,418		5,570
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	312,411				312,411
32. Reinsurance-Nonproportional Assumed Liability	X X X	150,209				150,209
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	448,487,403	21,413,084		448,487,403		21,413,084

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

(a) 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 \$ 403,521,357

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 398,926,705



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire		414,113		414,113	8,230	90,781	8,230	504,894	28,331
2. Allied lines	2	62,831	2	62,831	19,610	39,801	19,610	102,632	9,750
3. Farmowners multiple peril		160		160				160	186
4. Homeowners multiple peril	921,657	626,158	921,657	626,158	593,369	465,583	593,369	1,091,741	205,799
5. Commercial multiple peril	304,652	512,817	304,652	512,817	1,042,185	150,647	1,042,185	663,464	223,106
6. Mortgage guaranty									
8. Ocean marine		92,553		92,553		53,045		145,598	20,893
9. Inland marine	35,812	58,169	35,812	58,169	(92,324)	159,128	(92,324)	217,297	21,438
10. Financial guaranty									
11.1 Medical malpractice—occurrence		578		578		604		1,182	35
11.2 Medical malpractice—claims-made						1,274		1,274	
12. Earthquake		347		347		(498)		(151)	67
13. Group accident and health		2,019		2,019		3,728		(a) 5,747	476
14. Credit accident and health (group and individual)									
15. Other accident and health		266		266		4,171		(a) 4,437	189
16. Workers' compensation	369,457,932	10,579,704	369,457,932	10,579,704	563,536,322	8,315,422	563,536,322	18,895,126	2,380,903
17.1 Other liability—occurrence	6,243,530	1,808,156	6,243,530	1,808,156	14,100,678	2,153,616	14,100,678	3,961,772	1,631,883
17.2 Other liability—claims-made		161,184		161,184		511,079		672,263	268,167
18.1 Products liability—occurrence	585,615	207,929	585,615	207,929	1,901,344	617,900	1,901,344	825,829	449,964
18.2 Products liability—claims-made		287		287		37,512		37,799	17,995
19.1,19.2 Private passenger auto liability	30,344	2,262,051	30,344	2,262,051	61,532	1,325,235	61,532	3,587,286	801,301
19.3,19.4 Commercial auto liability	7,077,620	690,494	7,077,620	690,494	5,545,090	629,122	5,545,090	1,319,616	237,118
21. Auto physical damage		2,050		2,050		15,754	796	17,804	105,908
22. Aircraft (all perils)		102,909		102,909		59,941		162,850	47,776
23. Fidelity		3,644		3,644	24,087	22,160	24,087	25,804	3,993
24. Surety	2	1,729	2	1,729	25,970	1,678	25,970	3,407	(189)
26. Burglary and theft		48		48	18,974	65	18,974	113	2,542
27. Boiler and machinery		71		71	11,367	(1,225)	11,367	(1,154)	191
28. Credit						3		3	
29. International									
30. Warranty						27		27	
31. Reinsurance-Nonproportional Assumed Property	X X X	101,475		101,475	X X X	103,945		205,420	4,892
32. Reinsurance-Nonproportional Assumed Liability	X X X	258,643		258,643	X X X	494,029		752,672	35,158
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	8,699		8,699	X X X	289		8,988	1,405
34. Aggregate write-ins for other lines of business									
35. TOTALS	384,657,166	17,959,084	384,657,166	17,959,084	586,797,230	15,254,816	586,797,230	33,213,900	6,499,277

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	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	33,798,870			33,798,870
1.2 Reinsurance assumed	1,707,810			1,707,810
1.3 Reinsurance ceded	33,798,870			33,798,870
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,707,810			1,707,810
2. Commission and brokerage:				
2.1 Direct, excluding contingent		9,077,109		9,077,109
2.2 Reinsurance assumed, excluding contingent		(796,282)		(796,282)
2.3 Reinsurance ceded, excluding contingent		9,077,119		9,077,119
2.4 Contingent—direct		490		490
2.5 Contingent—reinsurance assumed		149,914		149,914
2.6 Contingent—reinsurance ceded		490		490
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)		(646,378)		(646,378)
3. Allowances to manager and agents		199,423		199,423
4. Advertising	38,525	383,390	155	422,070
5. Boards, bureaus and associations	5,642	45,586	4	51,232
6. Surveys and underwriting reports	355	61,520	76	61,951
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	1,001,019	2,225,716	14,338	3,241,073
8.2 Payroll taxes	58,058	139,002	801	197,861
9. Employee relations and welfare	152,335	365,590	814	518,739
10. Insurance	60,717	20,174	28	80,919
11. Directors' fees	3	377		380
12. Travel and travel items	73,001	188,874	273	262,148
13. Rent and rent items	78,869	183,657	321	262,847
14. Equipment	59,222	144,821	292	204,335
15. Cost or depreciation of EDP equipment and software	12,482	91,301	95	103,878
16. Printing and stationery	11,302	41,627	40	52,969
17. Postage, telephone and telegraph, exchange and express	43,788	135,398	107	179,293
18. Legal and auditing	7,160	39,288	1,306	47,754
19. Totals (Lines 3 to 18)	1,602,478	4,265,744	18,650	5,886,872
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 16,774		840,744		840,744
20.2 Insurance department licenses and fees		29,131		29,131
20.3 Gross guaranty association assessments		14,282		14,282
20.4 All other (excluding federal and foreign income and real estate)		32,809		32,809
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		916,966		916,966
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	197,512	381,712	1,791	581,015
25. Total expenses incurred	3,507,800	4,918,044	20,441	(a) 8,446,285
26. Less unpaid expenses—current year	6,499,277	1,776,751		8,276,028
27. Add unpaid expenses—prior year	6,779,061	1,946,930		8,725,991
28. Amounts receivable relating to uninsured plans, prior year		422		422
29. Amounts receivable relating to uninsured plans, current year		462		462
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,787,584	5,088,263	20,441	8,896,288

DETAILS OF WRITE-IN LINES				
2401. Change in unallocated expense reserves	120,420			120,420
2402. Other expenses	77,092	381,712	1,791	460,595
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	197,512	381,712	1,791	581,015

(a) Includes management fees of \$ 20,345 to affiliates and \$ 236,437 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 848,589	784,537
1.1 Bonds exempt from U.S. tax	(a) (197)	6,123
1.2 Other bonds (unaffiliated)	(a) 1,991,267	2,004,365
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		60,347
2.21 Common stocks of affiliates	55,074	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 179,623	163,896
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(19,270)	(19,270)
10. Total gross investment income	3,055,086	2,999,998
11. Investment expenses		(g) 20,441
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		20,441
17. Net investment income (Line 10 minus Line 16)		2,979,557

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	(19,270)	(19,270)
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)	(19,270)	(19,270)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 32,372 accrual of discount less \$ 51,290 amortization of premium and less \$ 79,598 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 723 accrual of discount less \$ 2,226 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	3,096		3,096		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)		(463,312)	(463,312)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				(199,838)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	3,096	(463,312)	(460,216)	(199,838)	

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

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	39,953	94,034	54,081
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		10	10
13.3 Accrued retrospective premiums	106,483	134,511	28,028
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	7	6,423	6,416
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,630,598	1,648,272	17,674
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	75,944	69,681	(6,263)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,852,985	1,952,931	99,946
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,852,985	1,952,931	99,946

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	46,598	42,816	(3,782)
2302. Amounts receivable under high deductible policies	29,346	26,865	(2,481)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	75,944	69,681	(6,263)

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

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

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

#### C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market 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 market as specified by the SVO Manual.
3. Common stocks are carried at market value.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or market 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 does not own any subsidiaries, controlled and affiliated ("SCA") entities.
8. The Company has no investments in joint ventures, limited partnerships, or limited liability companies.
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 2008.
13. The Company has no pharmaceutical rebate receivables.

### **Note 2- Accounting Changes and Correction of Errors**

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

### **Note 3- Business Combinations and Goodwill**

#### A. Statutory Purchase Method

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

#### B. Statutory Mergers

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

## NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

**Note 4- Discontinued Operations**

The Company has no discontinued operations to report.

**Note 5- Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.
2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
3. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

1. The Company did not enter into any repurchase agreements during the year.
2. The Company maintained collateral for loaned securities.
  - a) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral.
  - b) The Company has not pledged any of its assets as collateral.
3. Aggregate amount of contractually obligated open collateral positions for which the borrower may request the return of on demand:

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	1,227,279	30,643	76,607	754,168	2,088,697

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

**Note 6- Joint Ventures, Partnerships & Limited Liability Companies**

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

Not applicable

**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.



## NOTES TO FINANCIAL STATEMENTS

### B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2008.

### **Note 8- Derivative Instruments**

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

### **Note 9 - Income Taxes**

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

	December 31, 2008	December 31, 2007	Change
Total of gross deferred tax assets	3,409,000	3,286,000	123,000
Total of deferred tax liabilities	(252,000)	(267,000)	15,000
Net deferred tax asset	3,157,000	3,019,000	138,000
Net deferred tax asset non-admitted	(1,631,000)	(1,648,272)	17,272
Net admitted deferred tax asset	1,526,000	1,370,728	155,272

- B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.
- C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2008	2007
Federal tax on operations	452,976	482,145
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	452,976	482,145
Tax on capital gains	(161,075)	2,585
Total income tax incurred	291,901	484,730

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation deductions, and statutory non-admitted assets.

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

	2008
Change in net deferred income tax (without unrealized gain or loss)	68,057
Tax effect of unrealized (gains) losses	69,943
Total change in net deferred income tax	138,000

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of limits on unearned premium reserve deductions, deferred compensation deductions, discounting of unpaid loss and LAE reserves, depreciation, permanent impairments.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$234,000 from the current year and \$624,000 from the preceding year.

The Company has no net loss carryforward available to offset future net income subject to Federal income taxes.

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

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

Access Insurance Services, Co.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyds Insurance Company	Liberty Mutual Personal Insurance Company
American Ambassador Casualty Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company*	Liberty Personal Insurance Company
American Fire & Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company*	Liberty Sponsored Insurance (Vermont) Inc.
American States Insurance Company of Texas*	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company*	LIH U.S. P&C Corporation
American States Preferred Insurance*	LIH-RE of America Corporation
Avomark Insurance Company	LIU Specialty Insurance Agency Inc.
Berkeley Holding Company Associates, Inc.	LM General Insurance Company
Berkeley Management Corporation	LM Insurance Corporation

## NOTES TO FINANCIAL STATEMENTS

Bridgefield Casualty Insurance Company	LM Personal Insurance Company
Bridgefield Employers Insurance Company	LM Property & Casualty Insurance Company
Capitol Court Corporation*	LMHC Massachusetts Holdings Inc.
Capitol Agency, Inc., The (Arizona corporation)	LRE Properties, Inc.
Capitol Agency, Inc., The (Ohio corporation)	Mid-American Agency, Inc.
Capitol Agency, Inc., The (Tennessee corporation)	Mid-American Fire & Casualty Company
Cascade Disability Management, Inc.	Missouri Agency, Inc.
Colorado Casualty Insurance Company	North Pacific Insurance Company
Commercial Aviation Insurance, Inc.*	OCASCO Budget, Inc.
Companies Agency Insurance Services of California (dissolved 8/15/2008)	OCI Printing, Inc.
Companies Agency of Alabama, Inc. (dissolved 8/18/2008)	Ohio Casualty Corporation
Companies Agency of Georgia, Inc. (dissolved 8/15/2008)	Ohio Casualty of New Jersey, Inc.
Companies Agency of Kentucky, Inc. (dissolved 8/14/2008)	Ohio Life Brokerage Services, Inc.
Companies Agency of Massachusetts, Inc. (dissolved 8/29/08)	Ohio Security Insurance Company
Companies Agency of Michigan, Inc. (dissolved 8/15/2008)	Open Seas Solutions, Inc.*
Companies Agency of New York, Inc.	Oregon Automobile Insurance Company
Companies Agency of Pennsylvania, Inc.	Peerless Indemnity Insurance Company
Companies Agency of Phoenix, Inc.	Peerless Insurance Company
Consolidated Insurance Company	Pilot Insurance Services, Inc.*
Copley Venture Capital, Inc.	Rianoc Research Corporation*
Countrywide Services Corporation (dissolved 10/17/2008)	S.C. Bellevue, Inc.*
Diversified Settlements, Inc.	Safecare Company, Inc.*
Emerald City Insurance Agency, Inc.*	Safeco Corporation*
Employers Insurance Company of Wausau	Safeco General Agency, Inc.*
Excelsior Insurance Company	Safeco Insurance Company of America*
F.B. Beattie & Company, Inc.*	Safeco Insurance Company of Illinois*
First National Insurance Company of America*	Safeco Insurance Company of Indiana*
Florida State Agency, Inc.	Safeco Insurance Company of Oregon*
General America Corporation*	Safeco Lloyds Insurance Company*
General America Corporation of Texas *	Safeco National Insurance Company*
General Insurance Company of America*	Safeco Properties, Inc.*
Globe American Casualty Company	Safeco Surplus Lines Insurance Company*
Golden Eagle Insurance Corporation	San Diego Insurance Company
Gulf States AIF, Inc.	SCIT, Inc. *
Hawkeye-Security Insurance Company	St. James Insurance Company Ltd.
Heritage-Summit HealthCare, Inc.	State Agency, Inc. (Indiana corporation)
Indiana Insurance Company	State Agency, Inc. (Wisconsin corporation)
Insurance Company of Illinois*	Summit Consulting, Inc.
LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty - USA Corporation	Summit Holding Southeast, Inc.
Liberty Assignment Corporation	The First Liberty Insurance Corporation
Liberty Energy Canada, Inc.	The Midwestern Indemnity Company
Liberty Financial Services, Inc.	The National Corporation
Liberty Hospitality Group, Inc.	The Netherlands Insurance Company
Liberty Insurance Company of America	The Ohio Casualty Insurance Company
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Service Corporation
Liberty Life Assurance Company of Boston	Wausau Underwriters Insurance Company
Liberty Life Holdings, Inc.	West American Insurance Company
Liberty Lloyds of Texas Insurance Company	Winmar Company, Inc.*
Liberty Management Services, Inc.	Winmar of the Desert, Inc.*
Liberty Mexico Holdings, Inc.	Winmar Oregon, Inc.*
Liberty Mutual Fire Insurance Company	Winmar-Metro, Inc.*

\* This company joined the consolidated group in 2008 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.

## NOTES TO FINANCIAL STATEMENTS

### **Note 10- Information concerning Parent, Subsidiaries and Affiliates**

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. Refer to Note 25.
- D. At December 31, 2008, the Company reported \$320,065 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 25 for information regarding the Inter-Company Reinsurance Agreement.

There is a "Service Agreement" between the Company and an affiliate, LMIC, under which LMIC provides the Company with services of personnel employed by the LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate. The Company also has an investment services agreement with LMIC. LMIC is reimbursed for the costs of all services which it provides under these agreements.

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 "Agent-Company Agreement".

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company has no investments in subsidiary, controlled or affiliated companies.
- J. Impairment of subsidiaries  
Refer to 10 I
- K. Investment in foreign insurance subsidiaries.  
Refer to 10 I
- L. Investment in downstream non-insurance holding companies.  
Refer to 10 I

### **Note 11- Debt**

- A. The Company has no capital notes.
- B. The Company has no outstanding borrowed money.

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

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreement as described in Note 10 F.

### **Note 13- Capital and Surplus, Dividend restrictions and Quasi-Reorganizations**

- 1. Common Stock

The Company has 30,000 shares authorized, issued, and outstanding as of December 31, 2008. All shares have a stated par value of \$120.

- 2. Preferred Stock

Not applicable

- 3. Dividend Restrictions

There are no dividend restrictions.

## NOTES TO FINANCIAL STATEMENTS

4. The Company did not pay a dividend to its parent during 2008.
5. The maximum amount of dividends which can be paid by Iowa-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of policyholders' surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2009 is \$2,038,069.
6. As of December 31, 2008, the Company has pre-tax restricted surplus of \$2,524,168 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 retroactive reinsurance contracts during 2008.
10. The portion of unassigned funds (surplus) represented by cumulative unrealized loss is (\$137,549) after applicable deferred taxes of \$74,065.
11. Surplus Notes  
Not applicable
12. Quasi re-organization (dollar impact)  
Not applicable
13. Quasi re-organization (effective date)  
Not applicable

### **Note 14- Contingencies**

#### A. Contingent Commitments

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

#### 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 \$536,596 that is offset by future premium tax credits of \$85,795. 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 2008.

During 2008 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

#### C. Gain Contingencies

Not applicable

#### D. Claims related extra contractual 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	\$48,164

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 [ ]

## NOTES TO FINANCIAL STATEMENTS

### E. All other Contingencies

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

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

### **Note 15- Leases**

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2009	\$120,180	\$213,167
2010	52,610	200,101
2011	29,152	122,175
2012	29,073	82,116
2013	28,994	54,382
2014 & thereafter	21,670	371,279
Total	\$281,679	\$1,043,220

#### 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 or with concentrations of credit risk.

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

#### A. Transfers of Receivables reported as sales:

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

#### B. Transfers and servicing of financial assets:

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the fair value of the loaned securities. Acceptable collateral may be in the form of cash, Agency and U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair 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, 2008 the total fair value of securities on loan was \$2,670,234 with corresponding collateral value of \$2,741,355 of which \$2,088,697 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 Accident and Health Plans and the Uninsured Portion of Partially Insured Plans**

#### A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was \$2,129. Claim payment volume was \$160,022.

## NOTES TO FINANCIAL STATEMENTS

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

**Note 20- Other Items**

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2008 and 2007.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$11,774 and \$29,100, in 2008 and 2007 respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$419,997 and \$588,893, in 2008 and 2007, respectively.

2) Assets in the amount of \$9,415,418 and \$9,077,790 as of December 31, 2008 and 2007, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

G. Sub-Prime Lending

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

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

**Note 21- Events Subsequent**

There were no events subsequent to December 31, 2008 that would require disclosure.

**Note 22- Reinsurance**

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

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

C. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2008.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$8,748,669	\$170,460	\$113,715,802	\$2,301,665	\$(104,967,133)	\$(2,131,205)
All Other	0	0	0	0	0	0
Total	\$8,748,669	\$170,460	\$113,715,802	\$2,301,665	\$(104,967,133)	\$(2,131,205)

## NOTES TO FINANCIAL STATEMENTS

Direct Unearned Premium Reserve: \$113,715,802

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, 2008 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$160,007	\$0	\$160,007
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(390,000)	0	(390,000)
Totals	\$0	\$(229,993)	\$0	\$(229,993)

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

- D. The Company has not written off any uncollectible balances in the current year.
- E. The Company has not recorded any commutations in the current year.
- F. The Company has one assumed retroactive contract as a result of the Inter-Company Reinsurance Agreement with LMIC.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(4,588,314)	\$0
	2. Adjustment – Prior Year(s)	416,343	0
	3. Adjustment – Current Year	128,309	0
	4. Total	\$(4,043,662)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(2,154,043)	\$0
	2. Adjustment – Prior Year(s)	(104,760)	0
	3. Adjustment – Current Year	0	0
	4. Total	\$(2,258,803)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$(72,547)	\$0
	2. Adjustment – Prior Year(s)	(531,856)	0
	3. Adjustment – Current Year	(164,549)	0
	4. Total	\$(768,952)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$2,506,818	\$0
	2. Adjustment – Prior Year(s)	10,753	0
	3. Adjustment – Current Year	36,240	0
	4. Total	2,524,168	0
	5. Cumulative Total Transferred To Unassigned Funds	\$29,643	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(4,043,662)	\$0

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

- G. There are no contracts recorded as deposit accounting.

### **Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	\$1,064,834
Less: Non-admitted amount	106,483
Admitted amount	<u>958,351</u>

### **Note 24 – Changes in Incurred Losses and Loss Adjustment Expenses**

## NOTES TO FINANCIAL STATEMENTS

Incurred loss and loss adjustment expenses attributable to insured events in prior years decreased slightly in 2008, primarily as a result of a decrease in incurred losses and loss adjustment expenses in the property and auto liability lines of business. Original estimates are revised as additional information becomes known regarding individual claims.

### **Note 25- Inter-Company Pooling Arrangements**

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

		<u>NAIC Co. #</u>	<u>Pooling %</u>	<u>Lines of Business</u>
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	75.90%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	10.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	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 Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	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 that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- (h) At December 31, 2008, the Company had \$832,000 due to the lead company in the Liberty Pool.

### **Note 26- Structured Settlements**

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$2,175,915 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 \$2,175,915 as of December 31, 2008.
- 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:



## NOTES TO FINANCIAL STATEMENTS

<u>Life Insurance Company &amp; Location</u>	<u>Licensed in Company's State of Domicile (Yes/No)</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$1,062,743
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$651,708
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$298,636

### **Note 27 - Health Care Receivables**

Not applicable

### **Note 28 - Participating Policies**

Not applicable

### **Note 29 - Premium Deficiency Reserves**

As of December 31, 2008, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

### **Note 30- High Dollar Deductible Policies**

As of December 31, 2008, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$9,380,000 and the amount billed and recoverable on paid claims was \$464,522.

### **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%. The December 31, 2008 liabilities subject to discount were carried at a value representing a discount of \$2,120,931 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 collectibility of reinsurance.

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

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

## NOTES TO FINANCIAL STATEMENTS

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.

### 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:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Direct Basis</b>					
Beginning Reserves	3,156,858	3,404,924	3,996,500	3,699,521	3,364,614
Incurring losses and LAE	824,147	1,108,478	201,037	462,405	285,288
Calendar year payments	576,081	516,902	498,016	797,312	523,558
Ending Reserves	<u>3,404,924</u>	<u>3,996,500</u>	<u>3,699,521</u>	<u>3,364,614</u>	<u>3,126,344</u>

#### **Assumed Reinsurance Basis**

Beginning Reserves	524,518	979,182	1,027,760	1,086,925	1,416,503
Incurring losses and LAE	524,080	108,889	97,622	383,293	(15,143)
Calendar year payments	69,416	60,311	38,457	53,715	60,284
Ending Reserves	<u>979,182</u>	<u>1,027,760</u>	<u>1,086,925</u>	<u>1,416,503</u>	<u>1,341,076</u>

#### **Net of Ceded Reinsurance Basis**

Beginning Reserves	2,249,178	1,902,936	2,084,712	1,794,044	1,594,670
Incurring losses and LAE	7,064	438,738	24,408	170,252	28,488
Calendar year payments	353,306	256,962	315,076	369,626	304,444
Ending Reserves	<u>1,902,936</u>	<u>2,084,712</u>	<u>1,794,044</u>	<u>1,594,670</u>	<u>1,318,714</u>

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

Direct Basis	1,744,424
Assumed Reinsurance Basis	1,066,374
Net of Ceded Reinsurance Basis	685,476

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

Direct Basis	1,051,053
Assumed Reinsurance Basis	8,429
Net of Ceded Reinsurance Basis	271,405

#### Environmental:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Direct Basis</b>					
Beginning Reserves	643,411	1,420,361	1,371,995	1,011,028	901,747
Incurring losses and LAE	920,247	317,132	95,701	11,762	13,674
Calendar year payments	143,297	365,498	456,668	121,043	168,937
Ending Reserves	<u>1,420,361</u>	<u>1,371,995</u>	<u>1,011,028</u>	<u>901,747</u>	<u>746,484</u>

#### **Assumed Reinsurance Basis**

Beginning Reserves	111,833	141,769	104,637	95,894	81,710
Incurring losses and LAE	40,675	(24,461)	1,762	2,951	7,181
Calendar year payments	10,739	12,671	10,505	17,135	7,409
Ending Reserves	<u>141,769</u>	<u>104,637</u>	<u>95,894</u>	<u>81,710</u>	<u>81,482</u>

#### **Net of Ceded Reinsurance Basis**

Beginning Reserves	515,476	1,053,427	853,643	790,732	727,272
--------------------	---------	-----------	---------	---------	---------

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**NOTES TO FINANCIAL STATEMENTS**


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Incurring losses and LAE	631,972	1,019	40,401	19,638	(26)
Calendar year payments	94,021	200,803	103,312	83,098	104,072
Ending Reserves	<u>1,053,427</u>	<u>853,643</u>	<u>790,732</u>	<u>727,272</u>	<u>623,174</u>

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

Direct Basis	469,015
Assumed Reinsurance Basis	49,409
Net of Ceded Reinsurance Basis	415,985

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

Direct Basis	323,402
Assumed Reinsurance Basis	1,146
Net of Ceded Reinsurance Basis	225,820

**Note 33- Subscriber Savings Accounts**

The Company is not a reciprocal insurance company.

**Note 34 - Multiple Peril Crop Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  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  No  N/A
- 1.3 State Regulating? \_\_\_\_\_ Iowa \_\_\_\_\_
- 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
- 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). \_\_\_\_\_ 06/24/2006 \_\_\_\_\_
- 3.4 By what department or departments?  
Iowa Insurance Division  
.....  
.....  
.....
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 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
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 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
.....	.....	.....
.....	.....	.....

- 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

## 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?

Robert T. Muleski  
 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 [ ] No [X]

11.11 Name of real estate holding company

\_\_\_\_\_

11.12 Number of parcels involved

\_\_\_\_\_

11.13 Total book/adjusted carrying value

\$ \_\_\_\_\_

11.2 If yes, provide explanation:

.....  
 .....  
 .....

## 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

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes  No

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes  No  N/A

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  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

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

Liberty Mutual Group's Code of Business Ethics and Conduct was revised effective March 2008. It continues to contain all substantive areas of company policy and requirements included in the prior Code, but has been rewritten to enhance clarity and readability and provide additional practical guidance. This applies to all Liberty Mutual Group companies.

.....

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes  No

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  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  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  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

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   | \$ |  |
|  | 19.22 Borrowed from others | \$ |  |
|  | 19.23 Leased from others   | \$ |  |
|  | 19.24 Other                | \$ |  |
- 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 | \$ |  |
|  | 20.22 Amount paid as expenses                  | \$ |  |
|  | 20.23 Other amounts paid                       | \$ |  |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

## 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 refer to 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 [ ]
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ 2,741,355
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ \_\_\_\_\_
- 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                 | \$ |           |
|  | 23.22 Subject to reverse repurchase agreements         | \$ |           |
|  | 23.23 Subject to dollar repurchase agreements          | \$ |           |
|  | 23.24 Subject to reverse dollar repurchase agreements  | \$ |           |
|  | 23.25 Pledged as collateral                            | \$ | 0         |
|  | 23.26 Placed under option agreements                   | \$ |           |
|  | 23.27 Letter stock or securities restricted as to sale | \$ |           |
|  | 23.28 On deposit with state or other regulatory body   | \$ | 9,415,418 |
|  | 23.29 Other  | \$ | 0         |

## GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Insurance Company	175 Berkeley St., Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LL	175 Berkeley St., 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
42982#-10-0	LMIA High Yield Fund	634,490
		0
		0
<b>27.2999 TOTAL</b>		<b>634,490</b>

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
LMIA HIGH YIELD FUND	J P. MORGAN PRIME-CAPITA	40,999	12/31/2008
LMIA HIGH YIELD FUND	ALLIED WASTE NORTH AMER	17,675	12/31/2008
LMIA HIGH YIELD FUND	DRS TECHNOLOGIES INC	13,365	12/31/2008
LMIA HIGH YIELD FUND	MULTIPLAN INC	11,996	12/31/2008
LMIA HIGH YIELD FUND	VENTAS REALTY LP/CAP CR	10,514	12/31/2008
LMIA HIGH YIELD FUND	WILLIAMS PARTNERS LP/WIL	10,368	12/31/2008

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	60,645,427	60,468,104	(177,323)
28.2 Preferred stocks	0	0	0
<b>28.3 Totals</b>	<b>60,645,427</b>	<b>60,468,104</b>	<b>(177,323)</b>

28.4 Describe the sources or methods utilized in determining the fair values:  
IDC, NAIC-SVO, Bloomberg, Broker Quotes, Analytically Determined.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes  No

29.2 If no, list exceptions:

.....  
 .....  
 .....

### OTHER

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

## GENERAL INTERROGATORIES

31.2 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

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

\$ 0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total 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. \$ \_\_\_\_\_

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

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. \$ \_\_\_\_\_

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ \_\_\_\_\_

1.62 Total incurred claims \$ \_\_\_\_\_

1.63 Number of covered lives \_\_\_\_\_

All years prior to most current three years:

1.64 Total premium earned \$ \_\_\_\_\_

1.65 Total incurred claims \$ \_\_\_\_\_

1.66 Number of covered lives \_\_\_\_\_

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ \_\_\_\_\_

1.72 Total incurred claims \$ \_\_\_\_\_

1.73 Number of covered lives \_\_\_\_\_

All years prior to most current three years:

1.74 Total premium earned \$ \_\_\_\_\_

1.75 Total incurred claims \$ \_\_\_\_\_

1.76 Number of covered lives \_\_\_\_\_

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 129		\$ 198	
2.2 Premium Denominator	\$ 22,221,115		\$ 23,601,427	
2.3 Premium Ratio (2.1/2.2)	0.00		0.00	
2.4 Reserve Numerator	\$ 10,851		\$ 11,603	
2.5 Reserve Denominator	\$ 50,110,687		\$ 50,988,468	
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 [ ] No [X]

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

3.21 Participating policies \$ \_\_\_\_\_

3.22 Non-participating policies \$ \_\_\_\_\_

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? \_\_\_\_\_

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

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:  
 In 2008, the Company purchased a Workers Compensation Catastrophe Treaty with limits of \$400M part of \$500M xs \$700M.

.....  
 .....

## 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 v7.0 from RMS and AIR Classic/2 v 8.0. For WC, Liberty Mutual utilizes RiskLink v7.0 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?  
The Company has in force \$2.006B part of \$2.35B xs \$650M of traditional & collateralized XOL reins. and also maintained \$805M of ILW triggered reins. covering peak zones, mainly through the issuance of Cat Bonds. Also, in Dec 2008 the Company purchased a 31.725% QS treaty for its US HO portfolio.
- 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
- 6.6
- 6.7 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 [ ]
- 6.8 If yes, indicate the number of reinsurance contracts containing such provisions. 2
- 6.9 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 ]
- 6.10 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 ]
- 6.11 If yes, give full information
- 6.12
- 6.13 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [ X ]
- 6.14 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [ X ]
- 6.15 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.
- 6.16 Except for transactions meeting the requirements of paragraph 31 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 ]
- 6.17 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.
- 6.18 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or, Yes [ ] No [ X ]  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ X ] No [ ]
- 6.19 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 [ ]

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

11.2 If yes, give full information  
 .....  
 .....

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

12.11 Unpaid losses	\$ <u>5,197,706</u>
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$ <u>1,056,909</u>

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? \$ 368,417

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	<u>4.00</u>
12.42 To	<u>6.00</u>

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	\$ <u>16,811,021</u>
12.62 Collateral and other funds	\$ <u>1,057,923</u>

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 102,525

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

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

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

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

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

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

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

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

15.2 If yes, give full information  
 .....  
 .....

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

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

\* 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	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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	\$ _____
17.19 Unfunded portion of Interrogatory 17.18	\$ _____
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ _____
17.21 Case reserves portion of Interrogatory 17.18	\$ _____
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ _____
17.23 Unearned premium portion of Interrogatory 17.18	\$ _____
17.24 Contingent commission portion of Interrogatory 17.18	\$ _____

## FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2008	2007	2006	2005	2004
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	443,101,020	398,426,611	371,652,421	354,823,029	602,435,860
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	9,764,593	7,703,961	6,640,393	4,368,277	4,300,312
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	16,716,982	11,075,713	7,990,422	4,772,897	2,807,628
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(144,728)	718,099	615,846	536,616	521,606
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	462,620	375,233	229,429	164,105	241,916
6. Total (Line 35)	469,900,487	418,299,617	387,128,511	364,664,924	610,307,322
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	14,153,398	15,707,085	15,183,742	13,975,325	13,080,008
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,666,761	3,677,102	3,910,909	3,607,613	3,501,454
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,446,871	3,943,280	3,906,269	3,045,798	2,760,789
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(316,566)	596,456	497,914	399,337	273,398
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	462,620	375,233	229,429	164,105	241,916
12. Total (Line 35)	21,413,084	24,299,156	23,728,263	21,192,178	19,857,565
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(1,262,492)	(1,307,803)	(716,623)	(1,567,700)	(1,487,701)
14. Net investment gain (loss) (Line 11)	2,680,417	2,958,743	2,713,888	2,741,454	3,025,351
15. Total other income (Line 15)	(247,232)	(214,672)	(162,464)	(219,832)	(369,937)
16. Dividends to policyholders (Line 17)	53,581	139,545	102,055	72,216	78,865
17. Federal and foreign income taxes incurred (Line 19)	452,975	482,145	1,053,740	219,584	216,136
18. Net income (Line 20)	664,137	814,578	679,006	662,122	872,712
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	73,861,799	71,238,882	67,188,909	61,576,125	61,479,987
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	2,491,760	2,123,391	1,646,212	1,398,682	1,342,779
20.2 Deferred and not yet due (Line 13.2)	4,853,429	5,500,963	5,505,632	4,139,565	3,831,557
20.3 Accrued retrospective premiums (Line 13.3)	958,351	1,021,580	1,391,631	1,408,202	1,533,659
21. Total liabilities excluding protected cell business (Page 3, Line 24)	53,481,112	51,510,827	48,207,641	43,048,167	43,836,037
22. Losses (Page 3, Line 1)	33,213,901	33,187,781	30,584,849	28,414,274	26,780,483
23. Loss adjustment expenses (Page 3, Line 3)	6,499,277	6,779,061	6,269,446	5,819,492	5,108,039
24. Unearned premiums (Page 3, Line 9)	8,748,669	9,693,516	9,367,537	8,398,602	8,067,839
25. Capital paid up (Page 3, Lines 28 & 29)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	20,380,687	19,728,055	18,981,268	18,527,958	17,643,949
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	477,370	3,723,747	5,025,377	(902,815)	5,127,074
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	20,380,687	19,728,055	18,981,268	18,527,958	17,643,949
29. Authorized control level risk-based capital	2,832,171	3,291,906	2,945,657	2,630,392	2,707,160
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	85.7	93.7	92.3	93.7	95.1
31. Stocks (Lines 2.1 & 2.2)	1.0	1.3	1.4	1.4	1.3
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	13.3	5.0	6.4	5.0	3.4
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)		0.0	0.0		0.2
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
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)					

**FIVE – YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2008	2007	2006	2005	2004
<b>Capital and Surplus Accounts (Page 4)</b>					
48. Net unrealized capital gains (losses) (Line 24)	(129,895)	(24,269)	4,224	(20,450)	9,894
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	652,632	746,787	453,310	884,009	789,100
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	236,347,347	219,539,550	228,181,593	238,975,487	193,713,017
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,732,876	3,858,242	3,300,750	2,129,876	2,014,484
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,308,418	3,229,877	2,636,858	2,113,917	1,930,129
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	377,806	68,127	78,643	173,322	1,017,210
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	176,550	214,490	304,260	218,559	9,944
56. Total (Line 35)	246,942,997	226,910,286	234,502,104	243,611,161	198,684,784
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,696,130	8,029,709	7,484,547	7,474,119	8,121,501
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,170,437	2,000,015	2,258,620	1,839,169	1,552,049
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,642,710	1,782,482	1,666,942	1,929,296	1,787,872
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	218,555	63,781	32,768	106,320	1,017,210
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	176,550	214,490	304,260	218,559	9,944
62. Total (Line 35)	14,904,382	12,090,477	11,747,137	11,567,463	12,488,576
<b>Operating Percentages (Page 4)</b> (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)	67.8	61.9	61.1	63.8	66.5
65. Loss expenses incurred (Line 3)	15.8	15.9	15.3	18.8	16.3
66. Other underwriting expenses incurred (Line 4)	22.1	27.8	26.8	24.9	24.9
67. Net underwriting gain (loss) (Line 8)	(5.7)	(5.5)	(3.2)	(7.6)	(7.7)
<b>Other Percentages</b>					
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)	24.1	27.8	26.4	25.4	26.2
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	83.5	77.8	76.4	82.6	82.8
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)	105.1	123.2	125.0	114.4	112.5
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(668)	624	981	1,023	696
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)	(3.4)	3.3	5.3	5.8	4.1
<b>Two Year Loss Development (000 omitted)</b>					
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)	474	2,257	2,689	2,675	3,305
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)	2.5	12.2	15.2	15.9	20.2



**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 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,516	485	448	136	81	(2)	8	1,426	X X X
2. 1999	17,388	2,716	14,672	14,839	2,153	1,287	174	1,577	33	495	15,343	X X X
3. 2000	18,289	3,201	15,088	14,678	2,654	1,228	192	1,523	32	384	14,551	X X X
4. 2001	18,921	3,328	15,593	14,377	3,411	1,133	192	1,449	25	470	13,331	X X X
5. 2002	21,475	4,394	17,081	13,495	2,880	1,028	153	1,635	19	719	13,106	X X X
6. 2003	23,848	5,822	18,026	12,132	2,709	953	103	1,740	25	746	11,988	X X X
7. 2004	24,556	6,504	18,052	11,555	3,055	824	145	1,706	93	721	10,792	X X X
8. 2005	25,006	5,993	19,013	13,169	3,982	714	141	1,699	129	682	11,330	X X X
9. 2006	27,116	6,350	20,766	10,233	1,955	557	62	1,733	135	654	10,371	X X X
10. 2007	28,833	7,182	21,651	9,938	2,387	416	56	1,592	166	664	9,337	X X X
11. 2008	30,730	8,509	22,221	8,399	2,450	195	21	1,738	136	407	7,725	X X X
12. Totals	X X X	X X X	X X X	124,331	28,121	8,783	1,375	16,473	791	5,950	119,300	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	9,505	2,744	4,547	3,036	522	426	1,905	816	236		83	9,693	X X X
2. 1999	704	185	229	164	14	4	59	19	23		7	657	X X X
3. 2000	732	267	322	233	15	2	69	31	25		9	630	X X X
4. 2001	801	316	421	315	22	10	108	53	26		16	684	X X X
5. 2002	811	474	624	509	37	20	141	39	28		27	599	X X X
6. 2003	834	339	1,244	527	29	12	149	53	33		40	1,358	X X X
7. 2004	982	303	1,411	421	33	7	305	58	100		38	2,042	X X X
8. 2005	1,422	479	1,811	722	45	11	359	72	79	13	51	2,419	X X X
9. 2006	1,900	426	2,584	812	69	10	665	115	170	2	80	4,023	X X X
10. 2007	2,728	539	3,984	916	82	10	1,040	181	363	6	140	6,545	X X X
11. 2008	4,564	950	7,362	1,630	84	16	1,195	161	632	11	425	11,069	X X X
12. Totals	24,983	7,022	24,539	9,285	952	528	5,995	1,598	1,715	32	916	39,719	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	8,272	1,421
2. 1999	18,732	2,732	16,000	107.729	100.589	109.051			0.200	584	73
3. 2000	18,592	3,411	15,181	101.657	106.560	100.616			0.200	554	76
4. 2001	18,337	4,322	14,015	96.913	129.868	89.880			0.200	591	93
5. 2002	17,799	4,094	13,705	82.882	93.173	80.235			0.200	452	147
6. 2003	17,114	3,768	13,346	71.763	64.720	74.038			0.200	1,212	146
7. 2004	16,916	4,082	12,834	68.887	62.761	71.095			0.200	1,669	373
8. 2005	19,298	5,549	13,749	77.173	92.591	72.314			0.200	2,032	387
9. 2006	17,911	3,517	14,394	66.053	55.386	69.315			0.200	3,246	777
10. 2007	20,143	4,261	15,882	69.861	59.329	73.355			0.200	5,257	1,288
11. 2008	24,169	5,375	18,794	78.650	63.168	84.578			0.200	9,346	1,723
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	33,215	6,504

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	2	3	4	5	6	7	8	9	10	11	12
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year	Two Year
1. Prior	24,935	25,079	26,979	28,103	29,205	30,886	32,079	32,917	33,957	33,694	(263)	777
2. 1999	12,551	12,947	13,436	13,771	14,023	14,135	14,376	14,447	14,512	14,539	27	92
3. 2000	X X X	12,009	12,537	12,612	13,036	13,382	13,495	13,585	13,717	13,732	15	147
4. 2001	X X X	X X X	12,233	11,888	12,077	11,913	12,285	12,471	12,566	12,596	30	125
5. 2002	X X X	X X X	X X X	11,986	11,335	11,350	11,757	11,973	12,057	12,099	42	126
6. 2003	X X X	X X X	X X X	X X X	12,434	11,153	10,833	11,484	11,675	11,672	(3)	188
7. 2004	X X X	X X X	X X X	X X X	X X X	12,278	11,444	11,145	11,231	11,248	17	103
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	13,335	12,665	12,401	12,275	(126)	(390)
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,495	12,984	12,801	(183)	(694)
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,508	14,284	(224)	X X X
11. 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	X X X	16,812	X X X	X X X
											12. Totals	
											(668)	474

**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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	000	5,405	8,988	12,175	14,448	16,647	18,393	19,901	21,423	22,765	X X X	X X X
2. 1999	5,092	8,085	9,965	11,298	12,200	12,838	13,227	13,479	13,627	13,798	X X X	X X X
3. 2000	X X X	5,353	8,345	9,904	10,989	11,984	12,393	12,688	12,896	13,059	X X X	X X X
4. 2001	X X X	X X X	5,512	8,303	9,710	10,546	11,160	11,484	11,736	11,907	X X X	X X X
5. 2002	X X X	X X X	X X X	5,174	7,929	9,530	10,319	10,984	11,282	11,490	X X X	X X X
6. 2003	X X X	X X X	X X X	X X X	4,761	7,231	8,429	9,306	9,905	10,273	X X X	X X X
7. 2004	X X X	X X X	X X X	X X X	X X X	4,304	6,613	7,696	8,582	9,178	X X X	X X X
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	4,933	7,563	8,872	9,759	X X X	X X X
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,803	7,333	8,772	X X X	X X X
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,961	7,912	X X X	X X X
11. 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	X X X	6,123	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	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	8,292	6,316	4,781	3,370	2,817	2,467	3,057	3,247	3,493	2,795
2. 1999	4,046	1,908	939	564	329	259	235	174	186	150
3. 2000	X X X	3,279	1,233	519	351	288	210	170	205	146
4. 2001	X X X	X X X	3,385	1,352	797	386	325	263	241	164
5. 2002	X X X	X X X	X X X	3,552	1,372	588	445	355	324	221
6. 2003	X X X	X X X	X X X	X X X	5,140	2,086	926	1,101	1,031	847
7. 2004	X X X	X X X	X X X	X X X	X X X	5,572	3,125	2,075	1,603	1,322
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	5,983	3,239	2,115	1,504
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,293	3,618	2,453
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,572	4,076
11. 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	X X X	6,986

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

### Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9	
		2	3							Dividends Paid or Credited to Policyholders on Direct Business
	Active Status	Direct Premiums Written	Direct Premiums Earned							
1. Alabama	AL	L	5,703,696	7,872,193	440	6,886,142	5,289,441	31,369,348	12	
2. Alaska	AK	L	237,843	304,132		682,746	777,799	299,476		
3. Arizona	AZ	L	3,758,533	3,406,930	(1,489)	1,308,268	2,759,473	4,253,404		
4. Arkansas	AR	L	5,835,236	5,368,993	9	1,595,880	2,909,766	13,597,511	2	
5. California	CA	L	6,492,121	6,614,621	151	3,447,342	5,063,721	12,139,415		
6. Colorado	CO	L	4,018,097	3,559,777		2,321,289	2,658,711	3,625,774	5	
7. Connecticut	CT	L	23,833,167	23,347,302		9,828,230	21,278,756	46,843,505	110	
8. Delaware	DE	L	7,803,799	10,192,232		7,580,645	6,755,956	46,069,024	35	
9. District of Columbia	DC	L	3,971,449	5,401,791		2,155,047	3,226,551	6,395,912	16	
10. Florida	FL	L	31,592,025	23,629,612	2,043,870	5,616,761	12,564,261	33,732,611	36	
11. Georgia	GA	L	16,489,800	18,332,193	2,075	10,791,491	19,354,951	44,290,757	14	
12. Hawaii	HI	L	104,839	110,789		80,587	158,163	254,332		
13. Idaho	ID	L	188,076	191,244		89,582	169,669	266,181		
14. Illinois	IL	L	9,588,997	9,951,498	(2,631)	15,991,684	8,175,062	59,729,465	208	
15. Indiana	IN	L	11,979,577	12,112,530		4,922,450	7,454,192	10,457,666	175	
16. Iowa	IA	L	17,104,720	17,114,520		10,624,146	11,643,308	36,137,345	53	
17. Kansas	KS	L	8,787,959	8,821,543	3,165	4,294,843	7,087,914	9,341,590		
18. Kentucky	KY	L	22,765,881	24,704,286	7,855	8,979,182	15,714,987	26,881,420	8	
19. Louisiana	LA	L	8,937,504	8,488,145	2,161	4,786,172	7,782,896	10,364,816	12	
20. Maine	ME	L	991,448	851,819		379,573	623,855	1,636,799	18	
21. Maryland	MD	L	1,214,170	1,098,910	(1,897)	947,462	33,739	2,645,342	136	
22. Massachusetts	MA	L	12,091,201	15,234,194	(2,387)	5,814,695	2,681,222	17,041,611	40,272	
23. Michigan	MI	L	28,218,279	30,731,324	60,590	13,852,972	22,567,982	41,158,797	146	
24. Minnesota	MN	L	13,798,274	14,991,458	19,985	5,733,717	10,033,268	18,104,070	117	
25. Mississippi	MS	L	8,429,753	9,390,061	1,684	4,747,195	6,761,495	17,523,278	5	
26. Missouri	MO	L	16,064,696	16,305,057	101,620	6,502,330	11,558,364	19,646,526	135	
27. Montana	MT	L	16,486	12,575		2,913	12,308	25,621		
28. Nebraska	NE	L	2,363,674	2,595,111	9	1,624,083	2,550,119	2,399,849	30	
29. Nevada	NV	L	12,894,758	13,174,716	(40,751)	4,760,611	8,993,162	47,957,601	4	
30. New Hampshire	NH	L	7,561,837	8,773,089	16	4,621,864	7,954,040	29,923,746	2,713	
31. New Jersey	NJ	L	6,682,570	6,877,142	266,695	17,127,168	3,533,639	128,604,726	386	
32. New Mexico	NM	L	350,683	392,191		28,544	180,764	270,215	2	
33. New York	NY	L	11,674,278	12,194,698		6,801,107	9,391,561	29,405,228	500	
34. North Carolina	NC	L	36,626,156	38,605,376	2,838	21,229,822	27,679,150	87,454,812	92	
35. North Dakota	ND	L	12,626	7,160		7,356	8,073	3,524		
36. Ohio	OH	L	1,941,086	1,228,898	81	123,802	519,262	816,640	79	
37. Oklahoma	OK	L	3,180,657	3,512,776	9,674	1,590,963	2,540,506	3,549,536	5	
38. Oregon	OR	L	428,286	622,453	13	135,179	829,338	900,344		
39. Pennsylvania	PA	L	1,909,517	1,591,503	1,461	1,613,356	2,875,551	6,806,401	528	
40. Rhode Island	RI	L	572,561	491,588		206,725	485,135	602,854	84	
41. South Carolina	SC	L	10,154,233	10,459,824	3,423	6,272,588	6,435,637	19,195,005	8	
42. South Dakota	SD	L	765,777	764,435		223,626	569,766	667,093		
43. Tennessee	TN	L	2,730,916	2,914,686	430	860,319	2,250,115	2,644,466	6	
44. Texas	TX	L	45,396,424	43,882,888	38,843	14,599,289	36,537,268	50,894,760	36	
45. Utah	UT	L	514,004	414,949		794,508	1,673,791	5,792,624		
46. Vermont	VT	L	4,063,777	4,359,776		1,749,525	2,968,826	11,759,200	14	
47. Virginia	VA	L	24,718,936	20,730,548	(189)	5,925,209	12,662,037	23,269,839	1,833	
48. Washington	WA	L	25,197	24,582	2	8,837	2,998	18,598		
49. West Virginia	WV	L	230,279	152,454		26,250	90,242	87,493	18	
50. Wisconsin	WI	L	3,585,514	4,140,222	842,999	1,744,539	2,930,126	4,566,750	152	
51. Wyoming	WY	L	34,437	29,780			(1,000)	13,172		
52. American Samoa	AS	N					(9,932)	2,628		
53. Guam	GU	L	10,350	11,970			4,079	11,513		
54. Puerto Rico	PR	N	39,789	39,743			(2)	1		
55. U.S. Virgin Islands	VI	L								
56. Northern Mariana Islands	MP	L								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X	1,455	(7,520)			(2,069)	4,177		
59. Totals	(a)	54	448,487,403	456,124,767	3,360,745	232,038,614	328,749,992	971,454,391	48,005	

DETAILS OF WRITE-INS										
5801. Other Alien	X X X		1,455	(7,520)			(2,069)	4,177		
5802. .	X X X									
5803. .	X X X									
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X									
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X		1,455	(7,520)			(2,069)	4,177		

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

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

\*States of Jurisdiction under which payrolls and resulting premiums are developed - Workers' 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

\*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

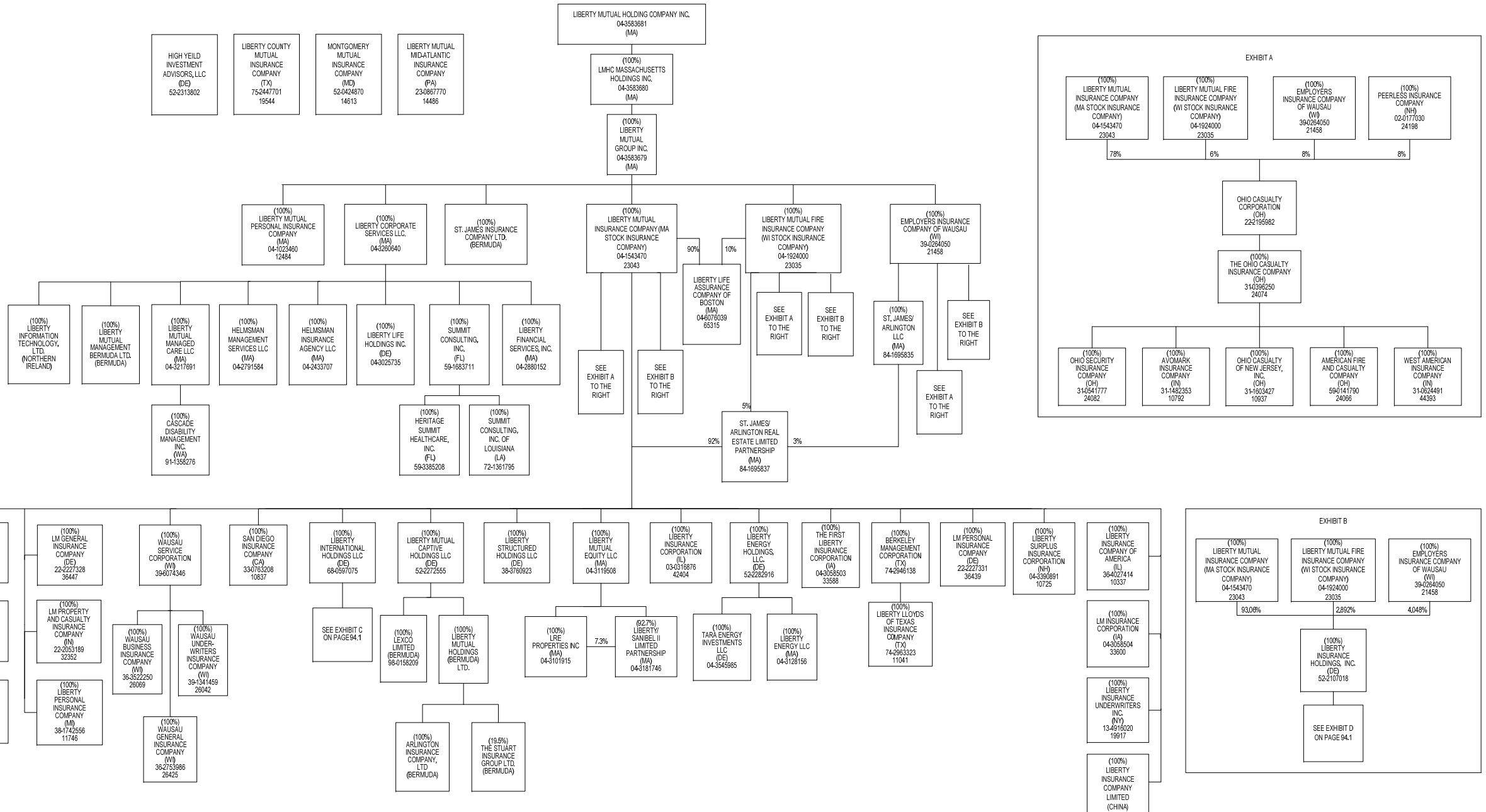
\*Principal Location of Assured - Ocean Marine, Credit

\*Primary Residence of Assured - Aircraft (all perils)

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

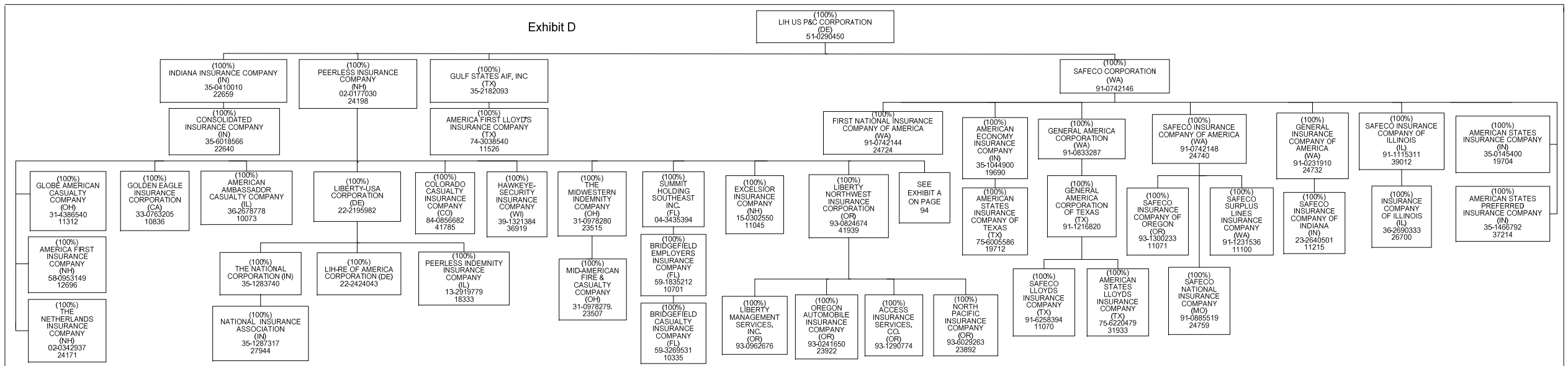
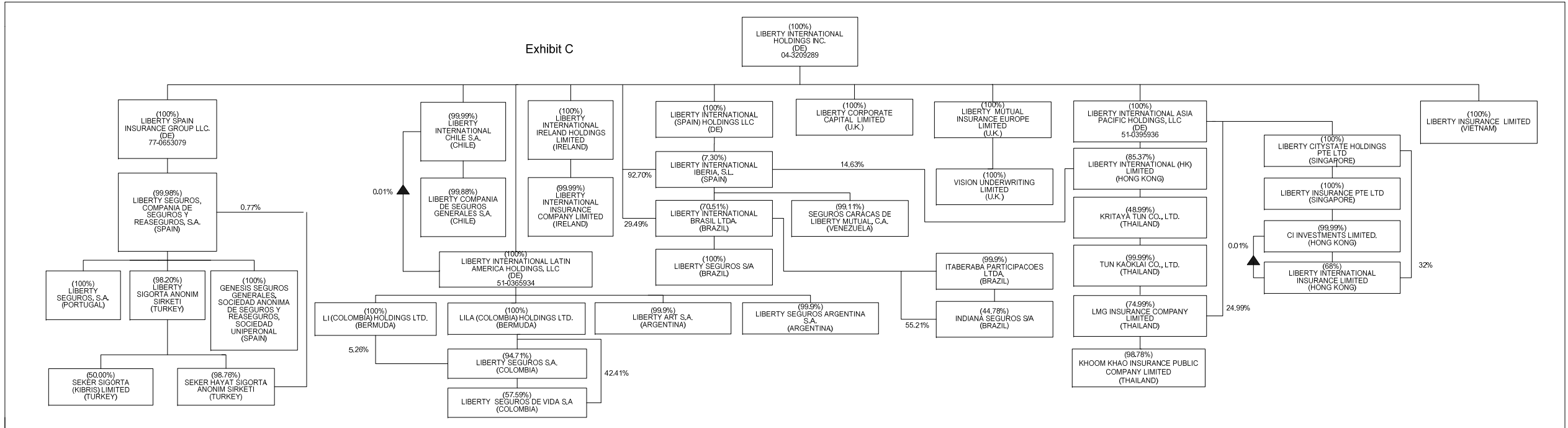
# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## 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**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
<b>REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS</b>				
2304. Amounts receivable under high deductible policies	464,522	29,346	435,176	457,838
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	464,522	29,346	435,176	457,838

**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1	2
	Current Year	Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES</b>		
2304. Collateral held for securities loaned	2,088,697	
2305. ....		
2306. ....		
2307. ....		
2308. ....		
2309. ....		
2310. ....		
2311. ....		
2312. ....		
2313. ....		
2314. ....		
2315. ....		
2316. ....		
2317. ....		
2318. ....		
2319. ....		
2320. ....		
2321. ....		
2322. ....		
2323. ....		
2324. ....		
2325. ....		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	2,088,697	

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