

ANNUAL STATEMENT

OF THE

LM PROPERTY AND CASUALTY INSURANCE COMPANY

of **INDIANAPOLIS**

in the state of **INDIANA**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

ANNUAL STATEMENT



32352200920100100

For the Year Ended December 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

LM Property and Casualty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 32352 Employer's ID Number 22-2053189

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

Country of Domicile United States of America

Incorporated/Organized: January 2, 1975 Commenced Business: March 28, 1975

Statutory Home Office: 251 East Ohio Street Suite 500 Indianapolis, IN 46204

Main Administrative Office: 175 Berkeley Street Boston, MA 02116 617-357-9500

Mail Address: 175 Berkeley Street Boston, MA 02116

Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02116 617-357-9500

Internet Web Site Address: www.LibertyMutualGroup.com

Statutory Statement Contact: Joanne Connolly 617-357-9500 x44393

OFFICERS

Table with 2 columns: Name, Title. Includes Timothy Michael Sweeney #, Dexter Robert Legg, Laurance Henry Soyer Yahia.

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents and their titles.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors or trustees and their titles.

State of Massachusetts County of Suffolk

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...

(Signature) Timothy Michael Sweeney # (Printed Name) 1. Chairman of the Board, President & CEO (Title)

Subscribed and sworn to (or affirmed) before me on this 1st day of February, 2010, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	39,870,365		39,870,365	54,147,367
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				3
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 (\$ 628,612, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 1,505,695, Schedule DA)	2,134,307		2,134,307	5,965,412
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	20		20	165
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	42,004,692		42,004,692	60,112,947
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	272,960		272,960	658,662
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,260		1,260	105,840
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				3,926
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	49,955,649		49,955,649	65,992,027
14.2 Funds held by or deposited with reinsured companies	547,650		547,650	533,378
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	1,335,680	622,330	713,350	1,414,739
17. Guaranty funds receivable or on deposit				
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	449,180		449,180	350
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				3,882
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	94,567,071	622,330	93,944,741	128,825,751
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	94,567,071	622,330	93,944,741	128,825,751

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301. Other assets			3,882
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			3,882

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	42,773,161	41,916,828
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,841,385	5,639,118
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		2,133,515
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	3,889,932	3,338,931
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 \$ 0 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		(50,226)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	832,893	1,132,948
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	2,116,727	3,129,526
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	318,858	1,865,012
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	7,691,246	3,285,951
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	60,464,202	62,391,603
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	60,464,202	62,391,603
27. Aggregate write-ins for special surplus funds	169,280	
28. Common capital stock	4,400,000	4,400,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	33,539,064	71,539,064
33. Unassigned funds (surplus)	(4,627,805)	(9,504,916)
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)	33,480,539	66,434,148
36. Totals (Page 2, Line 26, Col. 3)	93,944,741	128,825,751

DETAILS OF WRITE-IN LINES		
2301. Other liabilities	7,691,246	1,922,631
2302. Collateral held for securities loaned		1,363,320
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	7,691,246	3,285,951
2701. SSAP 10R incremental change	169,280	
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)	169,280	
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
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	(43,765)	43,028
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,153,800	(1,593,145)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	(3,453,848)	809,936
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	(191,797)	733,397
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	(2,491,845)	(49,812)
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	2,448,080	92,840
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,853,601	5,990,258
10. Net realized capital gains (losses) less capital gains tax of \$ 228,758 (Exhibit of Capital Gains (Losses))	424,836	(783,250)
11. Net investment gain (loss) (Lines 9 + 10)	3,278,437	5,207,008
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(488)	(49)
15. Total other income (Lines 12 through 14)	(488)	(49)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	5,726,029	5,299,799
17. Dividends to policyholders		
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)	5,726,029	5,299,799
19. Federal and foreign income taxes incurred	1,245,942	648,550
20. Net income (Line 18 minus Line 19) (to Line 22)	4,480,087	4,651,249
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	66,434,148	167,962,846
22. Net income (from Line 20)	4,480,087	4,651,249
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 89,213	165,682	(60,294)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(1,446,107)	(265,466)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	664,650	(128,498)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,012,799	(1,244,167)
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	(38,000,000)	(80,011,891)
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	169,280	(24,469,631)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(32,953,609)	(101,528,698)
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	33,480,539	66,434,148

DETAILS OF WRITE-IN LINES		
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)	(488)	(49)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(488)	(49)
3701. SSAP 10R incremental change	169,280	
3702. Other changes in surplus		(24,469,631)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	169,280	(24,469,631)

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	114,967	(1,205,778)
2. Net investment income	3,372,548	7,542,769
3. Miscellaneous income	(314,816)	(512,445)
4. Total (Lines 1 through 3)	3,172,699	5,824,546
5. Benefit and loss related payments	(12,941,178)	17,009,279
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(1,512,131)	1,543,333
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	923,699	(2,812,524)
10. Total (Lines 5 through 9)	(13,529,610)	15,740,088
11. Net cash from operations (Line 4 minus Line 10)	16,702,309	(9,915,542)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	47,494,565	129,529,919
12.2 Stocks	39	
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	145	24,190
12.8 Total investment proceeds (Lines 12.1 to 12.7)	47,494,749	129,554,109
13. Cost of investments acquired (long-term only):		
13.1 Bonds	32,442,355	1,365,053
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	32,442,355	1,365,053
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)	15,052,394	128,189,056
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	(38,000,000)	(80,011,891)
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)	2,414,191	(43,128,031)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(35,585,809)	(123,139,922)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(3,831,106)	(4,866,408)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,965,413	10,831,821
19.2 End of year (Line 18 plus Line 19.1)	2,134,307	5,965,413

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

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess Workers' Compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	(43,765)			(43,765)
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	(43,765)			(43,765)

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)				

NONE Underwriting and Investment Exhibit - Part 1A

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			(296,178)	(296,178)		
2. Allied lines			(319,665)	(319,665)		
3. Farmowners multiple peril						
4. Homeowners multiple peril			(808,659)	(808,659)		
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	3,189			3,189		
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X		(43,614)		151	(43,765)
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	3,189		(1,468,116)	(1,421,313)	151	(43,765)

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 [] No [X]

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

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									
2. Allied lines	17,990	933	18,923			1,518	1,518		
3. Farmowners multiple peril									
4. Homeowners multiple peril	2,332,476	6,480	2,338,956		390,332	450,772	841,104		
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	6,359		6,359						
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake	169,761		269,090	(99,329)				(99,329)	
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability—occurrence	76,000	912	76,912		1,232		1,232		
17.2 Other liability—claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	283,676,741	3,879,493	265,682,046	21,874,188	1,059,167	946,387	2,005,554	21,874,188	
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	9,664,580	1,059,419	8,605,161	X X X	17,285,972	4,892,832	20,998,301	
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	286,279,327	13,552,398	269,451,705	30,380,020	1,450,731	18,684,649	7,742,240	42,773,160	
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	514,751			514,751
1.2 Reinsurance assumed	133,716			133,716
1.3 Reinsurance ceded	510,531			510,531
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	137,936			137,936
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent		(135,040)		(135,040)
2.3 Reinsurance ceded, excluding contingent		56,757		56,757
2.4 Contingent—direct		(2,221,800)		(2,221,800)
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		(2,221,800)		(2,221,800)
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		(191,797)		(191,797)
3. Allowances to manager and agents				
4. Advertising			83	83
5. Boards, bureaus and associations			2	2
6. Surveys and underwriting reports			86	86
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			15,560	15,560
8.2 Payroll taxes			890	890
9. Employee relations and welfare			863	863
10. Insurance			180	180
11. Directors' fees				
12. Travel and travel items			284	284
13. Rent and rent items			282	282
14. Equipment			249	249
15. Cost or depreciation of EDP equipment and software			128	128
16. Printing and stationery			41	41
17. Postage, telephone and telegraph, exchange and express			512	512
18. Legal and auditing			514	514
19. Totals (Lines 3 to 18)			19,674	19,674
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	(3,591,785)		2,791	(3,588,994)
25. Total expenses incurred	(3,453,849)	(191,797)	22,465	(a) (3,623,181)
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year	2,133,515			2,133,515
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	(1,320,334)	(191,797)	22,465	(1,489,666)

DETAILS OF WRITE-IN LINES				
2401. Other Expenses	(3,591,785)		2,791	(3,588,994)
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	(3,591,785)		2,791	(3,588,994)

(a) Includes management fees of \$ 22,465 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 789,894	779,926
1.1 Bonds exempt from U.S. tax	(a) 343,175	343,164
1.2 Other bonds (unaffiliated)	(a) 2,082,719	1,710,447
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 36,393	32,943
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	9,587	9,587
10. Total gross investment income	3,261,768	2,876,067
11. Investment expenses		(g) 22,465
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)		22,465
17. Net investment income (Line 10 minus Line 16)		2,853,602

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		9,587	9,587
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)		9,587	9,587
1501.	NONE		
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 \$ 34,135 accrual of discount less \$ 167,380 amortization of premium and less \$ 107,974 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	382,512		382,512		
1.1 Bonds exempt from U.S. tax	45		45	254,898	
1.2 Other bonds (unaffiliated)	270,998		270,998		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	15		15		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	24		24	(3)	
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)	653,594		653,594	254,895	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
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			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
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			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	622,330	1,456,261	833,931
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			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	622,330	1,456,261	833,931
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	622,330	1,456,261	833,931

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.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

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 Indiana Department of Insurance, the accompanying financial statements of LM Property and Casualty Insurance Co. (the Company) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual* (APP Manual).

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled or affiliated entities.
8. The Company does not own any joint ventures, partnerships, and limited liability companies.
9. Derivative Securities, refer to Note 8.
10. Refer to Note 29.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2009.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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 does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. Not used.
2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
3. Not used.
4. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2009 as of December 31, 2009: None
5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009: None
6. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2009: None.
7. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.
8. Not used.

E. Repurchase Agreements

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

The Company does not have any open securities lending positions at the end of 2009.

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.

NOTES TO FINANCIAL STATEMENTS

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships, or limited liability companies.
- 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.
- B. Amounts Nonadmitted
No amounts were excluded as of December 31, 2009.

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 (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	693,754	848,026	1,541,780	3,073,000	(1,531,220)
Total gross DTLs	(206,100)	0	(206,100)	(202,000)	(4,100)
Net DTA (DTL)	487,654	848,026	1,335,680	2,871,000	(1,535,320)
Net DTA non-admitted			(622,330)	(1,456,000)	833,670
Net Admitted DTA (DTL)			713,350	1,415,000	(701,650)

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10(e). The current period election was not available at December 31, 2008.

The Company's statutory valuation allowance adjustment under SSAP No. 10R, Paragraph 6e and the impact on DTAs is as follows:

	December 31, 2009		
	Ordinary	Capital	Total
Total gross DTAs	693,754	848,026	1,541,780
Valuation Allowance	0	(487,200)	(487,200)
Total adjusted gross DTAs	693,754	360,826	1,054,580

Gross DTAs in the admissibility test were adjusted by \$487,000 because deferred intercompany losses totaling \$1,392,000 are not expected to be realized in future tax returns. The statutory valuation allowance adjustment of \$487,000 is included in the amount reported on Page 2, Line 16.2, nonadmitted column.

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

Ordinary	169,280
Capital	0
Total increase in net admitted DTAs	169,280

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	163,000	95,000	258,000	0
Lesser of:				
Expected to be recognized within one year (10bi.)	20,220	265,850	286,070	1,415,000
10% of adjusted capital and surplus (10bii.)			6,805,991	8,566,000
Adj. gross DTAs offset against existing DTLs (10c.)	206,100	0	206,100	202,000

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	275,000	95,000	370,000
Lesser of:			
Expected to be recognized within three years (10eia.)	77,500	265,850	343,350
15% of adjusted capital and surplus (10eib.)			10,208,987
Adj. gross DTAs offset against existing DTLs (10eiii.)	206,100	0	206,100

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	33,311,259
Authorized control level	6,923,540

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

	December 31, 2009
Admitted DTA	544,070
Admitted assets	93,775,461
Statutory surplus	33,311,259
Total adjust capital	33,311,259

Admitted DTA, admitted assets and statutory surplus increased by 169,280 resulting from the use of paragraph 10e.

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

	2009	2008
Federal	1,245,942	648,550
Foreign		
Realized capital gains	228,758	(421,750)
Federal and foreign income taxes incurred	1,474,700	226,800

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, market discount on owned securities and deferred intercompany transactions.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(1,446,107)
Change in tax effect of unrealized (gains) losses	(89,213)
Total change in net deferred income tax	(1,535,320)

- D. Effective tax rates differ from the current statutory rate of 35%, principally due to the effects of tax exempt income, goodwill and deferred intercompany transactions.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$1,799,700 from the current year and \$497,000 from the preceding year.

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

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

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

Access Insurance Services, Co.	Liberty Insurance Holdings, Inc.
AMBCO Capital Corporation	Liberty Insurance Underwriters, Inc.
America First Insurance Company	Liberty International Europe Inc.*
America First Lloyds Insurance Company	Liberty International Holdings Inc.
American Ambassador Casualty Company (merged 10/21/2009)	Liberty Life Assurance Company of Boston
American Economy Insurance Company	Liberty Life Holdings, Inc.
American Fire & Casualty Company	Liberty Lloyds of Texas Insurance Company
American States Insurance Company	Liberty Management Services, Inc.
American States Insurance Company of Texas	Liberty Mexico Holdings, Inc.
American States Lloyds Insurance Company	Liberty Mutual Fire Insurance Company
American States Preferred Insurance Company	Liberty Mutual Group Inc.
Avomark Insurance Company	Liberty Mutual Holding Company Inc.
Barrier Ridge LLC	Liberty Mutual Insurance Company
Berkeley Holding Company Associates, Inc.	Liberty Mutual Personal Insurance Company
Berkeley Management Corporation	Liberty Northwest Insurance Corporation
	Liberty Personal Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual 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. The Company made a return of capital distribution of \$38,000,000.
- D. At December 31, 2009 the Company reported \$130,322 due from affiliates. In general, the terms of the inter-company arrangement require settlement at least quarterly.
- E. The Company has made no guarantee or initiated an undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

- F. Refer to Note 25 for information regarding inter-company reinsurance.

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

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

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

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own 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 noninsurance holding companies.
Refer to 10 I

Note 11- Debt

- A. The Company has no capital notes.
- B. The Company has not entered into Federal Home Loan Bank Agreements.

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

The Company 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 agreements, as described in Note 10 F.

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

1. Common Stock
The Company has 800 shares authorized, issued, and outstanding as of December 31, 2009. All shares have a stated par value of \$5,500.
2. Preferred Stock
Not applicable
3. Dividend Restrictions
Not applicable
4. The Company did not pay a dividend to its parent during 2009.
5. The Company cannot pay a dividend in 2010 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative.
6. The Company does not have restricted unassigned surplus.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. At December 31, 2009, the Company recorded special surplus funds of \$169,280 resulting from the increase in admitted adjusted gross Deferred Tax Assets, due to applying the revised guidance in SSAP No. 10R, Income Taxes.

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is \$(96,819) after applicable deferred taxes of \$52,133.
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.

As a result of an inter-company reinsurance arrangement (see Note 25), all guaranty fund and other assessments liabilities are ceded to Liberty Mutual Insurance Company.

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	\$101,194

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

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

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [x] (g) Per Claimant []

E. All other Contingencies

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

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

Note 15- Leases

- A. The Company is not involved in material lease obligations.
- B. Leasing as a significant part of lessor's business activities
Not applicable

NOTES TO FINANCIAL STATEMENTS

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 during the year.

B. Transfers and servicing of financial assets:

The Company did not have any transfers and servicing of financial assets during the year.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

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) Assets in the amount of \$4,805,318 and \$4,903,141 as of December 31, 2009 and 2008 respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

In 2009, the Company ceded 100% of its business to Liberty Mutual Insurance Company and had the benefit of Workers' Compensation Catastrophe reinsurance with limits of \$400,000,000 part of \$500,000,000 xs of \$700,000,000, purchased by Liberty Mutual Insurance Company, the lead company in the intercompany reinsurance pool.

Interrogatory 6.3

The Company cedes 100% of its business to Liberty Mutual Insurance Company and as result has the benefit catastrophe XOL reinsurance purchased by LMIC with limits of \$1,662,000,000 part of \$2,350,000,000 xs \$650,000,000 plus \$1,107,000,000 of ILW reinsurance for peak zones, mainly through Catastrophe Bonds, covering LMIC's direct and assumed from affiliates business. In Dec 2008, Liberty Mutual Insurance Company purchased a 31.75% QS treaty for its direct and assumed from affiliates US Homeowners portfolio, including business assumed from the Company, which was in effect through 2009.

D. As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company has no exposure to uncollectible premium receivable balances.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

NOTES TO FINANCIAL STATEMENTS

G. Sub-Prime Lending

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

Note 21- Events Subsequent

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

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

Note 22-Reinsurance

- A. Excluding amounts arising pursuant to 100% Quota Share Reinsurance Agreement, as described in Note 25, the unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of the Company's policyholder's surplus are listed below.

<u>Reinsurer</u>	<u>Naic No.</u>	<u>Federal ID No.</u>	<u>Recoverable Amount</u>
New Jersey Unsatisfied Claim and Judgment Fund	00000	AA-9991160	\$162,974,717
Michigan Catastrophic Claims Association	00000	AA-9991159	\$81,034,248
Vantage Casualty Insurance Company	11821	06-1709211	\$37,714,565
Cal Re Management	00000	AA-9995111	\$6,938,806
Excess & Cas Reins. Association	00000	AA-9995022	\$4,751,887
Insurance Corp of NY (The)	18341	13-5339725	\$3,155,671
Lloyd's Underwriters	00000	AA-1122000	\$2,050,681
One Beacon	20621	04-2475442	\$2,297,930
Dominion Insurance Co Ltd.	00000	AA-1120495	\$2,041,137

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

C. Reinsurance Assumed & Ceded

- The Company has no maximum return premium and commission equity due to the reinsurer or to the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2009. The Company has no unearned premium reserves for direct, assumed, and ceded business.
- There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business.

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

- D. The Company has not written off any uncollectible balances in 2009.
- E. The Company commuted two ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was an increase of \$23,137. This amount is shown below by Income Statement classification and by reinsurer.

<u>Income Statement Classification</u>	<u>Amount</u>
Losses Incurred	\$23,137
Loss Adjustment Expenses Incurred	-
Premiums Earned	-
Other Expenses	-
Total	\$23,137

- F. The Company does not have any retroactive reinsurance agreements.
- G. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2009.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company does not have net accrued retrospective premiums.

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

- A. As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company has no net exposure to changes in incurred losses and loss adjustment expenses.

Note 25- Inter-Company Pooling Arrangements

The Company participates in a 100% Quota Share Reinsurance Agreement with LMIC. Pursuant to the Agreement, after external reinsurance, the Company cedes its net underwriting activity to LMIC.

NOTES TO FINANCIAL STATEMENTS

Note 26- Structured Settlements

- A. As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company has no net exposure to contingent liabilities from the purchase of annuities.
- B. Not applicable

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

The Company had no liabilities related to premium deficiency reserves.

Note 30- High Dollar Deductible Policies

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company does not have any net high dollar deductible policy liability.

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

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with LMIC (see Note 25), the Company does not have any net loss and loss adjustment expenses reserves.

Note 32 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from two main exposures 1) the assumption of certain liabilities and obligations of Prudential-LMI Commercial Insurance Company (Prudential-LMI), effective December 31, 1986 and 2) the assumption of reserves from Everest Reinsurance Holdings, Inc. (Everest Re), related to Prudential Financials' sale of Gibraltar Casualty Company to Everest Re.

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

The uncertainties associated with establishing reserves for asbestos and environmental claims and claim 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 or completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

In recent years, the Company, as well as the industry generally, has witnessed a significant increase in the number of asbestos claims being filed, due to a number of variables, including more intensive advertising by lawyers seeking asbestos claimants, and the increasing focus by plaintiffs on new and previously peripheral defendants, attempts to broaden the interpretation of compensable loss, and courts expanding the scope of the coverage.

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities, 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.

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

NOTES TO FINANCIAL STATEMENTS

emergence, as well as the other uncertainties noted above, cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2009, 2008, 2007, 2006, and 2005:

Asbestos:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Basis					
Beginning Reserves					-
Incurred losses and LAE	-	-	-	-	
Calendar year payments	-	-	-		
Ending Reserves	-	-	-		

Assumed Reinsurance Basis

Beginning Reserves	175,165,320	176,343,834	114,851,469	58,850,242	12,181,900
Incurred losses and LAE	2,400,000	(1,800,000)	-	-	(3,955,635)
Calendar year payments	1,221,486	59,692,365	56,001,227	46,668,342	430,051
Ending Reserves	176,343,834	114,851,469	58,850,242	12,181,900	7,796,214

Net of Ceded Reinsurance Basis

Beginning Reserves	117,370,247	116,206,553	55,884,007	11,557	9,032,573
Incurred losses and LAE	-	-	-	-	(2,366,870)
Calendar year payments	1,163,694	60,322,546	55,872,450	(9,021,016)	175,482
Ending Reserves	116,206,553	55,884,007	11,557	9,032,573	6,490,221

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

Direct Basis					
Assumed Reinsurance Basis					5,000,460
Net of Ceded Reinsurance Basis					3,577,177

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

Direct Basis					
Assumed Reinsurance Basis					-
Net of Ceded Reinsurance Basis					-

Environmental:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Basis					
Beginning Reserves					-
Incurred losses and LAE	-	-	-	-	
Calendar year payments	-	-	-		
Ending Reserves	-	-	-		

Assumed Reinsurance Basis

Beginning Reserves	15,165,320	13,943,834	13,397,469	12,813,242	12,181,900
Incurred losses and LAE	-	-	-	-	(3,955,635)
Calendar year payments	1,221,486	546,365	584,227	631,342	430,051
Ending Reserves	13,943,834	13,397,469	12,813,242	12,181,900	7,796,214

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis

Beginning Reserves	11,770,247	10,606,553	9,430,006	8,889,110	8,388,126
Incurred losses and LAE		-	-	-	(2,366,870)
Calendar year payments	-				
	1,163,694	1,176,547	540,896	500,984	131,035
Ending Reserves	<u>10,606,553</u>	<u>9,430,006</u>	<u>8,889,110</u>	<u>8,388,126</u>	<u>5,890,221</u>

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

Direct Basis	
Assumed Reinsurance Basis	5,000,460
Net of Ceded Reinsurance Basis	3,577,177

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

Direct Basis	
Assumed Reinsurance Basis	-
Net of Ceded Reinsurance Basis	-

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes 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? _____ Indiana _____
- 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. _____ 12/31/2005 _____
- 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. _____ 12/31/2005 _____
- 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). _____ 06/25/2007 _____
- 3.4 By what department or departments?
 Indiana Department of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 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
.....	00000
.....	00000
.....	00000

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

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

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP
 200 Clarendon Street
 Boston, MA 02116

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Roy K. Morell
 175 Berkeley Street, Boston, MA 02116
 Officer of Liberty Mutual Insurance Company

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved

0

11.13 Total book/adjusted carrying value

\$ _____ 0

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 [X]

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

Yes [] No [X]

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

Yes [] No [] N/A [X]

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

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes [X] No []

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

.....

13.2 Has the code of ethics for senior managers been amended?

Yes [] No [X]

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

.....

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

Yes [] No [X]

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

.....

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []

15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

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

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

GENERAL INTERROGATORIES

- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|---|
| | 18.21 To directors or other officers | \$ | 0 |
| | 18.22 To stockholders not officers | \$ | 0 |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------|----|---|
| | 19.21 Rented from others | \$ | 0 |
| | 19.22 Borrowed from others | \$ | 0 |
| | 19.23 Leased from others | \$ | 0 |
| | 19.24 Other | \$ | 0 |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 20.2 If answer is yes:
- | | | | |
|--|--|----|---|
| | 20.21 Amount paid as losses or risk adjustment | \$ | 0 |
| | 20.22 Amount paid as expenses | \$ | 0 |
| | 20.23 Other amounts paid | \$ | 0 |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes 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)
 The Company has a Securities Lending Agreement to generate additional income, whereby certain fixed income and mortgage back securities can be loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. There are no outstanding loans as of 12/31/2009.

- 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 No N/A
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ 0
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ 0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes No
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|--|----|-----------|
| | 23.21 Subject to repurchase agreements | \$ | 0 |
| | 23.22 Subject to reverse repurchase agreements | \$ | 0 |
| | 23.23 Subject to dollar repurchase agreements | \$ | 0 |
| | 23.24 Subject to reverse dollar repurchase agreements | \$ | 0 |
| | 23.25 Pledged as collateral | \$ | 0 |
| | 23.26 Placed under option agreements | \$ | 0 |
| | 23.27 Letter stock or securities restricted as to sale | \$ | 0 |
| | 23.28 On deposit with state or other regulatory body | \$ | 4,805,318 |
| | 23.29 Other | \$ | 0 |

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Insurance Company	175 Berkeley 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 [] No [X]

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	41,376,060	42,009,466	633,406
28.2 Preferred stocks	0	0	0
28.3 Totals	41,376,060	42,009,466	633,406

28.4 Describe the sources or methods utilized in determining the fair values:

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

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No [X]

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No [X]

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

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

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

Yes [X] No []

30.2 If no, list exceptions:

.....

OTHER

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

\$ _____ 0

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ <u>0</u>		\$ <u>0</u>	
2.2 Premium Denominator	\$ <u>(43,765)</u>		\$ <u>43,028</u>	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ <u>0</u>		\$ <u>0</u>	
2.5 Reserve Denominator	\$ <u>45,614,546</u>		\$ <u>49,689,461</u>	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

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 \$ 0

3.22 Non-participating policies \$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 20C

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v9.0 from RMS and AIR Clasic/2 v11.0. For WC, Liberty Mutual utilizes RiskLink v9.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 See Note 20C
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes 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 uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (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
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 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 | | \$ | 0 | |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 0 | |
- 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? \$ 0
- 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 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 | | 0.00 |
| 12.42 To | | 0.00 |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | | |
|----------------------------------|--|----|---|--|
| 12.61 Letters of Credit | | \$ | 0 | |
| 12.62 Collateral and other funds | | \$ | 0 | |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 0
- 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
- 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 No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 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
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes 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
- 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes No
 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 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.12 Products | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.13 Automobile | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.14 Other* | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.

Yes [] No [X]

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

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

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	\$ <u>0</u>
17.19 Unfunded portion of Interrogatory 17.18	\$ <u>0</u>
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u>0</u>
17.21 Case reserves portion of Interrogatory 17.18	\$ <u>0</u>
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ <u>0</u>
17.23 Unearned premium portion of Interrogatory 17.18	\$ <u>0</u>
17.24 Contingent commission portion of Interrogatory 17.18	\$ <u>0</u>

18.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ 0

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2009	2008	2007	2006	2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	3,189	(265)	(168,968)	(13,367)	(2,511,649)
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(615,843)	140	234,420	500,884	(725,708)
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(808,659)	(15)	273,881	301,924	33,794
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(43,614)	46,386	(2,760)	16,368	7,213
6. Total (Line 35)	(1,464,927)	46,246	336,573	805,809	(3,196,350)
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					1
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(43,765)	43,028	(2,924)	13,399	568
12. Total (Line 35)	(43,765)	43,028	(2,924)	13,399	569
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	2,448,080	92,840	111,056	(2,633,634)	(5,033,388)
14. Net investment gain (loss) (Line 11)	3,278,437	5,207,008	12,557,718	33,010,415	37,445,785
15. Total other income (Line 15)	(488)	(49)	(32,068)	166	(16,511)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,245,942	648,550	3,073,434	1,983,890	3,336,416
18. Net income (Line 20)	4,480,087	4,651,249	9,563,272	28,393,057	29,059,470
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	93,944,741	128,825,751	242,741,756	355,438,618	996,278,146
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	1,260	105,840	102,971	265,407	279,466
20.2 Deferred and not yet due (Line 13.2)		3,926	122	16,587	
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	60,464,202	62,391,603	74,778,910	197,963,976	294,908,687
22. Losses (Page 3, Line 1)	42,773,161	41,916,828	37,138,924	103,260,242	168,619,674
23. Loss adjustment expenses (Page 3, Line 3)		2,133,515	2,133,515	2,261,017	18,455,878
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
26. Surplus as regards policyholders (Page 3, Line 35)	33,480,539	66,434,148	167,962,846	157,474,642	701,369,459
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	16,702,309	(9,915,542)	(81,183,007)	(62,370,155)	73,156,918
Risk-Based Capital Analysis					
28. Total adjusted capital	33,480,539	66,434,148	167,962,846	157,474,642	701,369,459
29. Authorized control level risk-based capital	6,924,514	7,624,729	7,725,236	17,557,258	29,734,176
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	94.9	90.1	94.4	85.2	93.7
31. Stocks (Lines 2.1 & 2.2)			0.0		
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	5.1	9.9	5.6	14.8	6.3
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)			0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
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
	2009	2008	2007	2006	2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	165,682	(60,294)	(202,772)	175,169	(191,585)
49. Dividends to stockholders (Line 35)				(128,291,212)	
50. Change in surplus as regards policyholders for the year (Line 38)	(32,953,609)	(101,528,698)	10,488,204	(543,894,817)	31,359,217
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	20,550,397	28,841,694	49,087,308	83,530,446	147,343,269
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(658,830)	13,679	(46,927)	(504,431)	3,800,312
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	716,254	2,591,344	7,596,470	11,721,761	36,133,780
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,370,684	47,166,709	56,727,473	60,256,960	3,205,433
56. Total (Line 35)	21,978,505	78,613,426	113,364,324	155,004,736	190,482,794
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	118,985	1,560,482	1,135,484	1,297,233	1,085,170
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(2,435)	(20,185)	70,519	105,979	(190,687)
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(28,433)	141,660	7,073,003	(303,894)	2,886,081
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	209,350	(8,053,006)	56,650,495	59,954,072	2,909,234
62. Total (Line 35)	297,467	(6,371,049)	64,929,501	61,053,390	6,689,798
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	(2636.4)	(3702.6)	40773.7	(1721.2)	844770.0
65. Loss expenses incurred (Line 3)	7891.8	1882.3	(36884.3)	21477.5	(11.8)
66. Other underwriting expenses incurred (Line 4)	438.2	1704.5	10.0	(0.9)	43064.6
67. Net underwriting gain (loss) (Line 8)	(5593.7)	215.8	(3799.4)	(19655.5)	(887722.8)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	437.1	1704.6	(1086.7)	(2.2)	45814.9
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	5255.5	(1820.2)	3889.4	19756.4	844758.2
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)	(0.1)	0.1	(0.0)	0.0	
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	1,296	(1,414)	(548)	970	4,476
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	2.0	(0.0)	(0.3)	0.1	0.7
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(118)	(1,962)	422	5,446	(1,492)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.1)	(0.0)	0.1	0.8	(0.3)

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

Yes [] No [X]

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 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	13,795	13,072	310	122	308	1,753		(534)	X X X
2. 2000	1,080,428	1,080,392	36	718,841	718,562	23,368	23,256	124,195	124,275		311	X X X
3. 2001	1,204,352	1,200,732	3,620	884,357	879,117	28,425	27,681	129,570	125,959		9,595	X X X
4. 2002	1,308,335	1,304,294	4,041	927,764	910,928	28,202	26,825	105,763	104,374		19,602	X X X
5. 2003	1,309,881	1,305,637	4,244	805,599	768,134	23,353	22,965	43,740	42,106		39,487	X X X
6. 2004	729,052	729,052		390,105	390,047	17,250	17,237	4,665	7,057		(2,321)	X X X
7. 2005	28,976	28,976		19,158	19,158	953	953	(2,600)	936		(3,536)	X X X
8. 2006	1,120	1,107	13	91	91	(9)	(9)	(3,090)	(3,090)			X X X
9. 2007	715	718	(3)	(3)	(3)	3	3	406	406			X X X
10. 2008	121	78	43	(40)	(40)			388	388			X X X
11. 2009	(1,464)	(1,420)	(44)	(74)	(74)			563	563			X X X
12. Totals	X X X	X X X	X X X	3,759,593	3,698,992	121,855	119,033	403,908	404,727		62,604	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	271,408	241,408	17,383	4,990			109	109	1,654	1,654		42,393	X X X
2. 2000	1,301	1,301	6	6			51	51					X X X
3. 2001	3,131	3,131	176	176			344	344					X X X
4. 2002	1,948	1,577	236	236			244	244				371	X X X
5. 2003	18,086	18,076	644	644			690	690				10	X X X
6. 2004	3,505	3,505	1,501	1,501			805	805					X X X
7. 2005	448	448	187	187			45	45	25	25			X X X
8. 2006	5	5	2	2			1	1	39	39			X X X
9. 2007									69	69			X X X
10. 2008									150	150			X X X
11. 2009									785	785			X X X
12. Totals	299,832	269,451	20,135	7,742			2,289	2,289	2,722	2,722		42,774	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	42,393	
2. 2000	867,762	867,451	311	80.317	80.290	863.889					
3. 2001	1,046,003	1,036,408	9,595	86.852	86.315	265.055					
4. 2002	1,064,157	1,044,184	19,973	81.337	80.057	494.259				371	
5. 2003	892,112	852,615	39,497	68.106	65.303	930.655				10	
6. 2004	417,831	420,152	(2,321)	57.312	57.630						
7. 2005	18,216	21,752	(3,536)	62.866	75.069						
8. 2006	(2,961)	(2,961)		(264.375)	(267.480)						
9. 2007	475	475		66.434	66.156						
10. 2008	498	498		411.570	638.462						
11. 2009	1,274	1,274		(87.022)	(89.718)						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	42,774	

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	58,842	64,056	66,440	67,933	62,755	68,488	69,393	69,518	68,289	69,732	1,443	214
2. 2000		10	1,010	685	1,420	367	388	390	390	391	1	1
3. 2001	XXX	215	7,099	7,285	7,634	6,973	6,180	6,184	6,114	5,984	(130)	(200)
4. 2002	XXX	XXX	20,459	18,984	21,021	20,637	18,485	18,334	18,212	18,584	372	250
5. 2003	XXX	XXX	XXX	38,836	35,077	35,766	38,785	38,246	38,253	37,863	(390)	(383)
6. 2004	XXX	XXX	XXX	XXX	(62)	90	60	71	71	71		
7. 2005	XXX	XXX	XXX	XXX	XXX							
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals											1,296	(118)

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	3,060	(70,171)	(93,100)	(90,661)	(86,172)	(25,858)	32,649	26,428	27,339	XXX	XXX
2. 2000		10	50	252	321	344	386	388	390	391	XXX	XXX
3. 2001	XXX	185	3,533	4,707	5,427	5,418	6,033	6,076	6,114	5,984	XXX	XXX
4. 2002	XXX	XXX	7,546	15,548	17,627	17,776	18,121	18,147	18,157	18,213	XXX	XXX
5. 2003	XXX	XXX	XXX	9,114	28,749	30,721	31,283	38,275	38,253	37,853	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	(62)	(60)	65	71	71	71	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	15,857	19,429	97,480	136,901	126,055	116,438	2,554	12,554	11,915	12,393
2. 2000			826		347					
3. 2001	XXX		3,856	2,100	1,484	1,253				
4. 2002	XXX	XXX	12,545	2,100	3,029	2,558				
5. 2003	XXX	XXX	XXX	15,200	5,451	4,751	7,393			
6. 2004	XXX	XXX	XXX	XXX		(5)	(5)			
7. 2005	XXX	XXX	XXX	XXX	XXX					
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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
		Active Status	2						
1. Alabama	AL	L			(687)	(4,759)			
2. Alaska	AK	L							
3. Arizona	AZ	L			(4,776)	(21,182)	78,445		
4. Arkansas	AR	L			(413)	9,213	11,325		
5. California	CA	L			69,401	93,690	313,149		
6. Colorado	CO	L			12,153	(25,232)	63,900		
7. Connecticut	CT	L			1,514,404	525,917	446,424		
8. Delaware	DE	L			(41,560)	(109,565)			
9. District of Columbia	DC	L			8,189		958,552		
10. Florida	FL	L	3,189	3,189	271,609	180,410	453,265		
11. Georgia	GA	L			4,826	(102,171)	40,000		
12. Hawaii	HI	L							
13. Idaho	ID	L			209,824	103,907	73,611		
14. Illinois	IL	L			160,260	4,163	1,031,079		
15. Indiana	IN	L			132,919	(43,960)	55,784		
16. Iowa	IA	L			(145)	3,085	6,830		
17. Kansas	KS	L			(3,839)	(4,081)	2,488		
18. Kentucky	KY	L			21,326	9,936	61,103		
19. Louisiana	LA	L			293,666	73,558	169,372		
20. Maine	ME	L			35,250	(10,178)	72,871		
21. Maryland	MD	L			138,308	23,431	81,271		
22. Massachusetts	MA	L			8,708	(17,303)			
23. Michigan	MI	L			3,458,489	3,240,261	86,804,970		
24. Minnesota	MN	L			60,626	(39,725)	70,192		
25. Mississippi	MS	L			26,650	18,437	86,475		
26. Missouri	MO	L			(88,718)	(89,125)			
27. Montana	MT	L			170,960	130,341			
28. Nebraska	NE	L			(3,203)	(1,577)	33,880		
29. Nevada	NV	L			64,678	17,365	1		
30. New Hampshire	NH	L			(683)	3,116	16,199		
31. New Jersey	NJ	N			6,675,327	625,097	168,769,196		
32. New Mexico	NM	L				(73,855)	36,871		
33. New York	NY	L			2,163,869	71,388	3,132,747		
34. North Carolina	NC	L							
35. North Dakota	ND	L			228	(95)	14,773		
36. Ohio	OH	L			(377)	(68,581)	56,290		
37. Oklahoma	OK	L			52,306	71,021	71,211		
38. Oregon	OR	L			46,189	(16,774)	100		
39. Pennsylvania	PA	L			3,688,509	1,640,928	24,499,557		
40. Rhode Island	RI	L			116,587	20,215	99,151		
41. South Carolina	SC	L			85,600	(10,333)	25,703		
42. South Dakota	SD	L				338	5,412		
43. Tennessee	TN	L			(1,321)	(10,960)	12,421		
44. Texas	TX	L			34,587	591	3,852		
45. Utah	UT	L			(1,812)	(3,848)	7,318		
46. Vermont	VT	L			2,000	(1,000)			
47. Virginia	VA	L			114,646	(17,955)			
48. Washington	WA	L			7,622	(7,024)	18,564		
49. West Virginia	WV	L			105,358	78,865	34,739		
50. Wisconsin	WI	L			6,577	16,076	10,966		
51. Wyoming	WY	L			7,713	7,713			
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 50		3,189	3,189	19,621,830	6,289,779	287,730,057		

DETAILS OF WRITE-INS									
5801.		X X X							
5802.		X X X							
5803.		X X X							
5898.	Summary of remaining write-ins for Line 58 from overflow page								
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X							

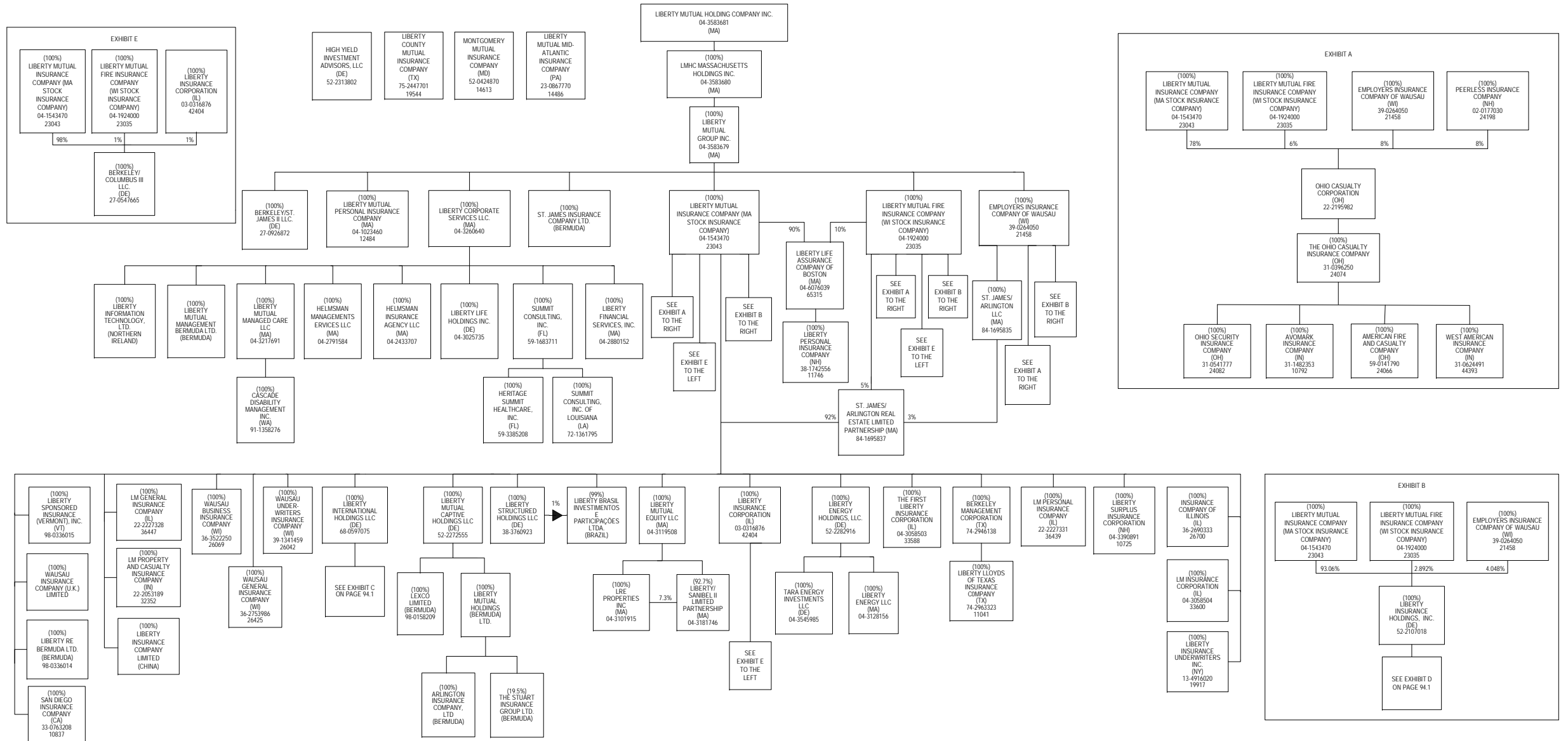
Explanation of basis of allocation of premiums by states, etc.

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

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

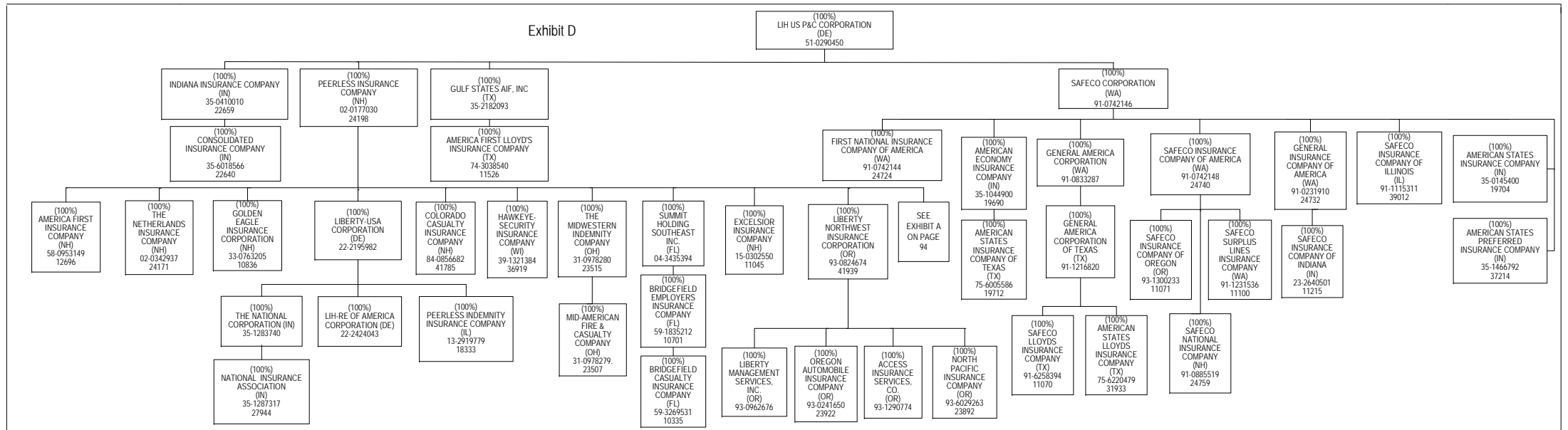
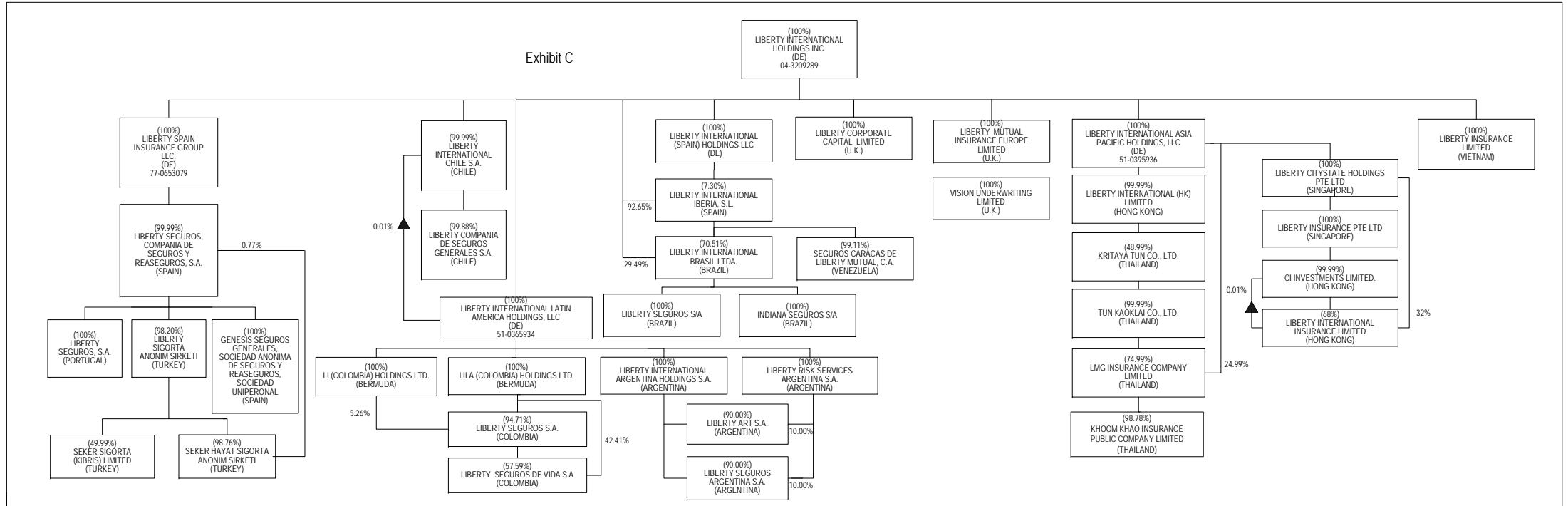
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

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