

ANNUAL STATEMENT

OF THE

LM Insurance Corporation

of **West Des Moines**

in the state of **Iowa**

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2007**

PROPERTY AND CASUALTY

2007



33600200720100100

ANNUAL STATEMENT
For the Year Ended December 31, 2007
OF THE CONDITION AND AFFAIRS OF THE
LM Insurance Corporation

NAIC Group Code 0111 0111 NAIC Company Code 33600 Employer's ID Number 04-3058504
Organized under the Laws of Iowa, State of Domicile or Port of Entry Iowa
Country of Domicile United States of America
Incorporated/Organized: June 16, 1989 Commenced Business: June 22, 1989
Statutory Home Office: 2829 Westown Parkway Suite 300 West Des Moines, IA 50265
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 Website Address: www.LibertyMutual.com
Statutory Statement Contact: Joanne Connolly 617-357-9500 44393
Joanne.Connolly@LibertyMutual.com 617-574-5955

OFFICERS

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

Vice-Presidents

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

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. James Paul Condrin, III Dennis James Langwell Dexter Robert Legg Anthony Alexander Fontanes, David Henry Long Edmund Francis Kelly Christopher Charles Mansfield

State of Massachusetts
County of Suffolk ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Edmund Francis Kelly Chairman of the Board President & CEO
(Signature) Dexter Robert Legg Vice President & Secretary
(Signature) Laurance Henry Soyer Yahia Vice President & Treasurer

Subscribed and sworn to before me this 22nd day of January, 2008

- a. Is this an original filing? YES [X] 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)	55,652,697		55,652,697	51,110,290
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	774,564		774,564	752,000
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 2,957,776, Schedule DA)	2,957,776		2,957,776	3,535,613
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	6,239		6,239	5,926
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	59,391,276		59,391,276	55,403,829
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	587,198		587,198	611,752
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	2,217,425	94,034	2,123,391	1,646,212
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 91 earned but unbilled premiums)	5,500,973	10	5,500,963	5,505,632
13.3 Accrued retrospective premiums	1,156,091	134,511	1,021,580	1,391,631
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	6,845	6,423	422	
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	3,019,000	1,648,272	1,370,728	1,382,377
17. Guaranty funds receivable or on deposit	77,872		77,872	98,321
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	23,249		23,249	30,015
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	1,211,884	69,681	1,142,203	1,119,140
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	73,191,813	1,952,931	71,238,882	67,188,909
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	73,191,813	1,952,931	71,238,882	67,188,909

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	102,909	42,816	60,093	74,845
2302. Cash surrender value - life insurance	539,330		539,330	487,335
2303. Equities and deposits in pools and associations	84,942		84,942	61,648
2398. Summary of remaining write-ins for Line 23 from overflow page	484,703	26,865	457,838	495,312
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,211,884	69,681	1,142,203	1,119,140

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	33,187,781	30,584,849
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,328,110	1,366,670
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	6,779,061	6,269,446
4. Commissions payable, contingent commissions and other similar charges	355,649	392,744
5. Other expenses (excluding taxes, licenses and fees)	930,699	892,147
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	660,582	626,661
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	147,102	356,062
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 119,790,097 and including warranty reserves of \$ 0)	9,693,516	9,367,537
10. Advance premium	105,398	68,409
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	33,736	12,030
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	169,197	314,864
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	754,607	826,496
19. Payable to parent, subsidiaries and affiliates		
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	(2,634,611)	(2,870,274)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	51,510,827	48,207,641
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	51,510,827	48,207,641
27. Aggregate write-ins for special surplus funds	2,500,330	2,439,506
28. Common capital stock	3,600,000	3,600,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	7,400,000	7,400,000
33. Unassigned funds (surplus)	6,227,725	5,541,762
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)	19,728,055	18,981,268
36. TOTALS (Page 2, Line 26, Col. 3)	71,238,882	67,188,909

DETAILS OF WRITE-INS		
2301. Other liabilities	435,658	260,505
2302. Pooled retroactive reinsurance	(4,561,971)	(4,591,865)
2303. Amounts held under uninsured plans	1,491,702	1,461,086
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(2,634,611)	(2,870,274)
2701. Special surplus from retroactive reinsurance	2,500,330	2,439,506
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	2,500,330	2,439,506
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 34, Column 4)	23,601,427	22,742,826
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	14,616,492	13,897,375
3. Loss expenses incurred (Part 3, Line 25, Column 1)	3,742,025	3,470,809
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	6,550,713	6,091,265
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	24,909,230	23,459,449
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,307,803)	(716,623)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,953,942	2,713,888
10. Net realized capital gains (losses) less capital gains tax of \$ 2,585 (Exhibit of Capital Gains (Losses))	4,801	
11. Net investment gain (loss) (Lines 9 + 10)	2,958,743	2,713,888
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 6,464 amount charged off \$ 48,946)	(42,483)	(31,788)
13. Finance and service charges not included in premiums	112,994	110,033
14. Aggregate write-ins for miscellaneous income	(285,183)	(240,709)
15. Total other income (Lines 12 through 14)	(214,672)	(162,464)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,436,268	1,834,801
17. Dividends to policyholders	139,545	102,055
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	1,296,723	1,732,746
19. Federal and foreign income taxes incurred	482,145	1,053,740
20. Net income (Line 18 minus Line 19) (to Line 22)	814,578	679,006
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	18,981,268	18,527,958
22. Net income (from Line 20)	814,578	679,006
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (13,068)	(24,269)	4,224
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	178,931	628,275
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(226,788)	(864,908)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	4,335	6,713
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	746,787	453,310
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	19,728,055	18,981,268

DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. Other income/(expense)	(312,052)	(342,530)
1402. Retroactive reinsurance gain/(loss)	26,869	101,821
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(285,183)	(240,709)
3701. Other changes in surplus	4,335	6,713
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)	4,335	6,713

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	23,848,184	22,077,450
2. Net investment income	2,973,229	2,682,205
3. Miscellaneous income	(319,626)	127,108
4. Total (Lines 1 through 3)	26,501,787	24,886,763
5. Benefit and loss related payments	12,199,503	10,497,436
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	9,767,007	8,882,902
8. Dividends paid to policyholders	117,840	97,007
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	693,690	384,041
10. Total (Lines 5 through 9)	22,778,040	19,861,386
11. Net cash from operations (Line 4 minus Line 10)	3,723,747	5,025,377
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	16,488,948	9,462,005
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	16,488,948	9,462,005
13. Cost of investments acquired (long-term only):		
13.1 Bonds	21,018,703	12,887,893
13.2 Stocks	59,901	54,964
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	314	5,926
13.7 Total investments acquired (Lines 13.1 to 13.6)	21,078,918	12,948,783
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,589,970)	(3,486,778)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	288,386	(529,717)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	288,386	(529,717)
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)	(577,837)	1,008,882
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	3,535,613	2,526,731
19.2 End of year (Line 18 plus Line 19.1)	2,957,776	3,535,613

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	610,638	285,860	274,214	622,284
2. Allied lines	262,889	102,659	123,944	241,604
3. Farmowners multiple peril	11,192			11,192
4. Homeowners multiple peril	3,225,881	1,813,627	1,845,364	3,194,144
5. Commercial multiple peril	470,966	259,265	245,541	484,690
6. Mortgage guaranty				
8. Ocean marine	80,544	24,147	37,992	66,699
9. Inland marine	1,325,847	79,299	79,933	1,325,213
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	84,181	33,386	40,356	77,211
13. Group accident and health	64			64
14. Credit accident and health (group and individual)				
15. Other accident and health	(265)	378		113
16. Workers' compensation	8,133,305	(83,261)	294,984	7,755,060
17.1 Other liability - occurrence	1,497,921	522,679	627,927	1,392,673
17.2 Other liability - claims-made	371,889	160,322	200,369	331,842
18.1 Products liability - occurrence	278,473	112,209	111,895	278,787
18.2 Products liability - claims-made	21,501	1,282	4,474	18,309
19.1, 19.2 Private passenger auto liability	4,423,952	2,216,457	2,233,796	4,406,613
19.3, 19.4 Commercial auto liability	980,044	340,485	369,708	950,821
21. Auto physical damage	1,392,037	1,586,285	1,609,652	1,368,670
22. Aircraft (all perils)	147,550	49,609	51,269	145,890
23. Fidelity	11,780	4,140	5,187	10,733
24. Surety	584,877	292,027	339,393	537,511
26. Burglary and theft	1,510	591	630	1,471
27. Boiler and machinery	7,147	4,324	3,645	7,826
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	277,893	12,499	29,323	261,069
31. Reinsurance-Nonproportional Assumed Liability	97,340	5,263	7,742	94,861
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	24,299,156	7,823,532	8,537,338	23,585,350

DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	273,823	391			274,214
2. Allied lines	123,448	496			123,944
3. Farmowners multiple peril					
4. Homeowners multiple peril	1,845,364				1,845,364
5. Commercial multiple peril	167,635	77,906			245,541
6. Mortgage guaranty					
8. Ocean marine	28,475	9,517			37,992
9. Inland marine	74,966	4,967			79,933
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	40,263	93			40,356
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	1,298,355	16,615	(91)	(1,019,895)	294,984
17.1 Other liability - occurrence	702,978	(7,021)		(68,030)	627,927
17.2 Other liability - claims-made	115,204	85,165			200,369
18.1 Products liability - occurrence	135,206	980		(24,291)	111,895
18.2 Products liability - claims-made	4,474				4,474
19.1, 19.2 Private passenger auto liability	2,233,796				2,233,796
19.3, 19.4 Commercial auto liability	403,473	10,110		(43,875)	369,708
21. Auto physical damage	1,608,474	1,178			1,609,652
22. Aircraft (all perils)	51,269				51,269
23. Fidelity	4,787	400			5,187
24. Surety	295,777	43,616			339,393
26. Burglary and theft	618	12			630
27. Boiler and machinery	3,452	193			3,645
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	10,606	18,717			29,323
31. Reinsurance-Nonproportional Assumed Liability	7,742				7,742
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	9,430,185	263,335	(91)	(1,156,091)	8,537,338
35. Accrued retrospective premiums based on experience					1,156,091
36. Earned but unbilled premiums					91
37. Balance (Sum of Line 34 through 36)					9,693,520

DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	17,832	610,638		17,832		610,638
2. Allied lines	16,422	262,889		16,422		262,889
3. Farmowners multiple peril		11,192				11,192
4. Homeowners multiple peril	5,657,688	3,225,881		5,657,688		3,225,881
5. Commercial multiple peril	1,474,745	470,966		1,474,745		470,966
6. Mortgage guaranty						
8. Ocean marine		80,544				80,544
9. Inland marine	1,975,339	1,325,847		1,975,339		1,325,847
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	23,178	84,181		23,178		84,181
13. Group accident and health		64				64
14. Credit accident and health (group and individual)						
15. Other accident and health		(265)				(265)
16. Workers' compensation	357,486,587	8,133,305		357,486,587		8,133,305
17.1 Other liability - occurrence	6,818,442	1,497,921		6,818,442		1,497,921
17.2 Other liability - claims-made		371,889				371,889
18.1 Products liability - occurrence	3,337,212	278,473		3,337,212		278,473
18.2 Products liability - claims-made		21,501				21,501
19.1, 19.2 Private passenger auto liability		4,423,952				4,423,952
19.3, 19.4 Commercial auto liability	15,077,285	980,044		15,077,285		980,044
21. Auto physical damage	1,979,032	1,392,037		1,979,032		1,392,037
22. Aircraft (all perils)		147,550				147,550
23. Fidelity	44,081	11,780		44,081		11,780
24. Surety	77,562	584,877		77,562		584,877
26. Burglary and theft	15,056	1,510		15,056		1,510
27. Boiler and machinery		7,147				7,147
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	277,893				277,893
31. Reinsurance-Nonproportional Assumed Liability	X X X	97,340				97,340
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	394,000,461	24,299,156		394,000,461		24,299,156

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [X] No []
 If yes: 1. The amount of such installment premiums \$ 387,536,336
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 393,614,553

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	10,325	325,115	10,325	325,115	138,304	192,302	271,117	43.568
2. Allied lines		195,396		195,396	74,992	124,230	146,158	60.495
3. Farmowners multiple peril		176		176	47	336	(113)	(1.010)
4. Homeowners multiple peril	968,092	1,471,029	968,092	1,471,029	845,607	652,206	1,664,430	52.109
5. Commercial multiple peril	479,303	199,295	479,303	199,295	526,940	622,919	103,316	21.316
6. Mortgage guaranty								
8. Ocean marine		37,557		37,557	92,171	78,836	50,892	76.301
9. Inland marine	624,047	774,110	624,047	774,110	209,892	149,581	834,421	62.965
10. Financial guaranty								
11.1 Medical malpractice - occurrence		8		8	687	828	(133)	
11.2 Medical malpractice - claims - made								
12. Earthquake		2		2	507	(620)	1,129	1.462
13. Group accident and health		1,628		1,628	6,110	6,797	941	1,470.313
14. Credit accident and health (group and individual)								
15. Other accident and health		1,756		1,756	4,804	6,382	178	157.522
16. Workers' compensation	207,961,506	3,875,330	207,961,506	3,875,330	19,469,854	17,633,220	5,711,964	73.655
17.1 Other liability - occurrence	385,728	724,556	385,728	724,556	4,079,008	3,521,752	1,281,812	92.040
17.2 Other liability - claims - made		95,078		95,078	664,918	572,037	187,959	56.641
18.1 Products liability - occurrence	9,445	117,787	9,445	117,787	818,469	838,029	98,227	35.234
18.2 Products liability - claims - made		392		392	28,435	22,642	6,185	33.781
19.1, 19.2 Private passenger auto liability	79,283	2,716,209	79,283	2,716,209	3,550,150	3,688,473	2,577,886	58.500
19.3, 19.4 Commercial auto liability	3,073,879	500,349	3,073,879	500,349	1,333,918	1,207,101	627,166	65.960
21. Auto physical damage	1,223,855	705,282	1,223,855	705,282	(11,689)	(71,355)	764,948	55.890
22. Aircraft (all perils)		74,425		74,425	141,462	138,822	77,065	52.824
23. Fidelity		1,471		1,471	20,948	29,521	(7,102)	(66.164)
24. Surety	4,346	58,926	4,346	58,926	214,124	177,730	95,320	17.734
26. Burglary and theft		110		110	(69)	2,516	(2,475)	(168.253)
27. Boiler and machinery					(574)	357	(931)	(11.896)
28. Credit					13	28	(15)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	91,672		91,672	171,712	250,216	13,168	5.044
31. Reinsurance-Nonproportional Assumed Liability	X X X	119,515		119,515	797,482	732,582	184,415	194.405
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	3,303		3,303	9,560	7,378	5,485	
33. Aggregate write-ins for other lines of business								
34. TOTALS	214,819,809	12,090,477	214,819,809	12,090,477	33,187,782	30,584,846	14,693,413	62.299

DETAILS OF WRITE-INS

3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

**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 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		109,462		109,462	(3,462)	28,842	(3,462)	138,304	28,295
2. Allied lines	9,600	55,251	9,600	55,251	6,088	19,741	6,088	74,992	15,399
3. Farmowners multiple peril		47		47				47	177
4. Homeowners multiple peril	798,648	526,523	798,648	526,523	176,395	319,084	176,395	845,607	194,187
5. Commercial multiple peril	86,601	323,955	86,601	323,955	392,166	202,985	392,166	526,940	193,957
6. Mortgage guaranty									
8. Ocean marine		45,577		45,577		46,593		92,170	20,315
9. Inland marine	37,605	85,928	37,605	85,928	247,081	123,964	247,081	209,892	18,049
10. Financial guaranty									
11.1 Medical malpractice - occurrence		1,008		1,008		(321)		687	45
11.2 Medical malpractice - claims - made									
12. Earthquake		354		354		153		507	53
13. Group accident and health		2,437		2,437		3,673	(a)	6,110	503
14. Credit accident and health (group and individual)									
15. Other accident and health		351		351		4,452	(a)	4,803	185
16. Workers' compensation	365,024,433	10,824,360	365,024,433	10,824,360	492,422,965	8,645,493	492,422,965	19,469,853	2,522,967
17.1 Other liability - occurrence	2,955,226	1,916,217	2,955,226	1,916,217	2,953,418	2,162,791	2,953,418	4,079,008	1,612,724
17.2 Other liability - claims - made		164,908		164,908		500,010		664,918	226,970
18.1 Products liability - occurrence	204,470	190,690	204,470	190,690	1,241,257	627,779	1,241,257	818,469	521,032
18.2 Products liability - claims - made		1,114		1,114		27,320		28,434	12,670
19.1, 19.2 Private passenger auto liability	284	2,304,351	284	2,304,351	68	1,245,800	68	3,550,151	910,740
19.3, 19.4 Commercial auto liability	3,127,932	746,456	3,127,932	746,456	4,849,616	587,462	4,849,616	1,333,918	244,020
21. Auto physical damage		388		388	(1)	(12,077)	(1)	(11,689)	128,994
22. Aircraft (all perils)		105,790		105,790		35,672		141,462	21,939
23. Fidelity	160,000	4,504	160,000	4,504	5	16,443	5	20,947	6,742
24. Surety	1	29,005	1	29,005	40,886	185,120	40,886	214,125	58,962
26. Burglary and theft		35		35	4,993	(105)	4,993	(70)	2,675
27. Boiler and machinery		457		457	6,742	(1,031)	6,742	(574)	516
28. Credit						13		13	1
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	105,157		105,157	X X X	66,556		171,713	3,058
31. Reinsurance-Nonproportional Assumed Liability	X X X	306,769		306,769	X X X	490,713		797,482	32,531
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	8,915		8,915	X X X	645		9,560	1,358
33. Aggregate write-ins for other lines of business									
34. TOTALS	372,404,800	17,860,009	372,404,800	17,860,009	502,338,217	15,327,770	502,338,217	33,187,779	6,779,064

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	32,848,419			32,848,419
1.2 Reinsurance assumed	1,759,255			1,759,255
1.3 Reinsurance ceded	32,848,419			32,848,419
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	1,759,255			1,759,255
2. Commission and brokerage:				
2.1 Direct, excluding contingent		8,921,994		8,921,994
2.2 Reinsurance assumed, excluding contingent		140,086		140,086
2.3 Reinsurance ceded, excluding contingent		8,921,994		8,921,994
2.4 Contingent-direct		69		69
2.5 Contingent-reinsurance assumed		251,133		251,133
2.6 Contingent-reinsurance ceded		69		69
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)		391,219		391,219
3. Allowances to manager and agents		95,210		95,210
4. Advertising	35,057	314,807	91	349,955
5. Boards, bureaus and associations	4,938	48,132	1	53,071
6. Surveys and underwriting reports	389	58,534	18	58,941
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	1,127,980	2,524,400	13,880	3,666,260
8.2 Payroll taxes	60,204	186,723	650	247,577
9. Employee relations and welfare	220,000	676,093	848	896,941
10. Insurance	106,388	17,598	132	124,118
11. Directors' fees		401		401
12. Travel and travel items	70,028	186,416	230	256,674
13. Rent and rent items	74,814	219,735	194	294,743
14. Equipment	58,939	180,059	248	239,246
15. Cost or depreciation of EDP equipment and software	11,817	90,339	74	102,230
16. Printing and stationery	13,232	41,957	34	55,223
17. Postage, telephone and telegraph, exchange and express	45,434	137,834	67	183,335
18. Legal and auditing	6,394	42,226	1,855	50,475
19. Totals (Lines 3 to 18)	1,835,614	4,820,464	18,322	6,674,400
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 16,692		886,994		886,994
20.2 Insurance department licenses and fees		24,070		24,070
20.3 Gross guaranty association assessments		(165)		(165)
20.4 All other (excluding federal and foreign income and real estate)		34,489		34,489
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		945,388		945,388
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	147,157	393,643	1,296	542,096
25. Total expenses incurred	3,742,026	6,550,714	19,618 (a)	10,312,358
26. Less unpaid expenses-current year	6,779,061	1,946,930		8,725,991
27. Add unpaid expenses-prior year	6,269,446	1,911,551		8,180,997
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year		422		422
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,232,411	6,515,757	19,618	9,767,786

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	69,751			69,751
2402. Other expenses	77,406	393,643	1,296	472,345
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	147,157	393,643	1,296	542,096

(a) Includes management fees of \$ 19,618 to affiliates and \$ 114,002 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,035,243	999,918
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,590,274	1,594,269
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		59,719
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) 303,488	310,264
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	9,390	9,390
10. Total gross investment income	2,998,114	2,973,560
11. Investment expenses		(g) 19,618
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)		19,618
17. Net investment income (Line 10 minus Line 16)		2,953,942
DETAILS OF WRITE-INS		
0901. Miscellaneous Income / (Expense)	9,390	9,390
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	9,390	9,390
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

- (a) Includes \$ 51,308 accrual of discount less \$ 46,042 amortization of premium and less \$ 69,344 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 \$ 17,528 accrual of discount less \$ 64 amortization of premium and less \$ 46,953 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	7,386		7,386		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				(37,337)	
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)	7,386		7,386	(37,337)	

DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	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	94,034	62,735	(31,299)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	10	10	
13.3 Accrued retrospective premiums	134,511	152,283	17,772
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	6,423	6,436	13
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,648,272	1,444,623	(203,649)
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	69,681	56,098	(13,583)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,952,931	1,722,185	(230,746)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,952,931	1,722,185	(230,746)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	42,816	29,341	(13,475)
2302. Amounts receivable under high deductible policies	26,865	26,757	(108)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	69,681	56,098	(13,583)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the Iowa Insurance Commissioner, the accompanying financial statements of LM Insurance Corporation (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office ("SVO Manual").
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market value.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or market based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled and affiliated ("SCA") entities.
8. The Company has no investments in joint ventures, limited partnerships, or limited liability companies.
9. Derivative Securities refer to Note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2007.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from Surplus.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2007.

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.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

	December 31, 2007	December 31, 2006	Change
Total of gross deferred tax assets	3,286,000	3,225,000	61,000
Total of deferred tax liabilities	(267,000)	(398,000)	131,000
Net deferred tax asset	3,019,000	2,827,000	192,000
Net deferred tax asset non-admitted	(1,648,272)	(1,444,623)	(203,649)
Net admitted deferred tax asset	1,370,728	1,382,377	(11,649)

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

	2007	2006
Federal tax on operations	482,145	1,053,740
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	482,145	1,053,740
Tax on capital gains	2,585	0
Total income tax incurred	484,730	1,053,740

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

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

	2007
Change in net deferred income tax (without unrealized gain or loss)	178,931
Tax effect of unrealized (gains) losses	13,068
Total change in net deferred income tax	191,999

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of revisions to prior year estimates and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$527,000 from the current year and \$756,000 from the preceding year.

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

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

Access Insurance Services, Co.	Liberty Mutual Group Inc.
Ambco Capital Corporation	Liberty Mutual Holding Company, Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyds Insurance Company	Liberty Mutual Managed Care, Inc.
American Ambassador Casualty Company	Liberty Mutual Personal Insurance Company
American Fire & Casualty Insurance Company *	Liberty Northwest Insurance Corporation
Avomark Insurance Company *	Liberty Personal Insurance Company
Berkeley Holding Company Associates, Inc.	Liberty RE (Bermuda) Limited
Berkeley Management Corporation	Liberty Real Estate Corporation
Bridgefield Casualty Insurance Company	Liberty Sponsored Insurance (Vermont) Inc.
Bridgefield Employers Insurance Company	Liberty Surplus Insurance Corporation
Capitol Agency, Inc. (Arizona corporation)	Liberty-USA Corporation
Capitol Agency, Inc. (Ohio corporation)	LIH-Re of America Corporation
Capitol Agency, Inc. (Tennessee corporation)	LIH U.S. P&C Corporation
Cascade Disability Management, Inc.	LIIA Insurance Agency, Inc.
Colorado Casualty Insurance Company	LIU Specialty Insurance Agency, Inc.
Companies Agency Insurance Services of California	LLS Insurance Agency of Nevada, Inc.
Companies Agency of Alabama, Inc.	LM General Insurance Company
Companies Agency of Georgia, Inc.	LM Insurance Corporation
Companies Agency of Kentucky, Inc.	LM Personal Insurance Company
Companies Agency of Massachusetts, Inc.	LM Property & Casualty Insurance Company
Companies Agency of Michigan, Inc.	LMHC Massachusetts Holding, Inc.
Companies Agency of New York, Inc.	LRE Properties, Inc.
Companies Agency of Pennsylvania, Inc.	Mid-American Agency, Inc.
Companies Agency of Phoenix, Inc.	Mid-American Fire and Casualty Company
Consolidated Insurance Company	Missouri Agency, Inc.
Copley Venture Capital, Inc.	North Pacific Insurance Company
Countrywide Services Corporation	Oregon Automobile Insurance Company
Diversified Settlements, Inc.	OCASCO Budget, Inc *
Employers Insurance Company of Wausau	OCI Printing, Inc.*
Excelsior Insurance Company	Ohio Casualty Corporation *

NOTES TO FINANCIAL STATEMENTS

Florida State Agency, Inc.	Ohio Casualty Insurance Company *
Globe American Casualty Company	Ohio Casualty of New Jersey, Inc *
Golden Eagle Insurance Corporation	Ohio Life Brokerage Services, Inc.*
Gulf States AIF, Inc.	Ohio Security Insurance Company *
Hawkeye-Security Insurance Company	Peerless Indemnity Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	Peerless Insurance Company
Helmsman Insurance Agency of Texas, Inc.	San Diego Insurance Company
Heritage-Summit Healthcare of Florida, Inc.	State Agency, Inc. (Indiana corporation)
Indiana Insurance Company	State Agency, Inc. (Wisconsin corporation)
LEXCO Limited	St. James Insurance Company
Liberty Assignment Corporation	Summit Consulting, Inc.
Liberty Energy Canada, Inc. *	Summit Consulting, Inc. of Louisiana
Liberty Financial Services, Inc.	Summit Holding Southeast, Inc.
Liberty Hospitality Group, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Company of America	The Midwestern Indemnity Company
Liberty Insurance Corporation	The National Corporation
Liberty Insurance Holdings, Inc.	The Netherlands Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Service Corporation
Liberty Life Assurance Company of Boston	Wausau Signature Agency, Inc.
Liberty Life Holdings, Inc.	Wausau Business Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau General Insurance Company
Liberty Management Services, Inc.	Wausau Underwriters Insurance Company
Liberty Mexico Holdings, Inc.	West American Insurance Company *
Liberty Mutual Fire Insurance Company	

* This company joined the consolidated group in 2007 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 company. LMIC is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.
- C. Refer to Note 25.
- D. At December 31, 2007, the Company reported \$23,249 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 25 for information regarding the Inter-Company Reinsurance Agreement.

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

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

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

Note 11- Debt

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

1. Common Stock

The Company has 30,000 shares authorized, issued, and outstanding as of December 31, 2007. All shares have a stated par value of \$120.

2. Preferred Stock

Not applicable

3. Dividend Restrictions

There are no dividend restrictions.

4. The maximum amount of dividends which can be paid by Iowa-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of policyholders' surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2008 is \$1,972,806.

5. As of December 31, 2007, the Company has pre-tax restricted surplus of \$2,500,330 resulting from retroactive reinsurance contracts.

6. The Company had no advances to surplus.

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

8. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2007.

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$(11,775).

10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

13. The company did not pay a dividend to its parent during 2007.

Note 14- Contingencies

A. Contingent Commitments

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

B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of \$548,371 that is offset by future premium tax credits of \$77,872. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2007.

During 2007 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

C. Gain Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS

D. Claims related extra contractual 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	\$ 490,000

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 []

D. All other Contingencies

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

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

Note 15- Leases

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2008	\$73,068	\$201,019
2009	62,076	187,594
2010	43,476	138,197
2011	11,443	76,161
2012	-	50,837
2013 & thereafter	-	358,699
Total	\$190,063	\$1,012,506

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

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

C. Wash Sales

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

NOTES TO FINANCIAL STATEMENTS

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was \$1,584. Claim payment volume was \$73,454.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2007 and 2006.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$29,910 and \$43,820, in 2007 and 2006, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$588,893 and \$1,016,434, in 2007 and 2006, respectively.

2) Assets in the amount of \$9,077,790 and \$8,610,202 as of December 31, 2007 and 2006, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

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

H. Hybrid Securities

The Company does not hold hybrid securities.

I. Sub-Prime Lending

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

Note 21- Events Subsequent

There were no events subsequent to December 31, 2007 that would require disclosure.

Note 22- Reinsurance

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

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

NOTES TO FINANCIAL STATEMENTS

- C. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2007.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$9,693,516	\$202,296	\$119,790,097	\$2,712,624	\$(110,096,581)	\$2,510,328
All Other	0	0	0	0	0	0
Total	\$9,693,516	\$202,296	\$119,790,097	\$2,712,624	\$(110,096,581)	\$2,510,328

Direct Unearned Premium Reserve: \$119,790,097

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2007 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$257,523	\$0	\$257,523
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(390,000)	0	(390,000)
Totals	\$0	\$(132,477)	\$0	\$(132,477)

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(4,621,770)	\$0
	2. Adjustment – Prior Year(s)	419,203	0
	3. Adjustment – Current Year	30,595	0
	4. Total	\$(4,171,972)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(2,167,742)	\$0
	2. Adjustment – Prior Year(s)	(103,409)	0
	3. Adjustment – Current Year	(2,016)	0
	4. Total	\$(2,273,167)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$(78,672)	\$0
	2. Adjustment – Prior Year(s)	(449,488)	0
	3. Adjustment – Current Year	(89,455)	0
	4. Total	\$(617,615)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$2,532,700	\$0
	2. Adjustment – Prior Year(s)	(73,124)	0
	3. Adjustment – Current Year	56,844	0
	4. Total	2,500,330	\$0
	5. Cumulative Total Transferred To Unassigned Funds	\$16,090	
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(4,171,972)	\$0

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

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

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.

NOTES TO FINANCIAL STATEMENTS

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

Total accrued retro premium	\$1,156,091
Less: Non-admitted amount	134,511
Admitted amount	\$1,021,580

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributed to insured events in prior years have increased in 2007 as a result of unfavorable loss development trends in the workers compensation and asbestos and environmental lines of business, partially offset by favorable development in the personal auto and commercial multiple peril lines of business. Original estimates are revised as additional information becomes known regarding individual claims.

Note 25- Inter-Company Pooling Arrangements

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

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	75.90%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	10.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	All Lines
	Liberty Insurance Corporation (LIC)	42404	3.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LMC)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FST)	33588	0.10%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Bridgfield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	Bridgfield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines

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

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the Lead Company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.
- (c) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

NOTES TO FINANCIAL STATEMENTS

- (h) Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2007, the Liberty Mutual Pool participation percentages were revised as follows:

	2007	2006
Liberty Mutual Insurance Company	75.9%	66.5%
Employers Insurance Company of Wausau	10.0%	16.0%
Liberty Insurance Corporation	3.0%	6.0%
Wausau General Insurance Company	0.0%	0.4%

Note 26- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$2,172,244 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$2,172,244 as of December 31, 2007.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

<u>Life Insurance Company & Location</u>	<u>Licensed in Company's State of Domicile (Yes/No)</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$1,047,272
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$653,959
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$310,769

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

As of December 31, 2007, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 30- High Dollar Deductible Policies

As of December 31, 2007, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$9,624,575 and the amount billed and recoverable on paid claims was \$484,703.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2007, liabilities include \$7,148,699 of liabilities carried at a discounted value of \$4,419,146, representing a discount of \$2,729,553.

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

Note 32 - Asbestos/Environmental Reserves

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

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

NOTES TO FINANCIAL STATEMENTS

environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

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

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

In the third quarter of 2007, the Company completed its comprehensive biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company's direct, assumed, and ceded asbestos claims. The result of the study, which reflects management's best estimate of the reserve requirement, is in the table below.

Uncertainty Regarding Reserving Methodologies

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

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

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

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

Asbestos:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct Basis					
Beginning Reserves	2,958,124	3,156,858	3,404,924	3,996,500	3,699,521
Incurred losses and LAE	854,032	824,147	1,108,478	201,037	462,405
Calendar year payments	655,298	576,081	516,902	498,016	797,312
Ending Reserves	3,156,858	3,404,924	3,996,500	3,699,521	3,364,614
Assumed Reinsurance Basis					
Beginning Reserves	373,914	524,518	979,182	1,027,760	1,086,925
Incurred losses and LAE	230,480	524,080	108,889	97,622	383,293
Calendar year payments	79,876	69,416	60,311	38,457	53,715
Ending Reserves	524,518	979,182	1,027,760	1,086,925	1,416,503
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,920,028	2,249,178	1,902,936	2,084,712	1,794,044
Incurred losses and LAE	626,006	7,064	438,738	24,408	170,252
Calendar year payments	296,856	353,306	256,962	315,076	369,626
Ending Reserves	2,249,178	1,902,936	2,084,712	1,794,044	1,594,670

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	1,793,535
Assumed Reinsurance Basis	1,138,668
Net of Ceded Reinsurance Basis	717,787

Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	1,160,626
Assumed Reinsurance Basis	8,483
Net of Ceded Reinsurance Basis	417,174

Environmental:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct Basis					
Beginning Reserves	893,008	643,411	1,420,361	1,371,995	1,011,028
Incurred losses and LAE	(109,753)	920,247	317,132	95,701	11,762
Calendar year payments	139,844	143,297	365,498	456,668	121,043
Ending Reserves	643,411	1,420,361	1,371,995	1,011,028	901,747
<hr/>					
Assumed Reinsurance Basis					
Beginning Reserves	235,734	111,833	141,769	104,637	95,894
Incurred losses and LAE	(112,645)	40,675	(24,461)	1,762	2,951
Calendar year payments	11,256	10,739	12,671	10,505	17,135
Ending Reserves	111,833	141,769	104,637	95,894	81,710
<hr/>					
Net of Ceded Reinsurance Basis					
Beginning Reserves	612,918	515,476	1,053,427	853,643	790,732
Incurred losses and LAE	(16,000)	631,972	1,019	40,401	19,638
Calendar year payments	81,442	94,021	200,803	103,312	83,098
Ending Reserves	515,476	1,053,427	853,643	790,732	727,272

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	595,242
Assumed Reinsurance Basis	48,324
Net of Ceded Reinsurance Basis	489,634

Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	382,948
Assumed Reinsurance Basis	1,207
Net of Ceded Reinsurance Basis	267,136

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	11,489,729	19.346	11,489,729	19.346
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	6,667,625	11.227	6,667,625	11.227
1.22 Issued by U.S. government sponsored agencies	998,663	1.681	998,663	1.681
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	1,000,000	1.684	1,000,000	1.684
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	121,881	0.205	121,881	0.205
1.512 Issued or guaranteed by FNMA and FHLMC	15,697,741	26.431	15,697,741	26.431
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	18,689,382	31.468	19,677,058	33.131
2.2 Unaffiliated foreign securities	987,676	1.663		
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	2,730,114	4.597	774,564	1.304
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	6,239	0.011	6,239	0.011
8. Cash, cash equivalents and short-term investments	1,002,226	1.687	2,957,776	4.980
9. Other invested assets				
10. Total invested assets	59,391,276	100.000	59,391,276	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Iowa
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: 12/31/2004
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/24/2006
- 3.4 By what department or departments? Iowa Insurance Division

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 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 0%
- 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.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

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

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- | | |
|---|-------|
| 11.11 Name of real estate holding company | _____ |
| 11.12 Number of parcels involved | 0 |
| 11.13 Total book/adjusted carrying value | \$ 0 |

11.2 If yes, provide explanation

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? Yes [X] No []

- 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.

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|-------------|
| | 19.21 Rented from others | \$ <u>0</u> |
| | 19.22 Borrowed from others | \$ <u>0</u> |
| | 19.23 Leased from others | \$ <u>0</u> |
| | 19.24 Other | \$ <u>0</u> |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes:
- | | | |
|--|--|-------------|
| | 20.21 Amount paid as losses or risk adjustment | \$ <u>0</u> |
| | 20.22 Amount paid as expenses | \$ <u>0</u> |
| | 20.23 Other amounts paid | \$ <u>0</u> |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 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, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []
- 22.2 If no, give full and complete information, relating thereto
- 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). Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|---------------------|
| | 23.21 Loaned to others | \$ <u>0</u> |
| | 23.22 Subject to repurchase agreements | \$ <u>0</u> |
| | 23.23 Subject to reverse repurchase agreements | \$ <u>0</u> |
| | 23.24 Subject to dollar repurchase agreements | \$ <u>0</u> |
| | 23.25 Subject to reverse dollar repurchase agreements | \$ <u>0</u> |
| | 23.26 Pledged as collateral | \$ <u>0</u> |
| | 23.27 Placed under option agreements | \$ <u>0</u> |
| | 23.28 Letter stock or securities restricted as to sale | \$ <u>0</u> |
| | 23.29 On deposit with state or other regulatory body | \$ <u>9,077,788</u> |
| | 23.291 Other | \$ <u>0</u> |

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

26. Excluding items in Schedule E, 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, G - 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]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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, brokers/dealers or individuals acting on behalf of brokers/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	3 Address

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

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
42982#100	LMIA High Yield Fund	774,564
27.2999	Total	774,564

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
LMIA High Yield Fund	J. P. MORGAN PRIME-CAPITAL FUNDS	27,311	12/31/2007
LMIA High Yield Fund	ALLIED WASTE NORTH AMER	16,303	12/31/2007
LMIA High Yield Fund	CHESAPEAKE ENERGY CORP	15,048	12/31/2007
LMIA High Yield Fund	MULTIPLAN INC	14,736	12/31/2007
LMIA High Yield Fund	WILLIAMS PARTNERS LP/WIL	13,518	12/31/2007
LMIA High Yield Fund	VENTAS REALTY LP/CAP CRP	12,960	12/31/2007

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	58,610,473	58,641,694	31,221
28.2 Preferred stocks			
28.3 Totals	58,610,473	58,641,694	31,221

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

29.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes No

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ _____ 0

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? YES [] NO [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$ 0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$ 0
 1.62 Total incurred claims \$ 0
 1.63 Number of covered lives \$ 0
 All years prior to most current three years:
 1.64 Total premium earned \$ 0
 1.65 Total incurred claims \$ 0
 1.66 Number of covered lives \$ 0

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$ 0
 1.72 Total incurred claims \$ 0
 1.73 Number of covered lives \$ 0
 All years prior to most current three years:
 1.74 Total premium earned \$ 0
 1.75 Total incurred claims \$ 0
 1.76 Number of covered lives \$ 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ 198	\$ 166
2.2 Premium Denominator	\$ 23,601,427	\$ 22,742,826
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 11,603	\$ 14,294
2.5 Reserve Denominator	\$ 50,988,468	\$ 47,588,502
2.6 Reserve Ratio (2.4/2.5)		

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 Exchange 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

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 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 of loss: In 2007, the Company purchased a Workers Compensation Catastrophe Treaty with limits of \$400M part of \$500M xs \$700M.
- 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 Probably Maximum Loss. For property exposures, we employ RiskLink v7.0 from RMS and AIR Classic/2 v8.0. For WC, Liberty Mutual utilizes RiskLink v7.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? In 2007, the Company has in force \$1.1B part of \$1.9B xs \$1.1B of traditional reinsurance. The Company also maintained \$775M of ILW triggered reinsurance covering peak zones, primarily through the issuance of Catastrophe Bonds.
- 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. 1
- 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 30 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

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or, YES [] NO [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or, YES [] NO [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. YES [X] NO []
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES [X] NO [] N/A []
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: YES [] NO [X]
- 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | |
|---|----|-----------|
| 12.11 Unpaid losses | \$ | 3,557,832 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 776,710 |
- 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? \$ 467,516
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES [X] NO [] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | |
|------------|----------|
| 12.41 From | 8.000 % |
| 12.42 To | 10.000 % |
- 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 entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES [X] NO []
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | |
|----------------------------------|----|------------|
| 12.61 Letters of Credit | \$ | 15,845,183 |
| 12.62 Collateral and other funds | \$ | 1,021,867 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 651,459
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES [] NO [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 0
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? YES [X] NO []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants: Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? YES [] NO [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? YES [X] NO []
- 14.5 If the answer to 14.4 is no, please explain:
- 15.1 Has the reporting entity guaranteed any financed premium accounts? YES [] NO [X]
- 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? YES [] NO [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 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
(Continued)

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 not 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>

FIVE-YEAR HISTORICAL DATA

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

	1 2007	2 2006	3 2005	4 2004	5 2003
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	398,426,611	371,652,421	354,823,029	602,435,860	438,874,960
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,703,961	6,640,393	4,368,277	4,300,312	4,144,341
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	11,075,713	7,990,422	4,772,897	2,807,628	2,992,960
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	718,099	615,846	536,616	521,606	958,961
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	375,233	229,429	164,105	241,916	442,839
6. Total (Line 34)	418,299,617	387,128,511	364,664,924	610,307,322	447,414,061
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	15,707,085	15,183,742	13,975,325	13,080,008	11,517,960
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,677,102	3,910,909	3,607,613	3,501,454	3,261,478
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,943,280	3,906,269	3,045,798	2,760,789	2,882,860
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	596,456	497,914	399,337	273,398	353,653
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	375,233	229,429	164,105	241,916	442,839
12. Total (Line 34)	24,299,156	23,728,263	21,192,178	19,857,565	18,458,790
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,307,803)	(716,623)	(1,567,700)	(1,487,701)	(1,748,715)
14. Net investment gain (loss) (Line 11)	2,958,743	2,713,888	2,741,454	3,025,351	2,915,248
15. Total other income (Line 15)	(214,672)	(162,464)	(219,832)	(369,937)	(455,453)
16. Dividends to policyholders (Line 17)	139,545	102,055	72,216	78,865	(4,803)
17. Federal and foreign income taxes incurred (Line 19)	482,145	1,053,740	219,584	216,136	335,613
18. Net income (Line 20)	814,578	679,006	662,122	872,712	380,270
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	71,238,882	67,188,909	61,576,125	61,479,987	56,184,752
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	2,123,391	1,646,212	1,398,682	1,342,779	1,770,804
20.2 Deferred and not yet due (Line 13.2)	5,500,963	5,505,632	4,139,565	3,831,557	3,080,398
20.3 Accrued retrospective premiums (Line 13.3)	1,021,580	1,391,631	1,408,202	1,533,659	1,593,189
21. Total liabilities excluding protected cell business (Page 3, Line 24)	51,510,827	48,207,641	43,048,167	43,836,037	39,329,903
22. Losses (Page 3, Line 1)	33,187,781	30,584,849	28,414,274	26,780,483	26,374,633
23. Loss adjustment expenses (Page 3, Line 3)	6,779,061	6,269,446	5,819,492	5,108,039	5,215,331
24. Unearned premiums (Page 3, Line 9)	9,693,516	9,367,537	8,398,602	8,067,839	7,670,522
25. Capital paid up (Page 3, Lines 28 & 29)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	19,728,055	18,981,268	18,527,958	17,643,949	16,854,849
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,723,747	5,025,377	(902,815)	5,127,074	2,461,950
Risk-Based Capital Analysis					
28. Total adjusted capital	19,728,055	18,981,268	18,527,958	17,643,949	16,854,849
29. Authorized control level risk-based capital	3,291,906	2,945,657	2,630,392	2,707,160	2,551,116
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)	93.7	92.3	93.7	95.1	97.6
31. Stocks (Lines 2.1 & 2.2)	1.3	1.4	1.4	1.3	1.4
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)	5.0	6.4	5.0	3.4	1.0
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)				0.2	
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7)					
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 2007	2 2006	3 2005	4 2004	5 2003
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(24,269)	4,224	(20,450)	9,894	33,056
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	746,787	453,310	884,009	789,100	478,705
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	219,539,550	228,181,593	238,975,487	193,713,017	146,437,984
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,858,242	3,300,750	2,129,876	2,014,484	6,250,620
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,229,877	2,636,858	2,113,917	1,930,129	1,498,657
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	68,127	78,643	173,322	1,017,210	590,935
55. Nonproportional reinsurance lines (Lines 30, 31 & 32)	214,490	304,260	218,559	9,944	203,604
56. Total (Line 34)	226,910,286	234,502,104	243,611,161	198,684,784	154,981,800
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	8,029,709	7,484,547	7,474,119	8,121,501	6,807,124
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,000,015	2,258,620	1,839,169	1,552,049	1,524,597
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,782,482	1,666,942	1,929,296	1,787,872	1,188,452
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	63,781	32,768	106,320	1,017,210	590,935
61. Nonproportional reinsurance lines (Lines 30, 31 & 32)	214,490	304,260	218,559	9,944	203,604
62. Total (Line 34)	12,090,477	11,747,137	11,567,463	12,488,576	10,314,712
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)	61.9	61.1	63.8	66.5	66.4
65. Loss expenses incurred (Line 3)	15.9	15.3	18.8	16.3	19.1
66. Other underwriting expenses incurred (Line 4)	27.8	26.8	24.9	24.9	24.4
67. Net underwriting gain (loss) (Line 8)	(5.5)	(3.2)	(7.6)	(7.7)	(10.0)
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 34 x 100.0)	27.8	26.4	25.4	26.2	25.7
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	77.8	76.4	82.6	82.8	85.5
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	123.2	125.0	114.4	112.5	109.5
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)	624	981	1,023	696	1,468
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	3.3	5.3	5.8	4.1	9.0
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)	2,257	2,689	2,675	3,305	3,081
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)	12.2	15.2	15.9	20.2	19.7

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	19,277,898	19,437,425	19,244,869	19,288,400
	2. Canada				
	3. Other Countries				
	4. Totals	19,277,898	19,437,425	19,244,869	19,288,400
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	13,653,091	13,827,014	13,651,613	13,700,841
	14. Canada				
	15. Other Countries				
	16. Totals	13,653,091	13,827,014	13,651,613	13,700,841
Public Utilities (unaffiliated)	17. United States	2,971,568	2,928,900	2,970,360	3,000,000
	18. Canada				
	19. Other Countries				
	20. Totals	2,971,568	2,928,900	2,970,360	3,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	18,762,464	18,514,166	18,861,067	18,542,240
	22. Canada				
	23. Other Countries	987,676	978,640	980,720	1,000,000
	24. Totals	19,750,140	19,492,806	19,841,787	19,542,240
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	55,652,697	55,686,145	55,708,629	55,531,481
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	774,564	774,565	786,339	
	50. Canada				
	51. Other Countries				
	52. Totals	774,564	774,565	786,339	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	774,564	774,565	786,339	
	55. Total Stocks	774,564	774,565	786,339	
	56. Total Bonds and Stocks	56,427,261	56,460,710	56,494,968	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	51,862,290	7. Amortization of premium	46,042
2. Cost of bonds and stocks acquired, Column 7, Part 3	21,078,604	8. Foreign Exchange Adjustment:	
3. Accrual of discount	51,308	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	(37,337)	9. Book/adjusted carrying value at end of current period	56,427,261
4.4 Column 11 - 13, Part 4	(37,337)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	7,386	11. Subtotal (Lines 9 plus 10)	56,427,261
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	16,488,948	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	56,427,261

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,716	636	437	156	81		16	1,442	X X X
2. 1998	17,838	2,149	15,689	14,713	1,862	1,214	114	1,547	15	499	15,483	X X X
3. 1999	17,708	2,547	15,161	14,809	2,096	1,270	163	1,572	25	492	15,367	X X X
4. 2000	18,675	3,018	15,657	14,677	2,552	1,207	176	1,521	20	382	14,657	X X X
5. 2001	19,395	3,123	16,272	14,381	3,205	1,101	170	1,449	17	457	13,539	X X X
6. 2002	22,145	4,184	17,961	13,533	2,676	981	135	1,639	13	708	13,329	X X X
7. 2003	24,661	5,601	19,060	12,060	2,488	907	83	1,734	13	727	12,117	X X X
8. 2004	25,653	6,253	19,400	11,311	2,870	748	131	1,710	81	687	10,687	X X X
9. 2005	26,420	5,701	20,719	12,516	3,541	587	117	1,697	96	641	11,046	X X X
10. 2006	28,753	6,010	22,743	8,971	1,509	389	35	1,701	123	594	9,394	X X X
11. 2007	30,251	6,650	23,601	6,740	1,700	180	24	1,402	144	413	6,454	X X X
12. Totals	X X X	X X X	X X X	125,427	25,135	9,021	1,304	16,053	547	5,616	123,515	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		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	9,642	2,813	4,824	2,913	526	398	1,970	789	139		93	10,188	X X X
2. 1998	770	122	284	172	23	5	95	11	32		8	894	X X X
3. 1999	825	204	263	181	18	3	74	28	32		9	796	X X X
4. 2000	824	271	416	279	24	8	76	28	36		20	790	X X X
5. 2001	1,009	468	490	329	29	13	131	49	35		26	835	X X X
6. 2002	946	536	790	582	57	32	177	50	46		31	816	X X X
7. 2003	1,108	410	1,441	612	43	9	319	73	59		34	1,866	X X X
8. 2004	1,380	367	1,914	646	53	10	431	73	167		47	2,849	X X X
9. 2005	2,072	662	2,560	870	68	13	579	98	133	36	71	3,733	X X X
10. 2006	2,616	568	4,179	1,223	90	10	999	141	257		123	6,199	X X X
11. 2007	3,685	596	7,431	1,457	86	8	1,300	169	727		407	10,999	X X X
12. Totals	24,877	7,017	24,592	9,264	1,017	509	6,151	1,509	1,663	36	869	39,965	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	8,740	1,448
2. 1998	18,678	2,301	16,377	104.709	107.073	104.385			0.200	760	134
3. 1999	18,863	2,700	16,163	106.522	106.007	106.609			0.200	703	93
4. 2000	18,781	3,334	15,447	100.568	110.471	98.659			0.200	690	100
5. 2001	18,625	4,251	14,374	96.030	136.119	88.336			0.200	702	133
6. 2002	18,169	4,024	14,145	82.046	96.176	78.754			0.200	618	198
7. 2003	17,671	3,688	13,983	71.656	65.845	73.363			0.200	1,527	339
8. 2004	17,714	4,178	13,536	69.052	66.816	69.773			0.200	2,281	568
9. 2005	20,212	5,433	14,779	76.503	95.299	71.331			0.200	3,100	633
10. 2006	19,202	3,609	15,593	66.783	60.050	68.562			0.200	5,004	1,195
11. 2007	21,551	4,098	17,453	71.241	61.624	73.950			0.200	9,063	1,936
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	33,188	6,777

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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	One Year	Two Year
1. Prior	25,473	24,839	24,663	26,153	27,097	28,093	29,613	30,664	31,290	32,268	978	1,604
2. 1998	12,928	13,378	13,704	14,135	14,283	14,392	14,557	14,707	14,909	14,970	61	263
3. 1999	X X X	12,724	13,122	13,618	13,969	14,221	14,334	14,576	14,648	14,712	64	136
4. 2000	X X X	X X X	12,238	12,803	12,886	13,320	13,677	13,786	13,860	13,987	127	201
5. 2001	X X X	X X X	X X X	12,608	12,284	12,502	12,321	12,720	12,860	12,955	95	235
6. 2002	X X X	X X X	X X X	X X X	12,506	11,805	11,820	12,207	12,439	12,524	85	317
7. 2003	X X X	X X X	X X X	X X X	X X X	13,073	11,772	11,421	12,086	12,260	174	839
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	13,126	12,163	11,820	11,875	55	(288)
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,310	13,630	13,258	(372)	(1,052)
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,589	13,944	(645)	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	15,661	X X X	X X X
12. Totals											622	2,255

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1	2	3	4	5	6	7	8	9	10		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
1. Prior	000	4,796	8,384	10,614	13,026	14,772	16,560	18,030	19,339	20,700	X X X	X X X
2. 1998	5,189	8,327	10,185	11,559	12,349	12,888	13,304	13,585	13,786	13,951	X X X	X X X
3. 1999	X X X	5,155	8,195	10,103	11,461	12,375	13,022	13,415	13,670	13,820	X X X	X X X
4. 2000	X X X	X X X	5,407	8,489	10,100	11,213	12,226	12,644	12,942	13,156	X X X	X X X
5. 2001	X X X	X X X	X X X	5,694	8,589	10,025	10,884	11,511	11,843	12,107	X X X	X X X
6. 2002	X X X	X X X	X X X	X X X	5,359	8,211	9,875	10,700	11,389	11,703	X X X	X X X
7. 2003	X X X	X X X	X X X	X X X	X X X	4,944	7,556	8,841	9,771	10,396	X X X	X X X
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	4,525	6,957	8,123	9,058	X X X	X X X
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,261	8,050	9,445	X X X	X X X
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,048	7,816	X X X	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,196	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	10,058	6,487	5,302	4,194	2,940	2,632	2,275	2,901	3,008	3,256
2. 1998	4,187	1,878	1,075	639	470	218	223	185	266	260
3. 1999	X X X	4,135	1,963	980	598	347	271	245	182	189
4. 2000	X X X	X X X	3,388	1,297	572	392	314	226	185	209
5. 2001	X X X	X X X	X X X	3,529	1,443	863	442	358	287	254
6. 2002	X X X	X X X	X X X	X X X	3,775	1,491	673	507	391	347
7. 2003	X X X	X X X	X X X	X X X	X X X	5,415	2,226	1,018	1,172	1,091
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	5,976	3,334	2,223	1,722
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,503	3,542	2,312
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,749	3,955
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,269

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	YES	8,884,434	8,638,128	2,911	3,164,369	15,979,703	32,966,049	38
2. Alaska	AK	YES	317,601	341,191		8,320	100,953	204,423	
3. Arizona	AZ	YES	1,954,480	1,572,669	3,801	552,828	1,771,932	2,802,200	
4. Arkansas	AR	YES	5,753,800	6,103,528	(6)	846,653	2,071,723	12,283,626	3
5. California	CA	YES	7,224,212	6,542,533	(1)	2,534,776	3,243,065	10,523,036	
6. Colorado	CO	YES	3,950,764	3,808,874		1,779,914	2,153,466	3,288,352	18
7. Connecticut	CT	YES	16,373,346	15,896,758		9,362,194	10,731,166	35,392,979	511
8. Delaware	DE	YES	15,031,807	18,007,720		10,868,779	5,031,962	46,893,712	143
9. Dist. Columbia	DC	YES	7,411,244	7,863,655		1,003,719	(3,178,013)	5,324,408	173
10. Florida	FL	YES	16,241,017	12,524,176	1,128,894	6,794,612	4,616,808	26,785,111	169
11. Georgia	GA	YES	16,463,098	15,391,230	28,638	11,995,606	16,286,700	35,727,297	73
12. Hawaii	HI	YES	239,036	196,468		53,795	150,998	176,756	
13. Idaho	ID	YES	214,809	173,004		140,622	201,234	186,094	
14. Illinois	IL	YES	12,745,828	10,559,119		23,943,056	19,356,295	67,546,084	268
15. Indiana	IN	YES	10,422,224	10,288,498	(13,224)	4,966,999	4,866,066	7,925,926	188
16. Iowa	IA	YES	15,545,679	17,272,941		12,015,937	10,622,080	35,118,183	78
17. Kansas	KS	YES	7,798,886	6,603,060	1,362	2,487,386	5,224,434	6,548,518	
18. Kentucky	KY	YES	23,746,252	22,515,829	110	5,590,007	21,929,549	20,145,616	35
19. Louisiana	LA	YES	7,493,019	6,709,568	1,178	2,686,097	4,238,472	7,368,092	18
20. Maine	ME	YES	487,471	583,396		80,779	528,721	1,392,518	56
21. Maryland	MD	YES	1,075,918	771,171	5,488	1,425,150	787,408	3,559,064	552
22. Massachusetts	MA	YES	8,025,782	5,847,502	618	6,728,663	3,107,758	20,175,086	25,077
23. Michigan	MI	YES	30,295,195	25,829,862	38,157	11,977,058	13,096,185	32,443,788	133
24. Minnesota	MN	YES	15,449,366	13,254,733	(20,534)	3,202,313	12,839,032	13,804,520	166
25. Mississippi	MS	YES	10,561,133	11,922,937	1,827	3,971,352	1,503,238	15,508,978	28
26. Missouri	MO	YES	17,720,646	16,208,704		4,600,715	13,651,598	14,590,492	145
27. Montana	MT	YES	12,856	12,078		4,149	15,904	16,226	
28. Nebraska	NE	YES	2,325,084	2,138,268		714,532	1,304,105	1,473,813	15
29. Nevada	NV	YES	17,110,096	18,340,537	24,075	5,180,132	41,255,605	43,725,051	5
30. New Hampshire	NH	YES	9,617,882	11,864,885		5,827,674	882,179	26,591,570	3,977
31. New Jersey	NJ	YES	5,572,862	4,390,446	166,179	21,521,513	(43,925,161)	142,198,255	1,909
32. New Mexico	NM	YES	316,881	230,154		16,730	32,461	117,994	4
33. New York	NY	YES	9,293,301	10,653,937		4,843,160	10,461,537	26,814,771	547
34. No. Carolina	NC	YES	33,884,074	34,248,566	3,086	17,244,784	20,243,153	81,005,485	6
35. No. Dakota	ND	YES	8,604	8,544			2,335	2,807	
36. Ohio	OH	YES	836,865	669,154	2	16,278	349,030	421,179	(44)
37. Oklahoma	OK	YES	3,061,857	2,306,436		676,883	2,428,664	2,599,993	8
38. Oregon	OR	YES	644,616	324,169		75,330	102,361	206,185	
39. Pennsylvania	PA	YES	(194,609)	(390,085)	(264)	2,993,325	1,380,566	5,544,208	1,518
40. Rhode Island	RI	YES	218,991	228,517		58,490	161,358	324,444	265
41. So. Carolina	SC	YES	11,734,591	11,874,763	2,539	5,778,820	6,911,880	19,031,957	33
42. So. Dakota	SD	YES	463,757	372,554		58,080	222,677	320,953	
43. Tennessee	TN	YES	1,362,293	622,263	25,660	488,955	364,577	1,254,671	32
44. Texas	TX	YES	8,308,467	4,212,026	7,269	10,554,726	420,394	28,956,781	55
45. Utah	UT	YES	104,882	88,711		283,890	579,115	4,913,341	
46. Vermont	VT	YES	5,608,933	5,021,842		1,334,473	2,210,297	10,539,899	82
47. Virginia	VA	YES	18,193,931	12,210,196	5,344	3,353,925	6,446,664	16,533,012	63
48. Washington	WA	YES	9,052	18,293			15,946	24,437	
49. West Virginia	WV	YES	31,834	16,879			21,339	23,502	(7)
50. Wisconsin	WI	YES	3,971,038	3,741,098	684,179	1,012,255	2,283,423	3,381,163	230
51. Wyoming	WY	YES	33,461	42,030			7,814	14,172	
52. American Samoa	AS	NO							
53. Guam	GU	YES	17,150	13,852			(3,906)	12,560	
54. Puerto Rico	PR	NO	22,406	25,216			5,700	7,434	
55. U.S. Virgin Islands	VI	YES					1	3	
56. Northern Mariana Islands	MP	YES							
57. Canada	CN	NO							
58. Aggregate other alien	OT	X X X	2,243	(375)		1,694	6,246		
59. Totals	(a) 54		394,000,461	368,712,208	2,097,288	214,819,803	225,094,245	874,743,020	36,570

DETAILS OF WRITE-INS									
5801.	X X X		2,243	(375)		1,694	6,246		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	X X X		2,243	(375)		1,694	6,246		

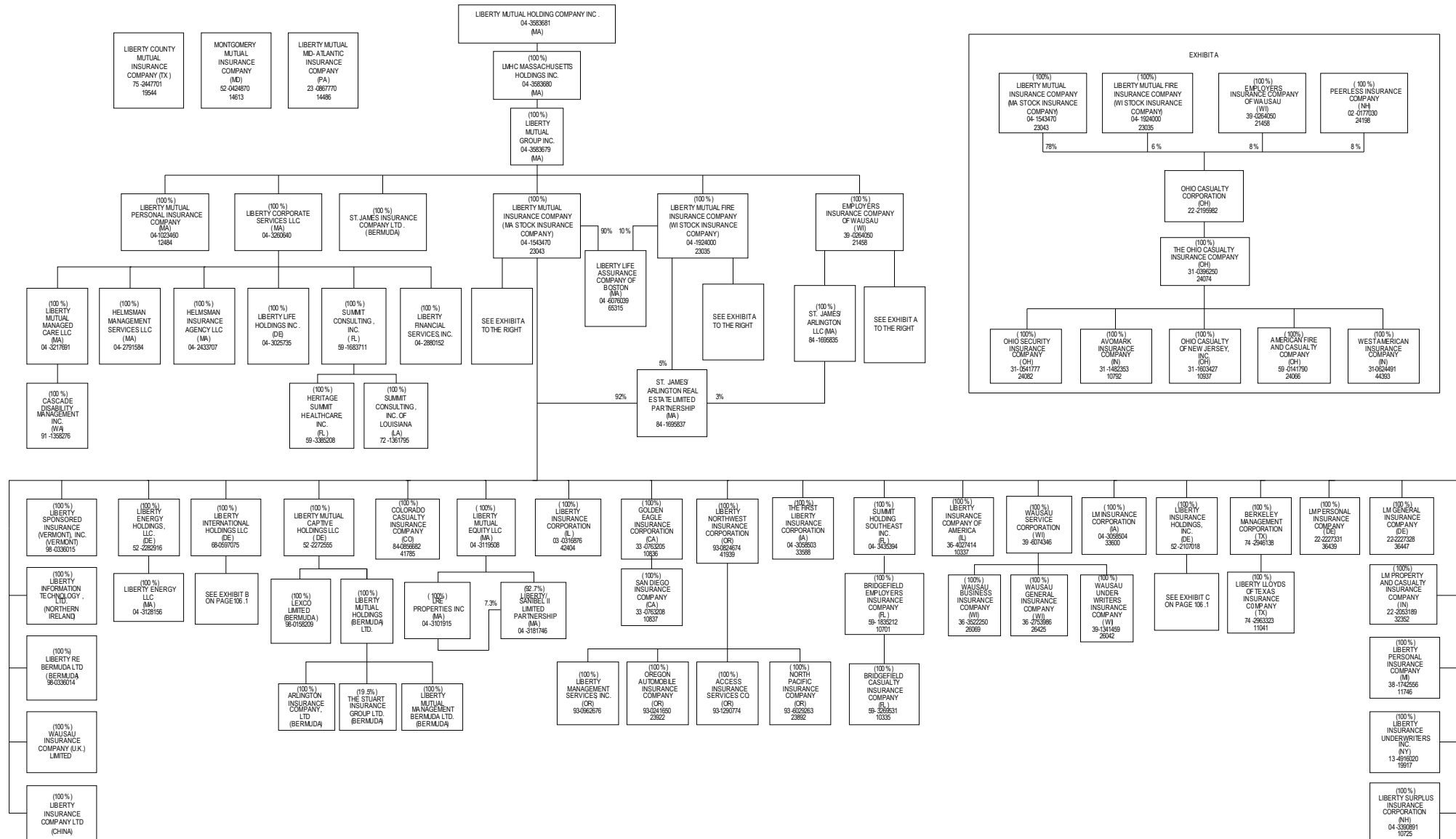
Explanation of basis of allocation of premiums by states, etc.

- *Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
- *States of Jurisdiction under which payrolls and resulting premiums are developed - 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
- *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)

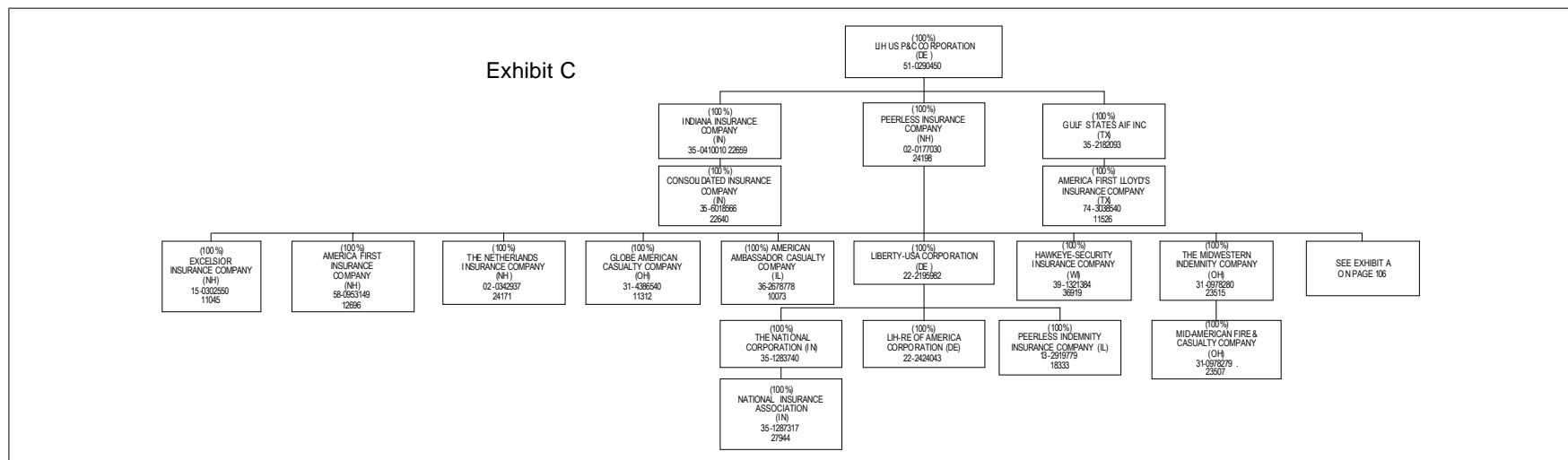
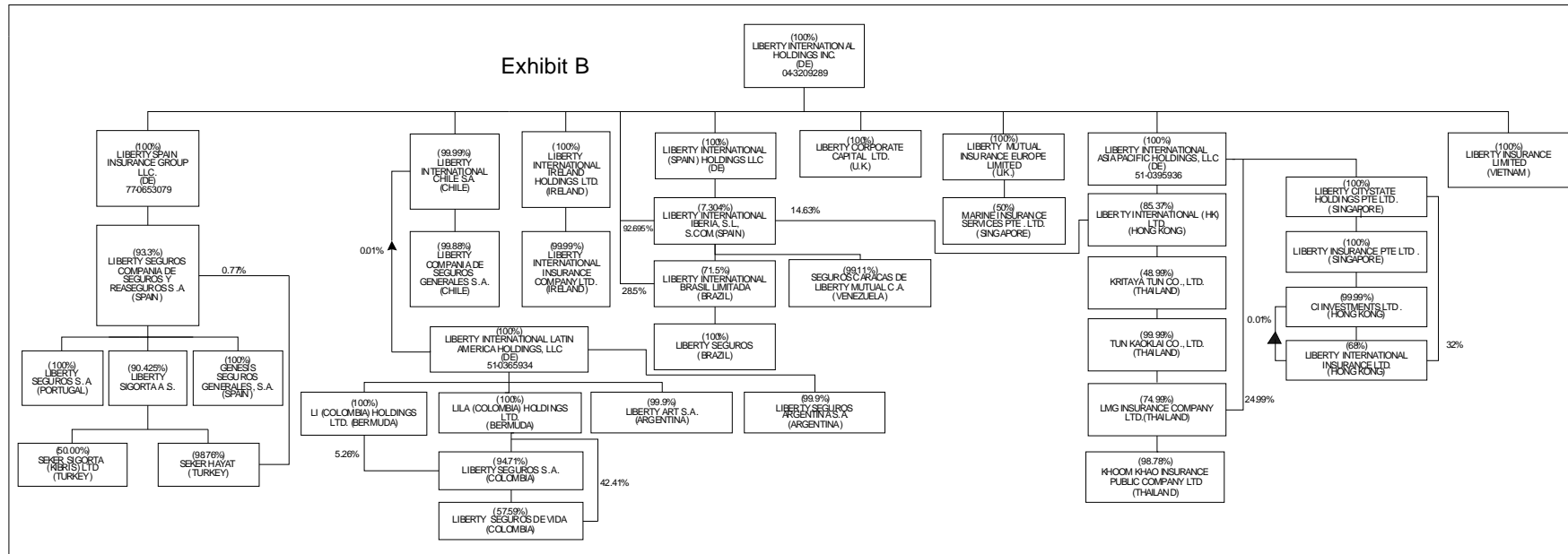
(a) Insert the number of yes responses except for Canada and Other Alien.

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

OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets

REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS

0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS

2304. Amounts receivable under high deductible policies	484,703	26,865	457,838	495,312
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	484,703	26,865	457,838	495,312

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