

ANNUAL STATEMENT

OF THE

THE NETHERLANDS INSURANCE COMPANY

of **KEENE**

in the state of **NEW HAMPSHIRE**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2009

PROPERTY AND CASUALTY

2009

ANNUAL STATEMENT



24171200920100100

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

The Netherlands Insurance Company

NAIC Group Code	<u>0111</u> <small>(Current Period)</small>	<u>0111</u> <small>(Prior Period)</small>	NAIC Company Code	<u>24171</u>	Employer's ID Number	<u>02-0342937</u>
Organized under the Laws of	<u>New Hampshire</u>			State of Domicile or Port of Entry <u>New Hampshire</u>		
Country of Domicile	<u>United States of America</u>					
Incorporated/Organized:	<u>December 12, 1978</u>			Commenced Business: <u>January 1, 1979</u>		
Statutory Home Office:	<u>62 Maple Avenue</u> <small>(Street and Number)</small>		<u>Keene, NH 03431</u> <small>(City or Town, State and Zip Code)</small>			
Main Administrative Office:	<u>62 Maple Avenue</u> <small>(Street and Number)</small>		<u>Keene, NH 03431</u> <small>(City or Town, State and Zip Code)</small>		<u>603-352-3221</u> <small>(Area Code) (Telephone Number)</small>	
Mail Address:	<u>175 Berkeley Street</u> <small>(Street and Number or P.O. Box)</small>		<u>Boston, MA 02116</u> <small>(City or Town, State and Zip Code)</small>			
Primary Location of Books and Records:	<u>175 Berkeley Street</u> <small>(Street and Number)</small>		<u>Boston, MA 02116</u> <small>(City or Town, State and Zip Code)</small>		<u>617-357-9500</u> <small>(Area Code) (Telephone Number)</small>	
Internet Web Site Address:	<u>www.LibertyMutualAgencyMarkets.com</u>					
Statutory Statement Contact:	<u>Joanne Connolly</u> <small>(Name)</small>		<u>617-357-9500 x44393</u> <small>(Area Code) (Telephone Number)</small>		<u>617-574-5955</u> <small>(Extension) (Fax Number)</small>	
	<u>Statutory.Compliance@LibertyMutual.com</u> <small>(E-Mail Address)</small>					

OFFICERS

Chairman of the Board

Gary Richard Gregg

	Name	Title
1.	<u>Gary Richard Gregg</u>	<u>President and Chief Executive Officer</u>
2.	<u>Dexter Robert Legg</u>	<u>Secretary</u>
3.	<u>Michael Joseph Fallon</u>	<u>Treasurer and Chief Financial Officer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Anthony Alexander Fontanes</u>	<u>EVP and Chief Investment Officer</u>	<u>Joseph Anthony Gilles</u>	<u>Executive Vice President</u>
<u>Scott Rhodes Goodby</u>	<u>EVP and Chief Operating Officer</u>		

DIRECTORS OR TRUSTEES

<u>Michael Joseph Fallon</u>	<u>John Derek Doyle</u>	<u>Joseph Anthony Gilles</u>	<u>Scott Rhodes Goodby</u>
<u>Gary Richard Gregg</u>	<u>Christopher Charles Mansfield</u>		

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.

<u>(Signature)</u> <u>Gary Richard Gregg</u> <u>(Printed Name)</u> <u>1.</u> <u>President and Chief Executive Officer</u> <u>(Title)</u>	<u>(Signature)</u> <u>Dexter Robert Legg</u> <u>(Printed Name)</u> <u>2.</u> <u>Secretary</u> <u>(Title)</u>	<u>(Signature)</u> <u>Michael Joseph Fallon</u> <u>(Printed Name)</u> <u>3.</u> <u>Treasurer and Chief Financial Officer</u> <u>(Title)</u>
---	---	--

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	377,870,293		377,870,293	348,782,107
2. Stocks (Schedule D):				
2.1 Preferred stocks				901,524
2.2 Common stocks				4,624,115
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 (\$ 7,347,237, Schedule E - Part 1), cash equivalents (\$ 3,855,391, Schedule E - Part 2), and short-term investments (\$ 13,331,198, Schedule DA)	24,533,826		24,533,826	31,483,683
6. Contract loans (including \$ 0 premium notes)				
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)	402,404,119		402,404,119	385,791,429
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	4,092,243		4,092,243	3,998,274
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	8,263,286	1,131,810	7,131,476	6,190,429
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ (1,276,748) earned but unbilled premiums)	50,605,554	(31,422)	50,636,976	47,780,736
13.3 Accrued retrospective premiums	334,118	40,184	293,934	919,575
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	14,015,870	2,364,670	11,651,200	9,130,973
17. Guaranty funds receivable or on deposit	333,247		333,247	237,512
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	5,375,222		5,375,222	
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	4,651,819	445,837	4,205,982	6,058,193
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	490,075,478	3,951,079	486,124,399	460,107,121
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	490,075,478	3,951,079	486,124,399	460,107,121

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Other assets	3,204,482	445,837	2,758,645	3,132,445
2302. Cash Surrender Value Life Insurance	1,020,034		1,020,034	1,658,386
2303. Equities and deposits in pools and associations	427,303		427,303	1,267,362
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	4,651,819	445,837	4,205,982	6,058,193

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	169,205,367	177,306,358
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	10,908,554	9,272,219
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	40,284,820	40,601,319
4. Commissions payable, contingent commissions and other similar charges	4,794,759	4,825,708
5. Other expenses (excluding taxes, licenses and fees)	5,692,050	5,921,057
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,725,489	3,667,574
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	3,168,602	786,089
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 383,341,179 and including warranty reserves of \$ 0)	82,820,414	75,884,192
10. Advance premium	589,522	495,215
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	152,820	107,714
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	2,636,383	3,455,376
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	5,914,667	1,087,974
19. Payable to parent, subsidiaries and affiliates	2,032,293	2,177,328
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	14,883,940	14,307,626
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	344,809,680	339,895,749
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	344,809,680	339,895,749
27. Aggregate write-ins for special surplus funds	2,489,106	
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	54,597,505	54,597,505
33. Unassigned funds (surplus)	80,628,108	62,013,867
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)	141,314,719	120,211,372
36. Totals (Page 2, Line 26, Col. 3)	486,124,399	460,107,121

DETAILS OF WRITE-IN LINES		
2301. Collateral held for securities loaned	10,353,151	9,433,928
2302. Retroactive reinsurance reserves	1,621,232	3,763,011
2303. Other liabilities	1,351,778	1,110,687
2398. Summary of remaining write-ins for Line 23 from overflow page	1,557,779	
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	14,883,940	14,307,626
2701. SSAP 10R incremental change	2,130,258	
2702. Special surplus from retroactive reinsurance	358,848	
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	2,489,106	
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	188,577,537	179,438,244
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	95,637,356	93,969,128
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	22,389,819	19,450,000
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	62,600,944	60,661,498
5. Aggregate write-ins for underwriting deductions	29,420	
6. Total underwriting deductions (Lines 2 through 5)	180,657,539	174,080,626
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	7,919,998	5,357,618
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	18,615,379	17,535,270
10. Net realized capital gains (losses) less capital gains tax of \$ (71,285) (Exhibit of Capital Gains (Losses))	(132,387)	(628,282)
11. Net investment gain (loss) (Lines 9 + 10)	18,482,992	16,906,988
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 8,446 amount charged off \$ 843,179)	(834,732)	(706,964)
13. Finance and service charges not included in premiums	1,607,761	147,952
14. Aggregate write-ins for miscellaneous income	(957,812)	(1,868,491)
15. Total other income (Lines 12 through 14)	(184,783)	(2,427,503)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	26,218,207	19,837,103
17. Dividends to policyholders	806,850	1,171,423
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)	25,411,357	18,665,680
19. Federal and foreign income taxes incurred	7,696,385	9,775,406
20. Net income (Line 18 minus Line 19) (to Line 22)	17,714,972	8,890,274
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	120,211,372	64,474,554
22. Net income (from Line 20)	17,714,972	8,890,274
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 309,449	574,689	(1,023,957)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(2,564,681)	6,592,638
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	2,754,880	(4,541,141)
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		45,000,000
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	2,623,487	819,004
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	21,103,347	55,736,818
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	141,314,719	120,211,372

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	29,420	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	29,420	
1401. Retroactive reinsurance gain/(loss)	(24,312)	33,036
1402. Other income/(expense)	(933,500)	(1,901,527)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(957,812)	(1,868,491)
3701. SSAP 10R incremental change	2,130,258	
3702. Other changes in surplus	493,229	819,004
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	2,623,487	819,004

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	192,578,546	188,246,416
2. Net investment income	18,583,509	15,862,422
3. Miscellaneous income	1,541,547	(2,656,964)
4. Total (Lines 1 through 3)	212,703,602	201,451,874
5. Benefit and loss related payments	97,275,319	15,323,326
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	87,534,634	58,297,984
8. Dividends paid to policyholders	761,744	1,087,105
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	5,242,587	12,018,691
10. Total (Lines 5 through 9)	190,814,284	86,727,106
11. Net cash from operations (Line 4 minus Line 10)	21,889,318	114,724,768
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	61,095,691	39,851,380
12.2 Stocks	6,733,726	
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		40,831
12.8 Total investment proceeds (Lines 12.1 to 12.7)	67,829,417	39,892,211
13. Cost of investments acquired (long-term only):		
13.1 Bonds	90,494,187	189,012,706
13.2 Stocks	279,655	435,560
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	90,773,842	189,448,266
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(22,944,425)	(149,556,055)
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		45,000,000
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)	(5,894,750)	4,033,817
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(5,894,750)	49,033,817
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)	(6,949,857)	14,202,530
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	31,483,683	17,281,153
19.2 End of year (Line 18 plus Line 19.1)	24,533,826	31,483,683

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	4,004,365	805,962	1,710,379	3,099,948
2. Allied lines	3,180,711	755,791	1,375,947	2,560,555
3. Farmowners multiple peril	1,335,875	628,516	667,455	1,296,936
4. Homeowners multiple peril	24,623,989	5,555,001	13,509,999	16,668,991
5. Commercial multiple peril	31,021,707	20,708,471	17,573,251	34,156,927
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	3,049,053	1,710,834	1,498,233	3,261,654
10. Financial guaranty				
11.1 Medical professional liability—occurrence	28,240		7,278	20,962
11.2 Medical professional liability—claims-made	2,502		707	1,795
12. Earthquake	823,465	163,718	323,478	663,705
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	129,230		1,433	127,797
16. Workers' compensation	22,641,983	8,641,591	6,796,382	24,487,192
17.1 Other liability—occurrence	9,738,509	5,279,262	5,031,058	9,986,713
17.2 Other liability—claims-made	600,057	1,166	178,599	422,624
17.3 Excess Workers' Compensation	11,749	14,235	8,842	17,142
18.1 Products liability—occurrence	253,961	212,370	173,890	292,441
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	37,604,779	6,823,985	10,231,581	34,197,183
19.3,19.4 Commercial auto liability	15,102,357	9,101,102	7,740,239	16,463,220
21. Auto physical damage	28,838,798	7,541,274	9,023,028	27,357,044
22. Aircraft (all perils)				
23. Fidelity	66,798	151,757	98,669	119,886
24. Surety	14,478,645	6,655,362	7,774,546	13,359,461
26. Burglary and theft	10,351	3,567	3,443	10,475
27. Boiler and machinery	2,553	2,941	610	4,884
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	2			2
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	197,549,679	74,756,905	83,729,047	188,577,537

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	1,710,378	1			1,710,379
2. Allied lines	1,375,940	7			1,375,947
3. Farmowners multiple peril	667,455				667,455
4. Homeowners multiple peril	13,509,999				13,509,999
5. Commercial multiple peril	17,136,956		435,281	1,014	17,573,251
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	1,488,852	9,377	4		1,498,233
10. Financial guaranty					
11.1 Medical professional liability—occurrence	7,278				7,278
11.2 Medical professional liability—claims-made	707				707
12. Earthquake	323,478				323,478
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	1,433				1,433
16. Workers' compensation	6,434,680	1,987	346,532	13,183	6,796,382
17.1 Other liability—occurrence	4,921,022	25,030	83,040	1,966	5,031,058
17.2 Other liability—claims-made	178,044	344	211		178,599
17.3 Excess Workers' Compensation	8,842				8,842
18.1 Products liability—occurrence	145,870		28,020		173,890
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	10,231,580		2		10,231,582
19.3,19.4 Commercial auto liability	7,651,516	89,343	4	(624)	7,740,239
21. Auto physical damage	9,002,671	20,357			9,023,028
22. Aircraft (all perils)					
23. Fidelity	36,186	62,483			98,669
24. Surety	3,393,922	4,380,624			7,774,546
26. Burglary and theft	3,443				3,443
27. Boiler and machinery	610				610
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	78,230,862	4,589,553	893,094	15,539	83,729,048
36. Accrued retrospective premiums based on experience					(15,539)
37. Earned but unbilled premiums					(893,094)
38. Balance (Sum of Lines 35 through 37)					82,820,415

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	3,138,602	4,004,365		3,138,602		4,004,365
2. Allied lines	3,934,359	3,180,711		3,934,359		3,180,711
3. Farmowners multiple peril		1,335,875				1,335,875
4. Homeowners multiple peril	1,730,082	24,623,989		1,730,082		24,623,989
5. Commercial multiple peril	350,369,319	31,021,707		350,369,319		31,021,707
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	1,645,437	3,049,053		1,645,437		3,049,053
10. Financial guaranty						
11.1 Medical professional liability--occurrence		28,240				28,240
11.2 Medical professional liability--claims-made		2,502				2,502
12. Earthquake	4,181,327	823,465		4,181,327		823,465
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		129,230				129,230
16. Workers' compensation	232,295,780	22,641,983		232,295,780		22,641,983
17.1 Other liability—occurrence	8,514,216	9,738,509		8,514,216		9,738,509
17.2 Other liability—claims-made		600,057				600,057
17.3 Excess Workers' Compensation		11,749				11,749
18.1 Products liability—occurrence	340,386	253,961		340,386		253,961
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	691,326	37,604,779		691,326		37,604,779
19.3,19.4 Commercial auto liability	135,895,327	15,102,357		135,895,327		15,102,357
21. Auto physical damage	38,066,714	28,838,798		38,066,714		28,838,798
22. Aircraft (all perils)						
23. Fidelity	3,555	66,798		3,555		66,798
24. Surety	12,852	14,478,645		12,852		14,478,645
26. Burglary and theft	23,378	10,351		23,378		10,351
27. Boiler and machinery	238,595	2,553		238,595		2,553
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X	2				2
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	781,081,255	197,549,679		781,081,255		197,549,679

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	117,757	398,203	117,757	398,203	72,977	158,746	72,977	556,949	68,936
2. Allied lines	103,566	411,070	103,566	411,070	93,082	54,436	93,082	465,506	46,587
3. Farmowners multiple peril		371,900		371,900		67,357		439,257	100,474
4. Homeowners multiple peril	372,672	3,963,216	372,672	3,963,216	315,992	1,276,895	315,992	5,240,111	1,106,010
5. Commercial multiple peril	186,540,375	17,669,699	186,540,375	17,669,699	87,525,045	11,384,013	87,525,045	29,053,712	14,489,926
6. Mortgage guaranty									
8. Ocean marine		263		263				263	
9. Inland marine	23,734	201,051	23,734	201,051	41,609	275,623	41,609	476,674	63,292
10. Financial guaranty									
11.1 Medical professional liability—occurrence		16,049		16,049		23,109		39,158	17,418
11.2 Medical professional liability—claims-made		7,470		7,470		1,250		8,720	2,114
12. Earthquake		1,083		1,083				1,083	(132)
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health		138,513		138,513				138,513	
16. Workers' compensation	151,424,296	34,048,261	151,424,296	34,048,261	120,970,900	27,664,180	120,970,900	61,712,441	8,490,680
17.1 Other liability—occurrence	2,293,025	5,908,587	2,293,025	5,908,587	5,695,663	10,096,459	5,695,663	16,005,046	5,434,712
17.2 Other liability—claims-made		268,605		268,605		239,978		508,583	324,846
17.3 Excess Workers' Compensation		10,751		10,751		(2,887)		7,864	(2,139)
18.1 Products liability—occurrence	23,397	334,648	23,397	334,648	261,642	188,016	261,642	522,664	257,236
18.2 Products liability—claims-made						14		14	
19.1,19.2 Private passenger auto liability	444,339	21,678,104	444,339	21,678,104	228,565	4,777,743	228,565	26,455,847	5,312,512
19.3,19.4 Commercial auto liability	85,383,407	10,380,573	85,383,407	10,380,573	53,256,420	7,085,803	53,256,420	17,466,376	2,686,287
21. Auto physical damage	2,524,143	736,400	2,524,143	736,400	87,704	556,376	87,704	1,292,776	381,364
22. Aircraft (all perils)		1,928		1,928		(14,136)		(12,208)	
23. Fidelity		9,527		9,527	281	31,012	281	40,539	8,294
24. Surety		(939,892)		(939,892)	4,128	6,344,427	4,128	5,404,535	1,491,665
26. Burglary and theft		2,783		2,783		130		2,913	1,139
27. Boiler and machinery					3,706	935	3,706	935	1,669
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	1,834,745		1,834,745	X X X	1,542,355		3,377,100	1,930
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	429,250,711	97,453,537	429,250,711	97,453,537	268,557,714	71,751,834	268,557,714	169,205,371	40,284,820

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	38,389,764			38,389,764
1.2 Reinsurance assumed	6,385,190			6,385,190
1.3 Reinsurance ceded	38,389,764			38,389,764
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	6,385,190			6,385,190
2. Commission and brokerage:				
2.1 Direct, excluding contingent		99,340,777		99,340,777
2.2 Reinsurance assumed, excluding contingent		27,136,285		27,136,285
2.3 Reinsurance ceded, excluding contingent		99,340,777		99,340,777
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		2,953,014		2,953,014
2.6 Contingent—reinsurance ceded				
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)		30,089,299		30,089,299
3. Allowances to manager and agents		15,035		15,035
4. Advertising	217,415	1,014,988	482	1,232,885
5. Boards, bureaus and associations	18,694	455,981	14	474,689
6. Surveys and underwriting reports	3,419	995,983	499	999,901
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	7,630,285	12,111,037	90,006	19,831,328
8.2 Payroll taxes	457,922	1,071,906	5,163	1,534,991
9. Employee relations and welfare	1,538,513	3,796,997	5,007	5,340,517
10. Insurance	905,954	122,462	1,045	1,029,461
11. Directors' fees		480		480
12. Travel and travel items	406,297	780,667	1,647	1,188,611
13. Rent and rent items	896,657	1,475,356	1,635	2,373,648
14. Equipment	532,872	1,005,144	1,447	1,539,463
15. Cost or depreciation of EDP equipment and software	313,274	526,898	742	840,914
16. Printing and stationery	72,751	248,476	237	321,464
17. Postage, telephone and telegraph, exchange and express	313,102	1,008,295	2,971	1,324,368
18. Legal and auditing	58,513	240,243	2,979	301,735
19. Totals (Lines 3 to 18)	13,365,668	24,869,948	113,874	38,349,490
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 66,343		4,548,339		4,548,339
20.2 Insurance department licenses and fees		392,426		392,426
20.3 Gross guaranty association assessments		(25,722)		(25,722)
20.4 All other (excluding federal and foreign income and real estate)		157,660		157,660
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		5,072,703		5,072,703
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	2,638,959	2,568,994	16,188	5,224,141
25. Total expenses incurred	22,389,817	62,600,944	130,062	(a) 85,120,823
26. Less unpaid expenses—current year	40,284,820	12,212,298		52,497,118
27. Add unpaid expenses—prior year	40,601,319	14,414,339		55,015,658
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	22,706,316	64,802,985	130,062	87,639,363

DETAILS OF WRITE-IN LINES				
2401. Other expenses	993,654	2,568,994	16,188	3,578,836
2402. Change in unallocated expense reserves	1,645,305			1,645,305
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	2,638,959	2,568,994	16,188	5,224,141

(a) Includes management fees of \$ 130,308 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 3,451,032	3,443,226
1.1 Bonds exempt from U.S. tax	(a) 3,612,998	3,784,287
1.2 Other bonds (unaffiliated)	(a) 10,931,507	10,953,279
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	(214)
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	279,655	241,227
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) 243,624	190,980
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	132,655	132,655
10. Total gross investment income	18,651,471	18,745,440
11. Investment expenses		(g) 130,061
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)		130,061
17. Net investment income (Line 10 minus Line 16)		18,615,379

DETAILS OF WRITE-IN LINES		
0901. Investment Income/(Expense) - Pooling Restatement	84,815	84,815
0902. Miscellaneous Income/(Expense)	47,840	47,840
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	132,655	132,655
1501.	NONE	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

- (a) Includes \$ 293,825 accrual of discount less \$ 356,172 amortization of premium and less \$ 334,466 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 \$ 39,248 accrual of discount less \$ 3,667 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	11,567		11,567		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	543,906	(135,090)	408,816	(668,347)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	43,010	(667,064)	(624,054)	1,552,485	
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)	598,483	(802,154)	(203,671)	884,138	

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

EXHIBIT OF NONADMITTED ASSETS

	1	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	1,131,810	773,305	(358,505)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	(31,422)	195,239	226,661
13.3 Accrued retrospective premiums	40,184	90,848	50,664
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	2,364,670	7,759,027	5,394,357
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	445,837	17,797	(428,040)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,951,079	8,836,216	4,885,137
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	3,951,079	8,836,216	4,885,137

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	445,837	17,797	(428,040)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	445,837	17,797	(428,040)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled or affiliated entities.
8. The Company does not own any joint ventures, partnerships, and limited liability companies.
9. Derivative Securities, refer to Note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2009.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in Mortgage Loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. Not used.
2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
3. Not used.
4. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2009 as of December 31, 2009: None.
5. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2009: None.
6. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2009:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(177,487)	(719,383)

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

8. Not used.

E. Repurchase Agreements

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

NOTES TO FINANCIAL STATEMENTS

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	3,101,389	3,279,557	2,692,649	1,279,556	10,353,151

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

Note 7- Investment Income

- A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

- B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	13,672,521	1,008,930	14,681,451	28,940,000	(14,258,549)
Total gross DTLs	(654,629)	(10,952)	(665,581)	(12,050,000)	11,384,419
Net DTA (DTL)	13,017,892	997,978	14,015,870	16,890,000	(2,874,130)
Net DTA non-admitted			(2,364,670)	(7,759,000)	5,394,330
Net Admitted DTA (DTL)			11,651,200	9,131,000	2,520,200

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

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

Ordinary	2,130,258
Capital	0
Total increase in net admitted DTAs	2,130,258

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	8,520,000	51,000	8,571,000	9,131,000
Lesser of:				
Expected to be recognized within one year (10bi.)	3,092	946,850	949,942	0
10% of adjusted capital and surplus (10bii.)			12,689,201	10,758,000
Adj. gross DTAs offset against existing DTLs (10c.)	654,629	10,952	665,581	12,050,000

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	9,790,000	51,000	9,841,000
Lesser of:			
Expected to be recognized within three years (10eia.)	863,350	946,850	1,810,200
15% of adjusted capital and surplus (10eib.)			19,033,801
Adj. gross DTAs offset against existing DTLs (10eiii.)	654,629	10,952	665,581

Risk-based capital level used in paragraph 10d:		December 31, 2009
Total adjusted capital		139,184,461
Authorized control level		17,027,227

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

	December 31, 2009
Admitted DTA	9,520,942
Admitted assets	483,994,141
Statutory surplus	139,184,461
Total adjust capital	139,184,461

Admitted DTA, admitted assets and statutory surplus increased by \$2,130,258 resulting from the use of paragraph 10e.

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

	2009	2008
Federal	7,696,385	9,775,406
Foreign	0	0
Realized capital gains	(71,285)	(338,306)
Federal and foreign income taxes incurred	7,625,100	9,437,100

The Company's DTAs and DTLs result primarily from unearned premium reserves, discounting of unpaid losses and LAE reserves, permanent impairments and non-admitted assets.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(2,564,681)
Change in tax effect of unrealized (gains) losses	(309,449)
Total change in net deferred income tax	(2,874,130)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, goodwill amortization, and unearned premium reserves.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$7,716,100 from the current year and \$9,374,750 from the preceding year.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Peerless Insurance Company ("PIC"), a New Hampshire insurance company. PIC is wholly owned by LIH US P&C Corporation, an insurance holding company incorporated in Delaware. LIH US P&C Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is owned by Liberty Mutual Insurance Company ("LMIC" 93%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company ("LMFIC" 4%), a Wisconsin insurance company; and Employers Insurance Company of Wausau ("EICOW" 3%), a Wisconsin insurance company. The ultimate parent of LMIC, LMFIC and EICOW is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.
- C. Refer to Notes 10F, 22 and 25.

NOTES TO FINANCIAL STATEMENTS

- D. At December 31, 2009, the Company reported \$3,342,928 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 an undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. Refer to Note 25 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

The Company is a party to a services agreement (the "Agreement") with PIC and other affiliates. The Agreement allows PIC to provide services related to common management function including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resource services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

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

The Company is a party to a management services agreement with LMIC. Under the agreement, LMIC may provide services related to common management functions including, but not limited to, accounting, financial, tax and auditing, information technology and support, purchasing, payroll and employee benefits, policy administration, real estate management, legal, general administration, as well as consulting and other services as the parties may request.

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

The Company is a party to a revolving credit agreement under which the Company may borrow up to \$50,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2009, there have been no drawings under this agreement.

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company 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. Not applicable
- B. The Company has not entered into Federal Home Loan Bank Agreements.

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

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

As a result of, Liberty Mutual's acquisition of Safeco Corporation, the ultimate parent of fifteen property and casualty insurance companies (Safeco Companies), the Safeco Companies eligible U.S. employees became employees of Liberty Mutual and began participating in the Liberty Mutual benefit plans. The Safeco Corporation continues to sponsor a cash balance defined benefit pension plan (CBP) covering a wide range of former Safeco Company employees. Safeco Corporation terminated the CBP effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The CBP pension costs are subject to the inter-company pooling agreement described in Note 25. These costs amounted to \$25,668 and \$10,872 in 2009 and 2008, respectively. Also, a CBP additional minimum liability of \$89,352 and \$175,885 also subject to the inter-company pooling agreement, was recognized in 2009 and 2008 respectively in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The Company has no legal obligation for benefits under this plan.

NOTES TO FINANCIAL STATEMENTS

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

1. Common Stock

The Company has 5,000 shares authorized, and 3,600 shares issued and outstanding as of December 31, 2009. All shares have a stated par value of \$1,000.

2. Preferred Stock

Not applicable

3. Dividend Restrictions

Not applicable

4. The Company did not pay a dividend to its parent during 2009.

5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, or (b) net income. The maximum dividend payout that may be made without prior approval in 2010 is \$14,131,472.

6. As of December 31, 2009, the Company has restricted surplus of \$2,130,258, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of \$358,848 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2009 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized losses is (\$580,663) after applicable deferred taxes of \$312,665.

11. Surplus Notes

Not applicable

12. Quasi re-organization (dollar impact)

Not applicable

13. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$1,435,264 that is offset by future premium tax credits of \$239,736. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

During 2009 there 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 did not have claims related extra contractual obligation losses and bad faith losses stemming from lawsuits in the current period.

E. All other Contingencies

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

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

Pursuant to North Carolina General Statute #58-36-25, the potential interest payable to policyholders for the 2009 Private Passenger Automobile Escrow was \$47.

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>
2010	\$102,106	\$891,677
2011	102,106	886,438
2012	102,106	780,846
2013	102,106	288,001
2014	8,509	244,576
2015 & thereafter	0	578,707
Total	\$416,933	\$3,670,245

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

The Company did not sell premium receivables.

B. Transfers and servicing of financial assets:

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

At December 31, 2009 the total fair value of securities on loan was \$22,499,645 with corresponding collateral value of \$23,269,053 of which \$10,353,151 represents cash collateral.

C. Wash Sales

The Company did not have any wash sale 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

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, the Company's affiliate, Safeco Insurance Company of America and other members of the Peerless Amended and Restated Reinsurance Pooling Agreement (refer to note 25) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as a third party administrator and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2009, the Company recorded CEA administrative fees of \$18,720.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$4,223,322 and \$4,067,261 as of December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

2) 2009 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the company was \$2,703 at December 31, 2009.

3) During the current year, certain members of the Peerless Pool, of which the Company is a member, changed the nature of their cash disbursement accounts, so that disbursement transactions reflect the characteristics of drafts. In prior years, cash disbursement transactions were accounted for as checks. The Company's cash accounts were not changed. The Company's year end drafts outstanding balance increased by \$5,359,771, which represents the Company's pool share of the Peerless Pool's increase in drafts outstanding. (Refer to Note 25)

Interrogatory 6.1

In 2009, as a member of an inter-company reinsurance pooling arrangement, the Company had the benefit of Workers' Compensation Catastrophe reinsurance with limits of \$1,038,000 part of \$1,175,000 xs \$25,000,000 purchased by Peerless Insurance Company, the lead company of the inter-company reinsurance pool, individually or with affiliates within the Liberty Mutual Group covering workers' compensation business ceded to the pool.

Interrogatory 6.3

As a member of the inter-company pooling arrangement in which Peerless Insurance Company is the lead company, the Company has the benefit of \$825,000,000 xs \$500,000,000 of traditional XOL reinsurance covering its business ceded to the pool. In December 2008, Peerless Insurance Company purchased a 31.725% QS treaty for its direct and assumed from affiliates US Homeowners portfolio, which includes business assumed from the Company.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

NOTES TO FINANCIAL STATEMENTS

<u>Description of State Transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Historical Rehabilitation Credit	OK	84,449	84,449
Total		84,449	84,449

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

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

(3) Impairment Loss

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

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the 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 which exceed 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.

C. Reinsurance Assumed & Ceded

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

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net Reinsurance</u>	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	82,820,414	11,594,858	383,341,179	53,667,765	(300,520,765)	(42,072,907)
All Other	-	-	-	-	-	-
Total	82,820,414	11,594,858	383,341,179	53,667,765	(300,520,765)	(42,072,907)

Direct Unearned Premium

Reserve of 383,341,179

2. There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business. The following are the contingent commissions for direct, assumed and ceded business.

Direct	\$0
Assumed	4,625,578
Ceded	0
Net	<u>\$4,625,578</u>

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

D. The Company did not write off any uncollectible balances in 2009.

E. The Company did not commute any reinsurance treaties in the current year.

F. The Company has one assumed retroactive contract that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement is also shown.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	8,546,699	
	2. Adjustment – Prior Year(s)	(6,657,619)	

NOTES TO FINANCIAL STATEMENTS

	3. Adjustment – Current Year	(267,848)	
	4. Total	1,621,232	
b.	Consideration Paid or Received:		
	1. Initial Reserves	9,283,003	
	2. Adjustment – Prior Year(s)	268,073	
	3. Adjustment – Current Year	-	
	4. Total	9,551,076	
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	-	
	2. Adjustment – Prior Year(s)	8,196,291	
	3. Adjustment – Current Year	481,555	
	4. Total	8,677,845	
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	472,808	
	2. Adjustment – Prior Year(s)	(1,470,314)	
	3. Adjustment – Current Year	(37,544)	
	4. Total	358,848	
	5. Cumulative Total Transferred to Unassigned Funds	(676,201)	
e.	Other insurers included in the above transactions:		
	Peerless Insurance Company	1,621,232	

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. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2009.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.
- B. Accrued retrospective premiums are recorded as a component of written premiums.
- C. For detail of net premium written subject to retrospective rating features see Schedule P - Part 7A.
- D. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, retrospectively Rated contracts, has been non-admitted.

a. Total accrued retro premium	\$334,118
b. Less: Non-admitted amount 10%	40,184
c. Admitted amount	\$293,934

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased \$13,883,034 during 2009. This decrease was primarily the result of improving loss trends in the Other Liability \$5,145,952, Private Passenger Auto Liability \$2,807,139, Commercial Mult-Peril \$2,138,826, Workers' Compensation \$1,612,705, Fidelity/Surety \$1,041,871 and Commercial Auto Liability \$741,671 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 25- Intercompany Pooling Arrangements

The Company is a member of the PIC Amended and Restated Reinsurance Pooling Agreement consisting of the following affiliated companies:

		NAIC Company Number	2009 Pooling Percentage
Lead Company	Peerless Insurance Company ("PIC")	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%
	Safeco Insurance Company of America ("SICOA")	24740	15.20%
	General Insurance Company of America ("GICA")	24732	9.20%
	American States Insurance Company ("ASIC")	19704	7.60%
	American Economy Insurance Company ("AEIC")	19690	5.60%
	Indiana Insurance Company ("IIC")	22659	4.80%
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%

NOTES TO FINANCIAL STATEMENTS

	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%
	The Netherlands Insurance Company ("NIC")	24171	1.80%
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%
	First National Insurance Company of America ("FNICA")	24724	0.80%
	American Fire and Casualty Company ("AFCIC")	24066	0.60%
	America First Insurance Company ("AFIC")	12696	0.00%
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%
	American States Insurance Company of Texas ("ASICT")	19712	0.00%
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%
	Avomark Insurance Company ("AVOIC")	10792	0.00%
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%
	Consolidated Insurance Company ("CIC")	22640	0.00%
	Excelsior Insurance Company ("EIC")	11045	0.00%
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%
	Insurance Company of Illinois ("ICIL")	26700	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMIAIC")	14486	0.00%
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%
	National Insurance Association ("NIA")	27944	0.00%
	Ohio Security Insurance Company ("OSIC")	24082	0.00%
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%
	Safeco National Insurance Company ("SNIC")	24759	0.00%
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%
	West American Insurance Company ("WAIC")	44393	0.00%
			100.00%
100% Quota Share	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%
Affiliated Companies	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%
	North Pacific Insurance Company ("NPIC")	23892	0.00%
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%

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

- (a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company.
- (b) Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.
- (c) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance.
- (h) Amounts from affiliated entity participating in the Peerless inter-company pool as at December 31, 2009:

Affiliate:	Amount:
Peerless Insurance Company	\$4,730,535

During 2009, American Ambassador Insurance Company, Globe American Insurance Company and Ohio Casualty of New Jersey merged with Peerless Indemnity Insurance Company, The Midwestern Indemnity Company, and Ohio Casualty Insurance Company, respectively. Peerless Indemnity Insurance Company, The Midwestern Indemnity Company and Ohio Casualty Insurance Company were the surviving entities.

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

NOTES TO FINANCIAL STATEMENTS

in the Peerless Amended and Restated Reinsurance Agreement and entered into a Quota Share Reinsurance Agreement with PIC, covering the business written by ICIL.

Effective January 1, 2010, Bridgefield Casualty Insurance Company and Bridgefield Employers Insurance Company canceled their 100% Quota Share Reinsurance Agreements with PIC and entered into 100% Reinsurance Agreements with Liberty Mutual Insurance Company.

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2010, the Peerless Insurance Company Pool structure was revised as follows:

		NAIC Company Number	2010 Pooling Percentage
Lead Company	Peerless Insurance Company ("PIC")	24198	25.20%
Affiliated Pool Companies	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%
	Safeco Insurance Company of America ("SICOA")	24740	15.20%
	General Insurance Company of America ("GICA")	24732	9.20%
	American States Insurance Company ("ASIC")	19704	7.60%
	American Economy Insurance Company ("AEIC")	19690	5.60%
	Indiana Insurance Company ("IIC")	22659	4.80%
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%
	The Netherlands Insurance Company ("NIC")	24171	1.80%
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%
	First National Insurance Company of America ("FNICA")	24724	0.80%
	American Fire and Casualty Company ("AFCIC")	24066	0.60%
	America First Insurance Company ("AFIC")	12696	0.00%
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%
	American States Insurance Company of Texas ("ASICT")	19712	0.00%
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%
	Avomark Insurance Company ("AVOIC")	10792	0.00%
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%
	Consolidated Insurance Company ("CIC")	22640	0.00%
	Excelsior Insurance Company ("EIC")	11045	0.00%
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%
	National Insurance Association ("NIA")	27944	0.00%
	Ohio Security Insurance Company ("OSIC")	24082	0.00%
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%
	Safeco National Insurance Company ("SNIC")	24759	0.00%
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%
	West American Insurance Company ("WAIC")	44393	0.00%
			100.00%
100% Quota Share	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%
	North Pacific Insurance Company ("NPIC")	23892	0.00%
Affiliated Companies	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%

Note 26- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$2,107,039 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 \$2,107,039 as of December 31, 2009.
- B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

The Company does not have any high deductible policies.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of \$2,708,581 net of all reinsurance.

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

Note 32 - Asbestos/Environmental Reserves

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

Uncertainty Regarding Reserving Methodologies

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

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

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

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

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are

NOTES TO FINANCIAL STATEMENTS

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Basis					
Beginning Reserves	2,150,279	2,669,686	3,086,655	2,911,924	3,012,882
Incurring losses and LAE	734,933	635,135	168,591	443,976	38,478
Calendar year payments	215,526	218,166	307,321	343,017	232,558
Ending Reserves	2,669,686	3,086,655	2,947,925	3,012,883	2,818,802
Assumed Reinsurance Basis					
Beginning Reserves	1,945,779	1,965,133	1,938,473	2,394,100	2,049,332
Incurring losses and LAE	132,499	84,909	551,616	(81,349)	1,013,029
Calendar year payments	113,145	111,569	185,717	263,419	207,416
Ending Reserves	1,965,133	1,938,473	2,304,372	2,049,332	2,854,945
Net of Ceded Reinsurance Basis					
Beginning Reserves	3,342,201	3,816,680	4,059,417	4,299,423	4,124,470
Incurring losses and LAE	787,600	542,230	595,565	216,760	1,143,774
Calendar year payments	313,121	299,493	410,496	391,713	411,729
Ending Reserves	3,816,680	4,059,417	4,244,486	4,124,470	4,856,515

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

Direct Basis	1,597,874
Assumed Reinsurance Basis	1,606,855
Net of Ceded Reinsurance Basis	2,956,138

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

Direct Basis	962,794
Assumed Reinsurance Basis	5,235
Net of Ceded Reinsurance Basis	811,877

Environmental:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct Basis					
Beginning Reserves	3,235,216	3,613,016	3,520,059	3,346,804	2,859,244
Incurring losses and LAE	791,105	332,384	926,116	73,690	(124,113)
Calendar year payments	413,305	425,341	669,255	561,250	299,530
Ending Reserves	3,613,016	3,520,059	3,776,920	2,859,244	2,435,600
Assumed Reinsurance Basis					
Beginning Reserves	1,002,690	732,386	661,136	642,590	617,895
Incurring losses and LAE	(223,693)	14,569	9,657	36	(157,477)
Calendar year payments	46,611	85,819	16,859	24,731	15,642
Ending Reserves	732,386	661,136	653,934	617,895	444,776
Net of Ceded Reinsurance Basis					
Beginning Reserves	4,002,533	3,954,462	3,682,114	3,681,927	3,140,176
Incurring losses and LAE	341,899	197,302	1,021,823	(64,832)	(331,833)
Calendar year payments	389,970	469,650	567,893	476,919	296,267

NOTES TO FINANCIAL STATEMENTS

Ending Reserves	3,954,462	3,682,114	4,136,044	3,140,176	2,512,076
<hr/>					
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					1,619,820
Assumed Reinsurance Basis					280,140
Net of Ceded Reinsurance Basis					1,657,799
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					827,369
Assumed Reinsurance Basis					2,003
Net of Ceded Reinsurance Basis					806,165

Upon entering the PIC Pool, effective January 1, 2008 (refer to Note 25), the Ohio Casualty Companies' asbestos and environmental claims coding was revised to reflect the definition employed by the Peerless "Pool", which is consistent with industry practice. As a result, the 2007 ending balances for asbestos and environmental reserves, which is the sum of the former PIC Pool's amounts and the Ohio Casualty Companies' Pool amounts, differ from the 2008 beginning balances, which reflect a single common definition.

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ New Hampshire _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2008 _____
- 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). _____ 06/23/2006 _____
- 3.4 By what department or departments?
 State of New Hampshire Insurance Department

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Company Code | 3
State of Domicile |
|---------------------|------------------------|------------------------|
| | 00000 | |
| | 00000 | |
| | 00000 | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____

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

1 Nationality	2 Type of Entity
.....

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

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

.....

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

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

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

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

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

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

William M Finn, FCAS, MAAA
 62 Maple Avenue Keene, NH 03431
 Vice President & Chief Actuary of Liberty Mutual Agency Markets

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

11.11 Name of real estate holding company	
11.12 Number of parcels involved	0
11.13 Total book/adjusted carrying value	\$ 0

11.2 If yes, provide explanation:

.....

GENERAL INTERROGATORIES

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

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

.....

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]

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

Yes [] No [X]

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

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

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

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

Yes [X] No []

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

.....

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

Yes [] No [X]

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

.....

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

Yes [] No [X]

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

.....

BOARD OF DIRECTORS

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

Yes [X] No []

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

Yes [X] No []

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

Yes [X] No []

FINANCIAL

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

Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes No
- 22.2 If no, give full and complete information relating thereto:

- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)
 Please reference note 17B.

- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ 23,269,053
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ 0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes No
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|--|----|-----------|
| | 23.21 Subject to repurchase agreements | \$ | 0 |
| | 23.22 Subject to reverse repurchase agreements | \$ | 0 |
| | 23.23 Subject to dollar repurchase agreements | \$ | 0 |
| | 23.24 Subject to reverse dollar repurchase agreements | \$ | 0 |
| | 23.25 Pledged as collateral | \$ | 0 |
| | 23.26 Placed under option agreements | \$ | 0 |
| | 23.27 Letter stock or securities restricted as to sale | \$ | 0 |
| | 23.28 On deposit with state or other regulatory body | \$ | 4,223,322 |
| | 23.29 Other | \$ | 0 |

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Insurance Company	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LL	175 Berkeley Street, Boston, MA 02116

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	395,056,882	410,967,932	15,911,050
28.2 Preferred stocks	0	0	0
28.3 Totals	395,056,882	410,967,932	15,911,050

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

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

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

Yes [] No [X]

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

Yes [] No [X]

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

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

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

Yes [X] No []

30.2 If no, list exceptions:

.....

OTHER

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

\$ _____ 0

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 127,797		\$ 484	
2.2 Premium Denominator	\$ 188,577,537		\$ 179,438,244	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ 139,946		\$ 0	
2.5 Reserve Denominator	\$ 303,219,155		\$ 303,064,088	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

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

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

3.21 Participating policies \$ 27,245,975

3.22 Non-participating policies \$ 753,835,280

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

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

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v9.0 from RMS and AIR Clasic/2 v11.0. For WC, Liberty Mutual utilizes RiskLink v9.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 See Note 20C
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 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 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 11.2 If yes, give full information

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|---|--|----|---------|
| 12.11 Unpaid losses | | \$ | 906,505 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 100,716 |
- 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? \$ 279,789
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|------------|--|------|
| 12.41 From | | 0.00 |
| 12.42 To | | 9.00 |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|-----------|
| 12.61 Letters of Credit | | \$ | 681,234 |
| 12.62 Collateral and other funds | | \$ | 6,478,118 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 7,741,583
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
- 14.5 If the answer to 14.4 is no, please explain:

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No
- 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1 | 2 | 3 | 4 | 5 |
|------------------|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.12 Products | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.13 Automobile | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.14 Other* | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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

Yes [] No [X]

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

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

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

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

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

Yes [] No [X]

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

\$ 0

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

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2009	2008	2007	2006	2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	463,721,172	456,844,160	353,478,371	297,792,058	229,189,431
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	90,896,560	79,799,619	72,396,379	68,774,967	57,738,467
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	409,322,120	436,325,634	421,620,126	388,193,471	325,962,325
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,691,080	17,598,083	53,947	309,078	71,523
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2				
6. Total (Line 35)	978,630,934	990,567,496	847,548,823	755,069,574	612,961,746
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	85,984,137	96,233,364	55,822,392	53,607,150	39,400,477
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	39,906,743	25,255,824	17,571,715	16,854,211	15,247,580
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	56,984,124	60,756,687	48,029,880	46,799,933	41,310,963
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	14,674,673	17,584,116	37,032	284,194	45,300
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2				
12. Total (Line 35)	197,549,679	199,829,991	121,461,019	117,545,488	96,004,320
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	7,919,998	5,357,618	1,987,480	341,329	1,505,816
14. Net investment gain (loss) (Line 11)	18,482,992	16,906,988	10,288,892	8,451,294	7,164,150
15. Total other income (Line 15)	(184,783)	(2,427,503)	33,756	304,376	(8,406)
16. Dividends to policyholders (Line 17)	806,850	1,171,423	283,355	316,796	155,856
17. Federal and foreign income taxes incurred (Line 19)	7,696,385	9,775,406	3,654,577	4,818,985	3,367,110
18. Net income (Line 20)	17,714,972	8,890,274	8,372,196	3,961,218	5,138,594
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	486,124,399	460,107,121	282,550,278	290,596,203	262,628,594
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	7,131,476	6,190,429	5,719,779	7,899,991	11,418,410
20.2 Deferred and not yet due (Line 13.2)	50,636,976	47,780,736	37,530,912	34,555,508	25,359,707
20.3 Accrued retrospective premiums (Line 13.3)	293,934	919,575	314,840	375,671	
21. Total liabilities excluding protected cell business (Page 3, Line 24)	344,809,680	339,895,749	218,075,724	234,175,189	210,404,152
22. Losses (Page 3, Line 1)	169,205,367	177,306,358	103,638,320	95,965,825	69,152,102
23. Loss adjustment expenses (Page 3, Line 3)	40,284,820	40,601,319	23,717,594	22,019,072	16,558,884
24. Unearned premiums (Page 3, Line 9)	82,820,414	75,884,192	55,328,534	51,701,230	46,148,135
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)	141,314,719	120,211,372	64,474,554	56,421,014	52,224,442
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	21,889,318	114,724,768	24,373,598	16,495,128	44,619,187
Risk-Based Capital Analysis					
28. Total adjusted capital	141,314,719	120,211,372	64,474,554	56,421,014	52,224,442
29. Authorized control level risk-based capital	17,028,900	16,722,194	11,523,094	10,213,652	9,095,753
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)	93.9	90.4	89.4	72.8	80.5
31. Stocks (Lines 2.1 & 2.2)		1.4	2.9	2.3	3.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	6.1	8.2	7.7	24.9	16.5
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)			0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2009	2008	2007	2006	2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	574,689	(1,023,957)	(245,815)	30,781	(611,575)
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	21,103,347	55,736,818	8,053,540	4,196,572	6,356,642
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	230,910,889	117,703,094	135,721,557	93,003,104	81,035,330
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	46,034,675	42,038,024	33,147,466	26,185,081	23,865,017
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	238,626,266	262,030,350	179,554,107	150,213,278	89,870,051
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,082,588	(1,639,360)	8,578	62,607	59,280
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(3,347,858)	2,811	4,792	(17,132)	
56. Total (Line 35)	514,306,560	420,134,919	348,436,500	269,446,938	194,829,678
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3)	52,053,290	(13,893,845)	24,850,060	4,267,356	17,257,814
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	18,784,707	12,010,409	7,694,430	6,757,588	6,215,589
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	34,173,869	23,910,807	20,227,043	18,255,044	14,863,639
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,074,338	(1,729,091)	11,111	65,435	23,466
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(3,347,858)	2,811	4,792	(17,132)	
62. Total (Line 35)	103,738,346	20,301,091	52,787,436	29,328,291	38,360,508
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)	50.7	52.4	51.4	54.3	49.3
65. Loss expenses incurred (Line 3)	11.9	10.8	11.3	11.9	13.2
66. Other underwriting expenses incurred (Line 4)	33.2	33.8	35.6	33.5	35.9
67. Net underwriting gain (loss) (Line 8)	4.2	3.0	1.7	0.3	1.6
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.8	31.6	34.5	31.6	35.3
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.6	63.2	62.7	66.2	62.5
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	139.8	166.2	188.4	208.3	183.8
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)	(13,884)	(15,962)	(8,824)	(1,748)	(2,019)
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)	(11.6)	(24.8)	(15.6)	(3.3)	(4.4)
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)	(20,005)	(27,579)	(7,371)	620	(559)
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)	(31.0)	(48.9)	(14.1)	1.4	(1.4)

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

Yes [] No [X]

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P – PART 1 – SUMMARY**

(\$'000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	2,091	791	654	54	191	10	75	2,081	X X X
2. 2000	154,364	9,432	144,932	105,947	6,680	7,219	477	11,597	340	5,609	117,266	X X X
3. 2001	155,181	9,370	145,811	98,842	6,687	7,156	372	11,950	368	5,330	110,521	X X X
4. 2002	170,127	16,133	153,994	92,854	8,891	6,757	618	11,754	566	5,304	101,290	X X X
5. 2003	186,475	14,963	171,512	90,499	7,516	6,176	442	13,222	600	5,322	101,339	X X X
6. 2004	202,683	10,638	192,045	92,685	3,580	5,616	199	13,191	268	6,698	107,445	X X X
7. 2005	213,579	8,135	205,444	93,734	3,565	5,749	206	13,707	195	6,165	109,224	X X X
8. 2006	215,324	8,959	206,365	90,612	1,927	4,921	244	13,586	287	5,242	106,661	X X X
9. 2007	217,502	9,999	207,503	86,582	1,798	3,846	210	13,242	173	5,034	101,489	X X X
10. 2008	214,794	7,597	207,197	87,816	2,437	2,627	106	14,334	124	4,327	102,110	X X X
11. 2009	200,567	11,990	188,577	52,064	3,618	871	164	10,218	59	2,293	59,312	X X X
12. Totals	X X X	X X X	X X X	893,726	47,490	51,592	3,092	126,992	2,990	51,399	1,018,738	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	18,944	5,454	10,804	1,293	837	79	2,739	273	1,756	51	367	27,930	X X X
2. 2000	2,491	720	1,041	252	25	13	370	42	220	17	37	3,103	X X X
3. 2001	2,594	708	1,202	248	51	11	430	31	283	14	94	3,548	X X X
4. 2002	2,719	492	1,331	240	56	2	510	33	247	5	68	4,091	X X X
5. 2003	2,197	298	1,752	257	68	1	641	31	277	1	157	4,347	X X X
6. 2004	2,998	531	2,195	302	86		798	38	355		381	5,561	X X X
7. 2005	4,811	398	3,134	421	160	1	1,184	62	594		248	9,001	X X X
8. 2006	8,355	617	4,593	612	275	1	1,941	91	928	1	672	14,770	X X X
9. 2007	14,324	599	7,243	855	443	1	3,342	136	1,508	1	647	25,268	X X X
10. 2008	20,288	497	15,170	1,970	534	2	5,304	260	2,578	2	1,529	41,143	X X X
11. 2009	29,248	1,200	30,452	716	370	4	6,541	80	6,118	1	4,471	70,728	X X X
12. Totals	108,969	11,514	78,917	7,166	2,905	115	23,800	1,077	14,864	93	8,671	209,490	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	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	23,001	4,929
2. 2000	128,910	8,541	120,369	83.510	90.553	83.052			1.800	2,560	543
3. 2001	122,508	8,439	114,069	78.945	90.064	78.231			1.800	2,840	708
4. 2002	116,228	10,847	105,381	68.318	67.235	68.432			1.800	3,318	773
5. 2003	114,832	9,146	105,686	61.580	61.124	61.620			1.800	3,394	953
6. 2004	117,924	4,918	113,006	58.181	46.230	58.844			1.800	4,360	1,201
7. 2005	123,073	4,848	118,225	57.624	59.594	57.546			1.800	7,126	1,875
8. 2006	125,211	3,780	121,431	58.150	42.192	58.843			1.800	11,719	3,051
9. 2007	130,530	3,773	126,757	60.013	37.734	61.087			1.800	20,113	5,155
10. 2008	148,651	5,398	143,253	69.206	71.054	69.139			1.800	32,991	8,152
11. 2009	135,882	5,842	130,040	67.749	48.724	68.959			1.800	57,784	12,944
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	169,206	40,284

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year	
1. Prior	85,346	88,906	91,745	95,755	96,727	99,705	101,293	102,367	102,434	105,817	3,383	3,450	
2. 2000	102,316	106,076	107,188	109,028	108,902	109,152	109,033	109,125	108,615	109,084	469	(41)	
3. 2001	X X X	101,614	101,115	101,798	102,220	102,413	101,853	102,342	101,665	102,381	716	39	
4. 2002	X X X	X X X	98,458	97,786	96,875	94,845	94,687	93,991	93,588	94,096	508	105	
5. 2003	X X X	X X X	X X X	98,206	96,187	93,804	93,394	93,907	93,184	92,919	(265)	(988)	
6. 2004	X X X	X X X	X X X	X X X	111,694	108,231	106,613	102,026	101,048	99,885	(1,163)	(2,141)	
7. 2005	X X X	X X X	X X X	X X X	X X X	117,106	112,785	106,768	105,523	104,259	(1,264)	(2,509)	
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	116,734	113,312	109,760	107,376	(2,384)	(5,936)	
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	124,325	119,961	112,341	(7,620)	(11,984)	
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	132,894	126,630	(6,264)	X X X	
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	113,865	X X X	X X X	
											12. Totals	(13,884)	(20,005)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	25,590	42,895	53,650	60,513	65,636	69,926	73,239	76,483	78,383	X X X	X X X
2. 2000	52,568	76,741	88,186	95,759	100,095	102,765	104,077	104,973	105,525	106,010	X X X	X X X
3. 2001	X X X	50,376	72,751	83,135	89,844	93,609	95,851	97,184	98,291	98,940	X X X	X X X
4. 2002	X X X	X X X	44,037	65,070	75,220	82,288	85,912	88,058	89,375	90,102	X X X	X X X
5. 2003	X X X	X X X	X X X	44,821	64,977	74,927	81,317	85,627	87,545	88,717	X X X	X X X
6. 2004	X X X	X X X	X X X	X X X	46,746	70,580	81,919	88,642	92,566	94,522	X X X	X X X
7. 2005	X X X	X X X	X X X	X X X	X X X	48,332	72,078	83,629	91,036	95,712	X X X	X X X
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	49,250	73,906	84,751	93,361	X X X	X X X
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50,946	76,536	88,421	X X X	X X X
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	58,674	87,901	X X X	X X X
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	49,153	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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	33,480	24,577	20,081	18,995	14,980	13,703	12,442	11,123	12,096	13,187
2. 2000	21,081	10,261	6,238	4,576	3,297	2,596	2,394	1,829	1,233	1,292
3. 2001	X X X	24,077	11,512	6,553	4,834	3,370	2,946	1,943	1,729	1,514
4. 2002	X X X	X X X	30,779	15,696	9,092	5,368	3,858	2,526	1,908	1,714
5. 2003	X X X	X X X	X X X	28,568	14,258	8,257	5,787	4,236	3,205	2,236
6. 2004	X X X	X X X	X X X	X X X	36,400	18,189	12,102	6,868	4,933	2,810
7. 2005	X X X	X X X	X X X	X X X	X X X	40,357	20,328	10,931	6,741	3,975
8. 2006	X X X	X X X	X X X	X X X	X X X	X X X	36,412	19,310	11,730	6,002
9. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	39,083	20,217	9,752
10. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	41,299	18,407
11. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	36,298

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L							
2. Alaska	AK	L							
3. Arizona	AZ	L	102,693	135,791		468,536	72,051	1,853,943	539
4. Arkansas	AR	L	2,782,495	2,345,218		963,039	1,036,461	2,966,032	14,599
5. California	CA	L	37,780,067	39,177,423		23,016,466	23,323,613	32,583,758	198,215
6. Colorado	CO	L							
7. Connecticut	CT	L	57,215,200	51,793,925	494,239	22,717,813	29,273,109	55,004,067	300,182
8. Delaware	DE	L	4,180,856	4,460,666		1,435,681	2,652,242	3,957,291	21,935
9. District of Columbia	DC	L	906,430	853,450		107,957	138,929	350,054	4,756
10. Florida	FL	N							
11. Georgia	GA	L	22,856,371	16,534,385	393	12,625,431	7,712,813	15,872,147	119,917
12. Hawaii	HI	L							
13. Idaho	ID	L							
14. Illinois	IL	L	49,018,727	49,943,321	5,061	35,862,031	33,919,419	53,882,640	257,179
15. Indiana	IN	L	52,850,406	55,931,684	29,325	35,961,179	41,275,470	50,205,645	277,282
16. Iowa	IA	L	7,808,381	6,981,945	137,738	2,924,856	4,300,944	4,416,774	40,967
17. Kansas	KS	L	4,011,522	4,149,791		2,894,776	4,549,441	3,212,798	21,047
18. Kentucky	KY	L	35,619,242	35,815,879		29,619,034	29,199,628	37,091,239	186,878
19. Louisiana	LA	L	11,625,188	9,653,054		4,540,775	4,618,498	4,304,998	60,992
20. Maine	ME	L	19,512,592	17,877,238	21,458	8,311,820	11,568,126	16,958,608	102,374
21. Maryland	MD	L	16,808,693	16,385,490	53,246	6,275,706	8,533,787	18,442,115	88,188
22. Massachusetts	MA	L	20,368,049	17,620,815		7,333,250	8,645,991	11,488,001	106,862
23. Michigan	MI	L	15,892,085	21,679,045	62,868	21,679,933	17,857,849	26,329,069	83,379
24. Minnesota	MN	L	25,988,165	22,730,204		10,271,023	15,408,303	15,072,988	136,348
25. Mississippi	MS	L							
26. Missouri	MO	L	19,475,929	19,460,639		12,646,801	17,920,351	15,951,412	102,181
27. Montana	MT	L							
28. Nebraska	NE	L	6,500,138	5,628,951	75,193	3,124,533	4,823,999	4,466,408	34,103
29. Nevada	NV	L	147	135					1
30. New Hampshire	NH	L	17,875,084	16,247,740	59,723	7,933,192	9,979,692	13,694,370	93,782
31. New Jersey	NJ	L	43,827,376	39,548,115	651,821	21,569,498	23,523,336	47,510,553	229,942
32. New Mexico	NM	L							
33. New York	NY	L	52,351,363	48,841,563	1,213,478	21,828,197	26,128,154	61,512,275	274,664
34. North Carolina	NC	L	24,937,238	23,450,388		9,523,417	17,718,909	22,328,702	130,834
35. North Dakota	ND	L							
36. Ohio	OH	L	53,650,267	55,493,108		28,311,638	30,865,165	40,037,356	281,479
37. Oklahoma	OK	L	11,506,222	10,529,249		5,197,963	5,597,413	7,680,210	60,368
38. Oregon	OR	L							
39. Pennsylvania	PA	L	57,102,646	52,762,855	39,265	26,560,966	33,642,827	45,691,379	299,592
40. Rhode Island	RI	L	6,372,587	5,700,065	1,812	2,021,723	3,437,188	5,808,146	33,434
41. South Carolina	SC	L	12,788,674	14,141,699		4,384,106	6,194,797	9,106,947	67,096
42. South Dakota	SD	L							
43. Tennessee	TN	L	30,865,993	29,663,188		18,195,313	9,287,540	26,728,413	161,940
44. Texas	TX	L	32,917,221	31,199,636		13,109,438	12,811,706	24,917,325	172,702
45. Utah	UT	L							
46. Vermont	VT	L	9,447,368	8,583,412	32,783	3,438,940	3,809,207	6,765,547	49,566
47. Virginia	VA	L	11,142,558	9,668,859	(8,667)	3,519,735	3,541,328	8,070,717	58,460
48. Washington	WA	L							
49. West Virginia	WV	L							
50. Wisconsin	WI	L	4,993,281	4,584,824	27,527	2,193,443	2,268,366	3,546,500	26,197
51. Wyoming	WY	L							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 50		781,081,254	749,573,750	2,897,263	410,568,209	455,636,652	697,808,427	4,097,980

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

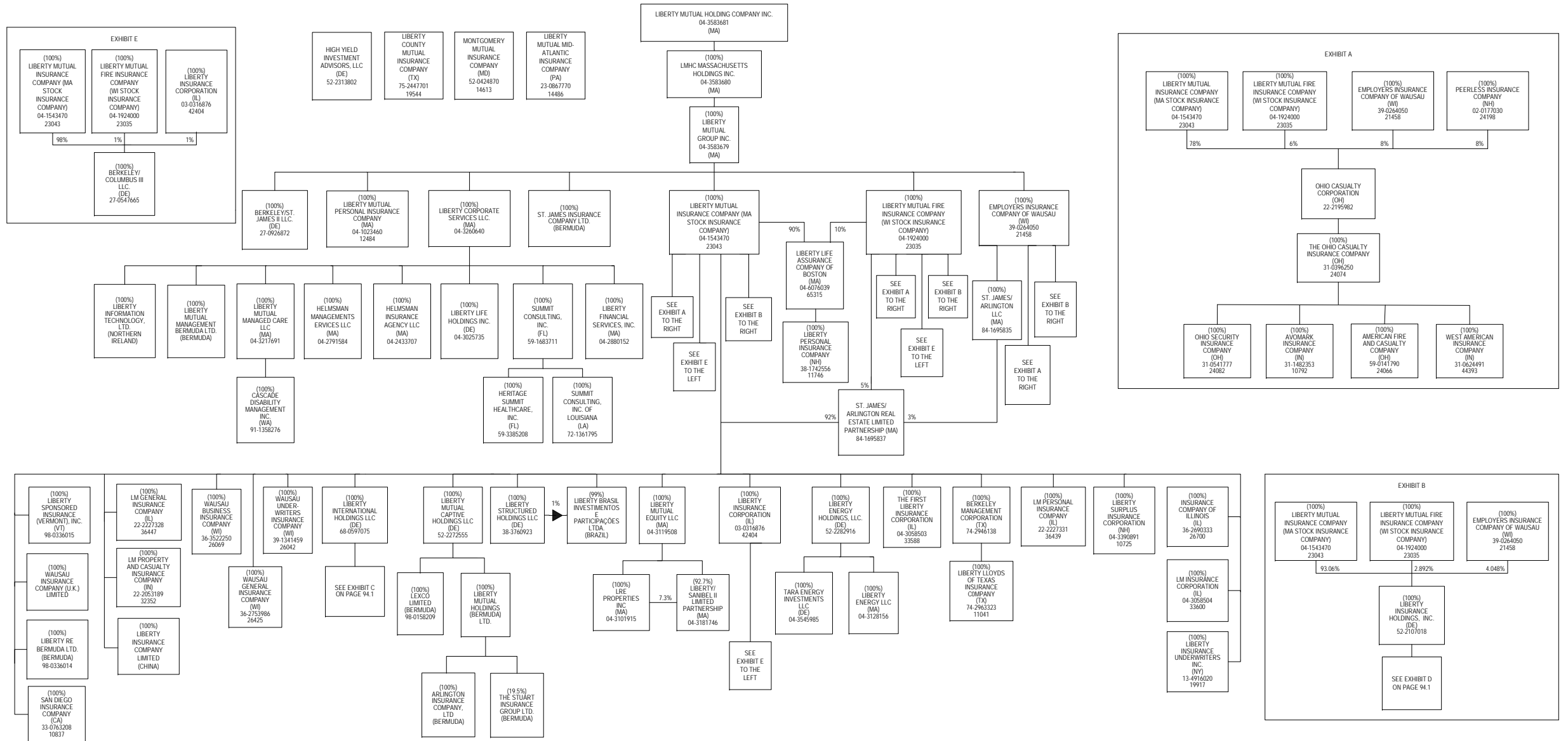
Explanation of basis of allocation of premiums by states, etc.

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

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

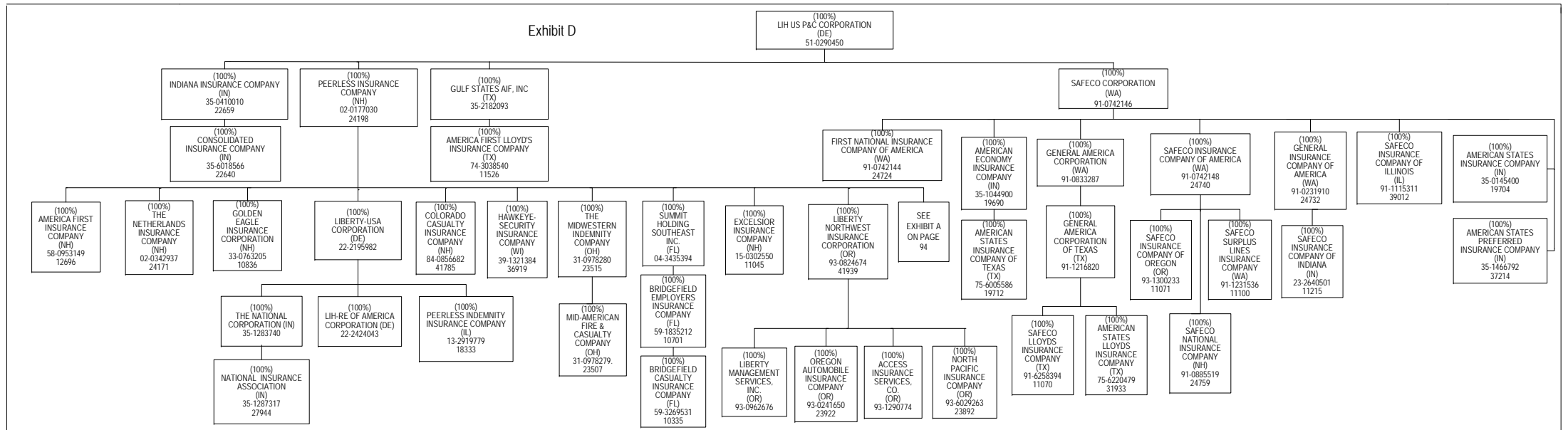
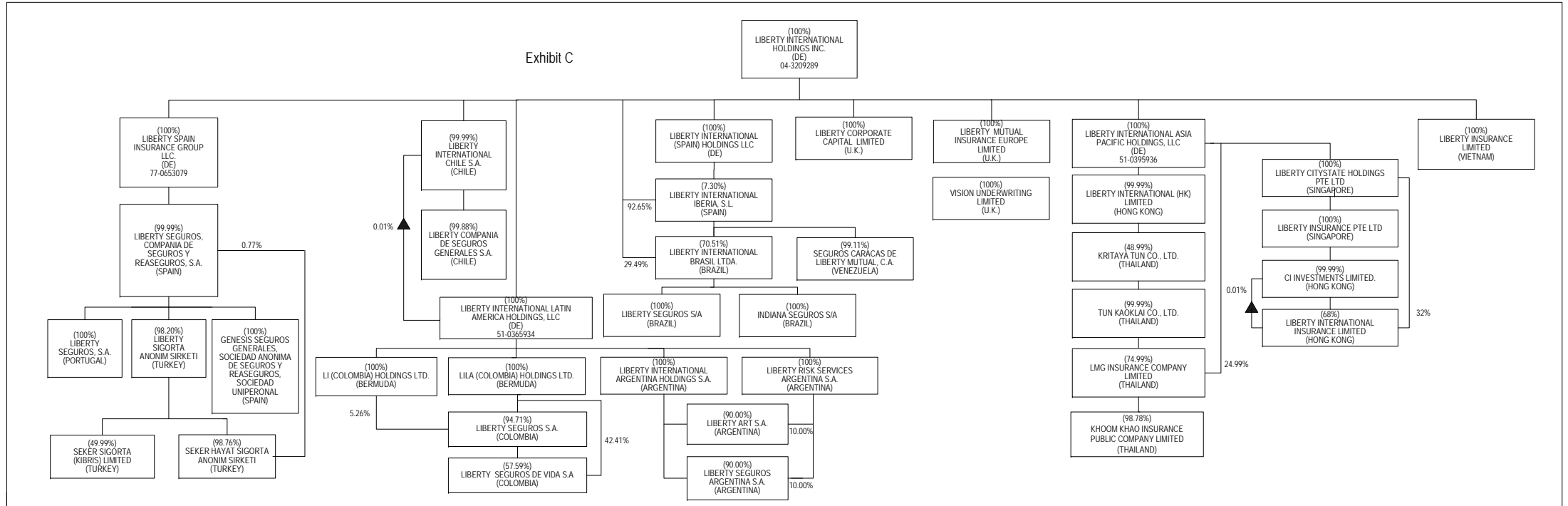
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	Current Year	Prior Year
2304. Amounts held under uninsured plans	1,305,053	
2305. Accrued return retrospective premiums	223,306	
2306. Private passenger auto escrow	29,420	
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	1,557,779	

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 2 – Cash Equivalents	E26
Cash Flow	5	Schedule E – Part 3 – Special Deposits	E27
Exhibit of Capital Gains (Losses)	12	Schedule E – Verification Between Years	SI16
Exhibit of Net Investment Income	12	Schedule F – Part 1	20
Exhibit of Nonadmitted Assets	13	Schedule F – Part 2	21
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 3	22
Five-Year Historical Data	17	Schedule F – Part 4	23
General Interrogatories	15	Schedule F – Part 5	24
Jurat Page	1	Schedule F – Part 6	25
Liabilities, Surplus and Other Funds	3	Schedule F – Part 7	26
Notes To Financial Statements	14	Schedule F – Part 8	27
Overflow Page For Write-ins	97	Schedule H – Accident and Health Exhibit – Part 1	28
Schedule A – Part 1	E01	Schedule H – Part 2, Part 3 and Part 4	29
Schedule A – Part 2	E02	Schedule H – Part 5 – Health Claims	30
Schedule A – Part 3	E03	Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31
Schedule A – Verification Between Years	SI02	Schedule P – Part 1A – Homeowners/Farmowners	33
Schedule B – Part 1	E04	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34
Schedule B – Part 2	E05	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35
Schedule B – Part 3	E06	Schedule P – Part 1D – Workers' Compensation	36
Schedule B – Verification Between Years	SI02	Schedule P – Part 1E – Commercial Multiple Peril	37
Schedule BA – Part 1	E07	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule BA – Part 2	E08	– Occurrence	38
Schedule BA – Part 3	E09	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule BA – Verification Between Years	SI03	– Claims-Made	39
Schedule D – Part 1	E10	Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All	
Schedule D – Part 1A – Section 1	SI05	Perils), Boiler and Machinery)	40
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	41
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 3	E13	Earthquake, Burglary & Theft)	43
Schedule D – Part 4	E14	Schedule P – Part 1J – Auto Physical Damage	44
Schedule D – Part 5	E15	Schedule P – Part 1K – Fidelity/Surety	45
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1M – International	47
Schedule D – Summary By Country	SI04	Schedule P – Part 1N – Reinsurance	48
Schedule D – Verification Between Years	SI03	Schedule P – Part 1O – Reinsurance	49
Schedule DA – Part 1	E17	Schedule P – Part 1P – Reinsurance	50
Schedule DA – Verification Between Years	SI11	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51
Schedule DB – Part A – Section 1	E18	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52
Schedule DB – Part A – Section 2	E18	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53
Schedule DB – Part A – Section 3	E19	Schedule P – Part 1T – Warranty	54
Schedule DB – Part A – Verification Between Years	SI12	Schedule P – Part 2, Part 3 and Part 4 - Summary	32
Schedule DB – Part B – Section 1	E19	Schedule P – Part 2A – Homeowners/Farmowners	55
Schedule DB – Part B – Section 2	E20	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55
Schedule DB – Part B – Section 3	E20	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55
Schedule DB – Part B – Verification Between Years	SI12	Schedule P – Part 2D – Workers' Compensation	55
Schedule DB – Part C – Section 1	E21	Schedule P – Part 2E – Commercial Multiple Peril	55
Schedule DB – Part C – Section 2	E21	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DB – Part C – Section 3	E22	– Occurrence	56
Schedule DB – Part C – Verification Between Years	SI13	Schedule P – Part 2F - Medical Professional Liability - Claims - Made	56
Schedule DB – Part D – Section 1	E22	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
Schedule DB – Part D – Section 2	E23	Boiler and Machinery)	56
Schedule DB – Part D – Section 3	E23	Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56
Schedule DB – Part D – Verification Between Years	SI13	Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56
Schedule DB – Part E – Section 1	E24	Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule DB – Part E – Verification	SI13	Earthquake, Burglary, and Theft)	57
Schedule DB – Part F – Section 1	SI14	Schedule P – Part 2J – Auto Physical Damage	57
Schedule DB – Part F – Section 2	SI15	Schedule P – Part 2K – Fidelity, Surety	57
Schedule E – Part 1 – Cash	E25	Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2M – International	57	Schedule P – Part 4K – Fidelity/Surety	67
Schedule P – Part 2N – Reinsurance	58	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule P – Part 2O – Reinsurance	58	Schedule P – Part 4M – International	67
Schedule P – Part 2P – Reinsurance	58	Schedule P – Part 4N – Reinsurance	68
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59	Schedule P – Part 4O – Reinsurance	68
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59	Schedule P – Part 4P – Reinsurance	68
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule P – Part 2T – Warranty	59	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69
Schedule P – Part 3A – Homeowners/Farmowners	60	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60	Schedule P – Part 4T – Warranty	69
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60	Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule P – Part 3D – Workers' Compensation	60	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule P – Part 3E – Commercial Multiple Peril	60	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	61	Schedule P – Part 5D – Workers' Compensation	73
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	61	Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	76
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61	Schedule P – Part 5F – Medical Professional Liability – Occurrence	75
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61	Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62	Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 3J – Auto Physical Damage	62	Schedule P – Part 5R – Products Liability – Claims-Made	80
Schedule P – Part 3K – Fidelity/Surety	62	Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62	Schedule P – Part 5T – Warranty	81
Schedule P – Part 3M – International	62	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 3N – Reinsurance	63	Schedule P – Part 6D – Workers' Compensation	82
Schedule P – Part 3O – Reinsurance	63	Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 3P – Reinsurance	63	Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64	Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64	Schedule P – Part 6M – International	84
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64	Schedule P – Part 6N – Reinsurance	85
Schedule P – Part 3T – Warranty	64	Schedule P – Part 6O – Reinsurance	85
Schedule P – Part 4A – Homeowners/Farmowners	65	Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65	Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65	Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 4D – Workers' Compensation	65	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P – Part 4E – Commercial Multiple Peril	65	Schedule P Interrogatories	91
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	66	Schedule T – Exhibit of Premiums Written	92
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	66	Schedule T – Part 2 – Interstate Compact	93
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	95
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66	Statement of Income	4
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67	Summary Investment Schedule	SI01
Schedule P – Part 4J – Auto Physical Damage	67	Supplemental Exhibits and Schedules Interrogatories	96
		Underwriting and Investment Exhibit Part 1	6
		Underwriting and Investment Exhibit Part 1A	7
		Underwriting and Investment Exhibit Part 1B	8
		Underwriting and Investment Exhibit Part 2	9
		Underwriting and Investment Exhibit Part 2A	10
		Underwriting and Investment Exhibit Part 3	11