# **ANNUAL STATEMENT** OF THE The Netherlands Insurance Company of\_\_\_\_Keene in the state of \_\_\_\_\_\_New Hampshire TO THE **Insurance Department** OF THE **STATE OF** FOR THE YEAR ENDED **December 31, 2007**



# **ANNUAL STATEMENT**

24171200720100100

For the Year Ended December 31, 2007

OF THE CONDITION AND AFFAIRS OF THE **The Netherlands Insurance Company** 

NAIC Group Code 0111 (Current Period)	0111 NAIC Company (	Code 24171	_ Employer's ID Number_	02-0342937
Organized under the Laws of	(Prior Period)  New Hampshire	, State of Domicile	or Port of Entry New Hamps	shire
Country of DomicileUnited St	ates of America			
Incorporated/Organized:	mber 12, 1978	_ Commenced Busines	ess: January 1, 1979	
	ole Avenue Keene, NH 03431			
Main Administrative Office: 62	Maple Avenue Keene, NH 034	State and Zip Code)  31 603-352-3221 (City, State and Zip Code)	(Area Code)(Telephone Number)	
Mail Address: 175 Berkeley Street (Street and Number)	,		( )( )	
Primary Location of Books and R	ecords: 175 Berkeley Street	Boston, MA 02116	617-357-9500	
Internet Website Address:www	(Street and Number) .LibertyMutualAgencyMarkets.com	(City, State	and Zip Code) (Area Code)(Tele	phone Number)
Statutory Statement Contact:			617-357-9500	44393
Joa	(Name) anne.Connolly@LibertyMutual.com		(Area Code)(Telephone Num 617-574-5955	nber)(Extension)
·	E-Mail Address)  OFFICI Chairman of t Gary Richar Name	the Board rd Grego	(Fax Number)	
1. Gary Richal	rd Gregg	President and Chief E	Executive Officer	
	ampion Kenealy	Secretary		
3. James Fran	ıcis Dore	Treasurer and Chief F	inancial Officer	
	Vice-Presi	idents		
Name	Title	Name		Title
Anthony Alexander Fontanes  Scott Rhodes Goodby	EVP and Chief Investment Officer  EVP and Chief Operating Officer	Joseph Anthony Gilles	Executive Vice F	President
- Cook Hillodge Goods)				
	DIRECTORS OR		0 " 7" 1 0	
James Francis Dore Gary Richard Gregg	John Derek Doyle Christopher Charles Mansfield	Joseph Anthony Gilles	Scott Rhodes G	oodby
, , , , , , , , , , , , , , , , , , , ,				
State of Massachusetts				
County of Suffolk ss				
The officers of this reporting entity being duly above, all of the herein described assets were that this statement, together with related exhiliabilities and of the condition and affairs of the and have been completed in accordance with law may differ; or, (2) that state rules or regulation information, knowledge and belief, respective with the NAIC, when required, that is an exact requested by various regulators in lieu of or in	e the absolute property of the said reporting bits, schedules and explanations therein cor e said reporting entity as of the reporting pe the NAIC Annual Statement Instructions an ations require differences in reporting not re ly. Furthermore, the scope of this attestation et copy (except for formatting differences due	entity, free and clear from any ntained, annexed or referred to riod stated above, and of its in a Accounting Practices and Pelated to accounting practices and by the described officers also	y liens or claims thereon, except as o, is a full and true statement of all t ncome and deductions therefrom for Procedures manual except to the ext and procedures, according to the be o includes the related corresponding	herein stated, and he assets and the period ended, ent that: (1) state st of their gelectronic filing
(Signature)	, •	ature)	(Signatur	•
Gary Richard Gregg (Printed Name)		ampion Kenealy d Name)	James Fran (Printed N	
1.	. 2	2.	3.	,
President and Chief Executive Officer (Title)	Sec(Titl	cretary tle)	Treasurer and Chief F (Title)	-inancial Oπicer
Subscribed and sworn to before me this		a. Is th	his an original filing?	YES[X]NO[ ]
31st day of January	, 2008	b. If no	• •	
			***************************************	
			<ol><li>Number of pages attache</li></ol>	d

# **ASSETS**

			Current Year		Prior Year
		1	2	3	4
				Net Admitted	
			Nonadmitted	Assets	Net Admitted
		Assets	Assets	(Cols. 1 - 2)	Assets
1.	Bonds (Schedule D)	200,889,520		200,889,520	170,233,527
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	899,335		899,335	
	2.2 Common stocks	5,644,957		5,644,957	5,480,511
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 (\$ 2,121,191 , Schedule E-Part 1), cash equivalents (\$ 5,516,645	4-0044-0		4= 004 4=0	
•	Schedule E-Part 2) and short-term investments (\$ 9,643,317, Schedule DA)	17,281,153		17,281,153	58,240,650
6.	Contract loans (including \$ 0 premium notes)				
7.	Other invested assets (Schedule BA)	40.004		40.024	24.040
8.	Receivables for securities	40,831		40,831	31,610
9. 10	Aggregate write-ins for invested assets	224,755,796		224 755 706	233,986,298
10.	Subtotals, cash and invested assets (Lines 1 to 9)	224,755,796		224,755,796	233,900,290
11. 12.	Title plants less \$0 charged off (for Title insurers only)	0 144 202		0 144 202	1 GAO GEE
13.	Premiums and considerations:	2,144,382		2,144,382	1,640,655
13.	13.1 Uncollected premiums and agents' balances in the course of collection	5,966,312	246,533	5,719,779	7,899,991
	13.2 Deferred premiums, agents' balances and installments booked but deferred and	3,300,312	240,333	5,713,773	7,099,991
	not yet due (including \$ 957,096 earned but unbilled premiums)	37,638,795	107,883	37,530,912	34,555,508
	13.3 Accrued retrospective premiums	360,886	46,046	314,840	
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	9,746,000	3,849,675	5,896,325	5,728,041
17.	Guaranty funds receivable or on deposit	4.47.000		147,080	
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	32,196		32,196	
22.	Health care (\$ 0) and other amounts receivable				
23.	Aggregate write-ins for other than invested assets	6,053,755	44,787	6,008,968	6,229,902
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell				
	Accounts (Lines 10 to 23)	286,845,202	4,294,924	282,550,278	290,596,203
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	286,845,202	4,294,924	282,550,278	290,596,203
	DETAILS OF WRITE INC				
	DETAILS OF WRITE-INS				
0901.			*****		
0902.					
0003		1	1	I	I

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	5,268,799	44,787	5,224,012	5,801,094
2302. Equities and deposits in pools and associations	784,956		784,956	428,808
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	6,053,755	44,787	6,008,968	6,229,902

1. Losses (Part 2A, Line 34, Column 8)  2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)  3. Loss adjustment expenses (Part 2A, Line 34, Column 9)  4. Commissions payable, contingent commissions and other similar charges  5. Other expenses (excluding taxes, licenses and fees)  6. Taxes, licenses and fees (excluding federal and foreign income taxes)  103,638,320  23,717,594  23,717,594  3,823,225  3,740,945  6. Taxes, licenses and fees (excluding federal and foreign income taxes)  2,329,068	95,965,825 4,929,464 22,019,072
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)5,382,4293. Loss adjustment expenses (Part 2A, Line 34, Column 9)23,717,5944. Commissions payable, contingent commissions and other similar charges3,823,2255. Other expenses (excluding taxes, licenses and fees)3,740,945	4,929,464
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)23,717,5944. Commissions payable, contingent commissions and other similar charges3,823,2255. Other expenses (excluding taxes, licenses and fees)3,740,945	
4. Commissions payable, contingent commissions and other similar charges       3,823,225         5. Other expenses (excluding taxes, licenses and fees)       3,740,945	
5. Other expenses (excluding taxes, licenses and fees) 3,740,945	3,532,621
	2,731,192
	1,876,147
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses)) 3,367,680	742,321
7.2. Net deferred tay liability	172,021
8. Borrowed money \$ 0 and interest thereon \$ 0 9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of	
\$ 040 0F0 700 1'1 1' 1'A	51,701,230
40 Attended to the control of the con	208,117
	200,117
11. Dividends declared and unpaid:	
11.1 Stockholders	
11.2 Policyholders 23,396	48,484
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 5,245,459	5,895,414
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	1,782
19. Payable to parent, subsidiaries and affiliates 2,038,140	1,597,956
20. Payable for securities	2,097,170
21. Liability for amounts held under uninsured plans	
22. Capital notes \$ 0 and interest thereon \$ 0	
23. Aggregate write-ins for liabilities 9,182,373	40,828,394
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)  218,075,724	234,175,189
25. Protected cell liabilities	
26. Total liabilities (Lines 24 and 25) 218,075,724	234,175,189
27. Aggregate write-ins for special surplus funds	
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 9,597,505	9,597,505
33. Unassigned funds (surplus) 51,277,049	43,223,509
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) 64,474,554	56,421,014
36. TOTALS (Page 2, Line 26, Col. 3) 282,550,278	290,596,203
DETAILS OF WRITE-INS	
2301. Other liabilities 925,985	882,560
2302. Collateral held for securities loaned 8,256,388	39,945,834
2202	30,040,004
2398. Summary of remaining write-ins for Line 23 from overflow page	
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) 9,182,373	40,828,394
	- 1 1
2701.	
2702.	
2703.	
2798. Summary of remaining write-ins for Line 27 from overflow page	
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	
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
	UNDERWRITING INCOME	Current Year	Prior Year
1.	Premiums earned (Part 1, Line 34, Column 4)  DEDUCTIONS	117,737,183	112,069,606
	Losses incurred (Part 2, Line 34, Column 7)	60,459,931	60,835,467
	Loss expenses incurred (Part 3, Line 25, Column 1)	13,344,243	13,388,964
4.	7		37,503,846
6.	Aggregate write-ins for underwriting deductions  Total underwriting deductions (Lines 2 through 5)	115 749 703	111,728,277
	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	1,987,480	341,329
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	10,223,237	8,489,121
10.	Net realized capital gains (losses) less capital gains tax of \$ 35,353 (Exhibit of Capital Gains (Losses))	65,655	(37,827)
11.	Net investment gain (loss) (Lines 9 + 10)	10,288,892	8,451,294
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off		
1,2	(amount recovered \$ 2,023 amount charged off \$ 242,906 )	(240,883)	(167,311)
13.	Finance and service charges not included in premiums Aggregate write-ins for miscellaneous income	158,645 115,994	155,818 315,869
15.	Total other income (Lines 12 through 14)	33,756	304,376
16.	Net income before dividends to policyholders, after capital gains tax	,	,
١	and before all other federal and foreign income taxes (Lines 8 + 11 + 15)		9,096,999
	Dividends to policyholders  Net income effer dividenda to policyholdera effer copital gains toy	283,355	316,796
10.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	12,026,773	8,780,203
19.	Federal and foreign income taxes incurred		4,818,985
20.	Net income (Line 18 minus Line 19) (to Line 22)		3,961,218
	CAPITAL AND SURPLUS ACCOUNT		
	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		52,224,442
	Net income (from Line 20)  Net transfers (to) from Protected Cell accounts	8,372,196	3,961,218
	Change in net unrealized capital gains or (losses) less capital gains tax of \$ (132,362)		30,781
25.	Change in net unrealized foreign exchange capital gain (loss)	(2-0,010)	
26.	Change in net deferred income tax	1,173,638	2,334,575
	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(1,246,479)	(2,210,627)
	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)  Change in surplus notes		
	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	<ul><li>32.2 Transferred from surplus (Stock Dividend)</li><li>32.3 Transferred to surplus</li></ul>		
33.	Surplus adjustments:		**********
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
34.	33.3 Transferred from capital Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		***************************************
	Aggregate write-ins for gains and losses in surplus Change in surplus as regards policyholders for the year (Lines 22 through 37)	8,053,540	80,625 4,196,572
	Change in surplus as regards policyholders for the year (Lines 22 through 37)  Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	64,474,554	56,421,014
		- , ,	, ,-
	DETAILS OF WRITE-INS		
0501. 0502.			
0503.			
	Summary of remaining write-ins for Line 5 from overflow page		
	Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. 1402.	Other income/(expense)	115,994	315,869
1402	***************************************		****
	Summary of remaining write-ins for Line 14 from overflow page		
1499		115,994	315,869
3701	Other changes in surplus		80,625
3702			
3703.			***************************************
	Summary of remaining write-ins for Line 37 from overflow page		00.005
13/99	Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		80,625

# **CASH FLOW**

	1	2
Cash from Operations	Current Year	Prior Year
Premiums collected net of reinsurance	120,589,471	69,220,184
2. Net investment income	9,728,159	8,312,647
3. Miscellaneous income	(396,794)	(1,486,988)
4. Total (Lines 1 through 3)	129,920,836	76,045,843
5. Benefit and loss related payments	EO 226 2E2	11,291,625
Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
	51,837,972	44,085,910
8 Dividends paid to policyholders	308 443	268,312
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	1,064,570	3,904,868
40 Total (12 or 5 th or 15 th)	105,547,238	59,550,715
10. Total (Lines 5 through 9)  11. Net cash from operations (Line 4 minus Line 10)	24,373,598	16,495,128
Cash from Investments	,, ,,,,,	., ,
12. Proceeds from investments sold, matured or repaid:		
10.4 5	44,075,163	33,749,744
10.0 Charles		30,173,177
12.4 Paul estata		
10.5. Other invested exacts		
		(005)
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(885)
12.7 Miscellaneous proceeds	44.075.400	2,071,687
12.8 Total investment proceeds (Lines 12.1 to 12.7)	44,075,163	35,820,546
13. Cost of investments acquired (long-term only):	_,_,,	
13.1 Bonds		68,703,530
13.2 Stocks	1,335,894	400,574
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		********
13.6 Miscellaneous applications	2,106,390	
13.7 Total investments acquired (Lines 13.1 to 13.6)	78,187,144	69,104,104
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(34,111,981)	(33,283,558)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(31,221,114)	47,268,413
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(31,221,114)	47,268,413
	(* ',== ', ' · · · /,	,,
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)	(40,959,497)	30,479,983
19. Cash, cash equivalents and short-term investments:	(40,939,497)	30,479,303
·	58,240,650	27,760,667
19.2 End of year (Line 18 plus Line 19.1)	17,281,153	58,240,650
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	918,885	580,161	573,014	926,032
2.	Allied lines	992,768	500,605	507,409	985,964
3.	Farmowners multiple peril	1,204,312	529,393	614,732	1,118,973
4.	Homeowners multiple peril	9,674,145	4,671,737	5,303,057	9,042,825
5.	Commercial multiple peril	37,123,981	17,124,680	17,717,562	36,531,099
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine	3,795,522	1,519,612	1,622,109	3,693,025
10.	Financial guaranty				
11.1	Medical malpractice - occurrence	(213)		(135)	(78)
11.2	Medical malpractice - claims-made				
12.	Earthquake	462,394	213,765	231,936	444,223
13.	Group accident and health				
14.	Credit accident and health				
	(group and individual)				
15.	Other accident and health				
16.	Workers' compensation	24,378,242	6,329,630	7,107,875	23,599,997
17.1	Other liability - occurrence	6,729,555	3,035,216	3,214,184	6,550,587
17.2	Other liability - claims-made				
18.1	Products liability - occurrence	181,012	77,877	91,093	167,796
18.2	Products liability - claims-made				
	19.2 Private passenger auto liability	9,393,632	3,754,499	4,547,452	8,600,679
	19.4 Commercial auto liability	15,140,164	7,234,059	7,241,414	15,132,809
21.	Auto physical damage	11,387,580	5,007,327	5,544,564	10,850,343
22.	Aircraft (all perils)			********************	
23.	Fidelity	3,772	5,397	4,266	4,903
24.	Surety	33,260	34,164	18,916	48,508
26.	Burglary and theft	14,566	6,594	6,627	14,533
27.	Boiler and machinery	27,442	16,603	19,080	24,965
28.	Credit				
29.	International				
30.	Reinsurance-Nonproportional Assumed Property				***************************************
31.	Reinsurance-Nonproportional Assumed Liability				*********
32.	Reinsurance-Nonproportional Assumed Financial Lines				*********
33.	Aggregate write-ins for other lines of business				
34.	TOTALS	121,461,019	50,641,319	54,365,155	117,737,183

DETAILS OF WRITE-INS		
3301.		
3302.		
3303.		
3398. Summary of remaining write-ins for		
Line 33 from overflow page		
3398. Summary of remaining write-ins for Line 33 from overflow page 3399. Totals (Lines 3301 through 3303 plus 3398)		
(Line 33 above)		1

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

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned but Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
Line of Dusiness	(a)	(a)	i remium	OIT Experience	J+4
1. Fire	573,014				573,014
2. Allied lines	507,409				507,40
Farmowners multiple peril	614,732				614,73
4. Homeowners multiple peril	5,303,057				5,303,05
5. Commercial multiple peril	17,965,654		(249,934)	1,842	17,717,56
6. Mortgage guaranty					
B. Ocean marine					
9. Inland marine	1,622,109				1,622,109
10. Financial guaranty					
11.1 Medical malpractice - occurrence	(135)				(135
11.2 Medical malpractice - claims-made					
12. Earthquake	231,936				231,93
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	7,647,592		(533,435)	(6,283)	7,107,874
17.1 Other liability - occurrence	3,389,754		(173,728)	(1,842)	3,214,184
17.2 Other liability - claims-made		* * * * * * * * * * * * * * * * * * * *			
18.1 Products liability - occurrence	91,093				91,09
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	4,547,452	* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		4,547,45
19.3, 19.4 Commercial auto liability	7,241,414	* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *		7,241,41
21. Auto physical damage	5,544,564		* * * * * * * * * * * * * * * * * * * *		5,544,56
22. Auto priyoidal damage	5,544,504	* * * * * * * * * * * * * * * * * * * *			
22. Aircraft (all perils) 23. Fidelity		4 220			4,26
24 0	37	4,229 4,047			18,91
24. Surety	14,868				
26. Burglary and theft	6,627 19,080				6,62
27. Boiler and machinery	19,000				19,08
29. International					
30. Reinsurance-Nonproportional Assumed Property					
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	55,320,257	8,276	(957,097)	(6,283)	54,365,15
35. Accrued retrospective premiums based on experience					6,28
36. Earned but unbilled premiums					957,09
37. Balance (Sum of Line 34 through 36)					55,328,53
or. Dalance (outli of Line of though 50)					33,320,33

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

<sup>(</sup>a) State here basis of computation used in each case Daily pro rata

# **UNDERWRITING AND INVESTMENT EXHIBIT**

# PART 1B - PREMIUMS WRITTEN

	1	Reinsurance Assumed		Reinsurance Ceded		6
Line of Business	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	3,792,603	918,885		3,792,603		918,885
2. Allied lines	4,903,924	992,768		4,903,924		992,768
Farmowners multiple peril		1,204,312				1,204,312
Homeowners multiple peril	1,048,310	9,674,145		1,048,310		9,674,145
Commercial multiple peril	372,541,618	37,123,981		372,541,618		37,123,981
Mortgage guaranty						
8. Ocean marine						
9. Inland marine	1,370,035	3,795,522		1,370,035		3,795,522
10. Financial guaranty						
11.1 Medical malpractice - occurrence		(213)				(213)
11.2 Medical malpractice - claims-made						
12. Earthquake	4,119,919	462,394		4,119,919		462,394
13. Group accident and health						
Credit accident and health (group and individual)						
15. Other accident and health						
40 Made at a second a	157,264,485	24,378,242		157,264,485		24,378,242
17.1 Other liability - occurrence	5.214.364	6,729,555		5,214,364		6,729,555
17.2 Other liability - claims-made	0,211,001					0,120,000
18.1 Products liability - occurrence	281,662	181,012		281,662		181,012
18.2 Products liability - claims-made	201,002			201,002		101,012
19.1, 19.2 Private passenger auto liability	902,995	9,393,632		902,995		9,393,632
19.3, 19.4 Commercial auto liability	133,992,473	15,140,164		133,992,473		15,140,164
21. Auto physical damage	40,623,817	11,387,580		40,623,817		11,387,580
22. Aircraft (all perils)	40,023,017	11,307,300		40,023,017		11,307,300
22. Aircraft (all perils)	3,407	3,772		3,407		3,772
<ul><li>23. Fidelity</li><li>24. Surety</li></ul>	13,508	33,260		13,508		33,260
26 Purglany and thoff	14,366	14,566		14,366		14,566
27. Boiler and machinery	318	27,442		318		27,442
28. Credit						27,442
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
Reinsurance-Nonproportional Assumed Financial Lines     Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business  33. Aggregate write-ins for other lines of business						
34. TOTALS	726,087,804	121,461,019		726,087,804		121,461,019
OT. IOIALO	120,001,004	121,401,019		120,001,004		121,401,019
DETAILS OF WRITE-INS						

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

(a)	Does the	e cor	mpany's direct premiums written include premiums recorded on an installment basis?	
	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 2 - LOSSES PAID AND INCURRED

Line of Business			Losses Paid Less Salvage			5	6	7	8
2 All diffuse	Line of Business		Reinsurance	Reinsurance	7	Unpaid Current Year	Unpaid	Incurred Current Year	Losses Incurred (Col. 7, Part 2) to Premiums Earned
2 All diffuse	1. Fire	386,844	613,547	386,844	613,547	224,986	224,718	613,815	66.284
Seminoraria mulpile peril   1,455,388   4,656,888   1,455,388   4,565,588   2,219,394   225,676   673,586   690	2. Allied lines							383,952	38.942
4. Homeowners multiple peri							235.676		60.197
S. Commercial multiple pied		1.435.388		1.435.388	4.565.868		2.008.682	4.576.580	50.610
8. Ocean marine 9. 1082,099 1.084,424 192,009 1.084,424 311,007 364,745 1.031,286 27 9. Francial guaranty 11.2 Medical mispractice - clearer - marks 11.2 Medical mispractice - clearer - marks 12.2 Earthquake 22.8 22.8 5.2 188 9.2 0. 13. Group accident and health (program of missratice) 14. Construction and health (program of missratice) 15. Other accident and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratic and health (program of missratice) 15. Other labelity - coursers of missratice and health (program of missratice) 15. Othe	F O	457.004.070	15,047,417	157,891,676		26,923,687	24,794,267	17,176,837	47.020
8 Colear marine					*************************				* * * * * * * * * * * * * * * * * * * *
Section   1,084,424   182,009   1,084,424   182,009   1,084,424   311,607   364,745   1,031,286   27					236		667	(431)	
10   Femoral guaranty		182.809		182.809		311.607		1.031.286	27.925
11.1 Medical registractice - courrence     228   228   52   186   92   0.     12. Edit-quarke   228   228   52   186   92   0.     13. Group accident and health (group and individual)			· · · · · · · · · · · · · · · · · · ·						
11.2 Medical malipractice - claims - made   228   228   52   188   92   0.						* * * * * * * * * * * * * * * * * * * *			
12 Earthquake   228   228   52   168   92   0						* * * * * * * * * * * * * * * * * * * *			
13. Group accident and health			228		228	52	188	92	0 021
14. Credit accident and health (group and individual)									
15 Other accident and health						******			* * * * * * * * * * * * * * * * * * * *
16. Workers' compensation						******			* * * * * * * * * * * * * * * * * * * *
17.1 Other liability - coursence		50 201 352	10 991 121	50 201 352	10 991 121	42 001 493	38 340 952	14 651 662	62.083
17.2 Other liability - calims - made									54.217
18.1 Products liability - cocurrence   1.169   15.091   1.169   15.091   239,442   169,289   85,244   50     18.2 Products liability - cocurrence   1.169   15.091   1.169   15.091   239,442   169,289   85,244   50     19.1 19.2 Private passenger auto liability   5.78,75,756   6.649,658   75,875,95   6.649,658   75,875,95   6.649,658   75,875,95   6.649,658   75,875,95   6.649,658   75,875,95   6.649,658   75,875,95   6.649,658   75,875,95   75,818   7.189,841   7.911,564   5.054,095   5.88   75,875,95   75,818   7.189,841   7.911,564   7.								5,551,527	
18.2 Products liability - claims - made		1 160	15.001	1 160	15.001	230 442	160 280	95 244	50.802
19.1, 19.2 Private passenger auto liability   2.249.607   5.776.818   2.349.607   5.776.818   7.188.841   7.911.564   5.054.095   5.89.395   5.49.4058   57.857.595   6.649.658   57.857.595   6.649.658   57.857.595   6.649.658   57.857.595   6.649.658   57.857.595   6.649.658   57.857.595   6.649.658   57.857.595   6.649.658   57.857.695   57.857.695   6.649.658   57.857.695   6.649.658   57.857.695   57.	18.2 Products liability - occurrence		15,091				109,209	00,244	50.002
19.3, 19.4 Commercial auto liability   57,857,955   6,649,658   57,857,955   6,649,658   13,574,927   13,764,700   6,459,795   42   21,401 bytosical damage   22,921,143   5,635,469   22,921,143   5,635,469   463,752   282,574   5,816,647   53   22,816,647   53   22,816,647   53   22,816,647   23,816,647   24,816,6	10.1 10.2 Private passenger auto liability	2 340 607	5 776 919	2 340 607	5 776 919	7 100 0/1	7 011 564	5.054.005	58.764
21 Auto physical damage   22,921,143   5,635,469   22,921,143   5,635,469   463,752   282,574   5,816,647   53     22 Aircraft (all perils)   (103)		2,349,007	5,770,010	2,349,007	6 640 650	1,100,041	1,911,004	5,054,095	42.687
22 Aircraft (all perils)   23 Fidelity   (103) (176) (103) (176) (103) (176)   2.757   7.342   (4.761) (97.		22,021,393		27,037,393			13,704,790	0,459,795 F 016 647	53.608
23 Fidelity		22,921,143	5,635,469	22,921,143	5,035,409	403,732	202,374	5,010,047	53.500
24 Surety (2,430) 11,287 (2,430) 11,287 (515,510 82,172 544,625 1,122 68 Burglary and theft 21,287 756 21,287 756 386 796 346 2.2 78 boller and machinery 1,281 5,242 (3,981) (15, 28 Credit 21,281 21		(402)	(470)	(402)	(470)	0.757	7 240	(4.704)	(07.404)
26. Burglary and theft		(103)	(1/0)			2,/5/		(4,/01)	(97.104)
27. Boiler and machinery   1,261   5,242   (3,981)   (15, 28. Credit   29. International   30. Reinsurance-Nonproportional Assumed Property   X X X   4,792   4,792   24,973   180,748   (150,983)   31. Reinsurance-Nonproportional Assumed Liability   X X X   4,792   4,792   24,973   180,748   (150,983)   32. Reinsurance-Nonproportional Assumed Financial Lines   X X X   3. Aggregate write-ins for other lines of business   34. TOTALS   295,649,064   52,787,436   295,649,064   52,787,436   103,638,320   95,965,823   60,459,933   51   3301.   3302.   3303.   3303.   3303.   3308. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 33 from overflow page   4. Summary of remaining write-ins for Line 34 from overflow page   4. Summary of remaining write-ins for Line 34 from overflow page   4. Summary of remaining write-ins for Line 34 from overflow page   4. Summary of remaining write-ins for Line 34 from overflow									1,122./53
28. Credit 29. International 30. Reinsurance-Nonproportional Assumed Property 31. Reinsurance-Nonproportional Assumed Property 32. Reinsurance-Nonproportional Assumed Liability 33. Agregate write-ins for other lines of business 34. TOTALS   DETAILS OF WRITE-INS  DETAILS OF WRITE-INS  DETAILS OF WRITE-INS  Summary of remaining write-ins for Line 33 from overflow page  DETAILS OF WRITE-INS Summary of remaining write-ins for Line 33 from overflow page		21,287	/50	21,287					2.381
29. International   30. Reinsurance-Nonproportional Assumed Property   X X   X   X   X   X   X   X   X   X						1,261	5,242	(3,981)	(15.946)
30. Reinsurance-Nonproportional Assumed Property   X X X									
31. Reinsurance-Nonproportional Assumed Liability		[							
32. Reinsurance-Nonproportional Assumed Financial Lines   X X X     33. Aggregate write-ins for other lines of business   34. TOTALS   295,649,064   52,787,436   295,649,064   52,787,436   103,638,320   95,965,823   60,459,933   51					· · · · · · · · · · · · · · · · · · ·	04.070	400 740	(450.000)	
33. Aggregate write-ins for other lines of business 34. TOTALS  DETAILS OF WRITE-INS  DETAILS OF WRITE-INS  3301.  3302.  3303.  3308. Summary of remaining write-ins for Line 33 from overflow page		V/ V/ V/	4,792		4,792	24,973	180,748	(150,983)	
34. TOTALS   295,649,064   52,787,436   295,649,064   52,787,436   103,638,320   95,965,823   60,459,933   51	32. Keinsurance-Nonproportional Assumed Financial Lines	[							
DETAILS OF WRITE-INS	33. Aggregate write-ins for other lines of business	227.242.25	-0 -0- 10-	00= 040 0= 1		100 000 000		00 150 555	=
3301. 3302. 3303. 3398. Summary of remaining write-ins for Line 33 from overflow page	34. IUIALS	295,649,064	52,787,436	295,649,064	52,787,436	103,638,320	95,965,823	60,459,933	51.352
3302. 3303. 3398. Summary of remaining write-ins for Line 33 from overflow page	DETAILS OF WRITE-INS								
3303. 3398. Summary of remaining write-ins for Line 33 from overflow page	3301.								
3398. Summary of remaining write-ins for Line 33 from overflow page									
3398. Summary of remaining write-ins for Line 33 from overflow page									
19900 Table // ince 3904 through 9909 ( 2900) // inc 99 above)	3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	<del>                                     </del>			+				

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

	Reported Losses			Incurred But Not Reported			8	9		
	•	1	2	3	4	5 6 7			1	
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1 2 3 4 5	Allied lines Farmowners multiple peril Homeowners multiple peril Commercial multiple peril	462,326 449,209 450,025 148,857,455	207,349 142,592 256,466 1,624,394 16,016,663	462,326 449,209 450,025 148,857,455	207,349 142,592 256,466 1,624,394 16,016,663	21,570 24,353 129,859 75,841,487	17,637 5,994 39,274 395,000 10,907,024	21,570 24,353 129,859 75,841,487	224,986 148,586 295,740 2,019,394 26,923,687	44,829 20,821 48,798 426,697 12,294,843
	Ocean marine Inland marine D. Financial guaranty Medical malpractice - occurrence	52,500	256,990	52,500	256,990	4,485	54,617	4,485	311,607	60,584
1 1 1	2. Earthquake 3. Group accident and health		52		52				(a) 52 (a)	535
)   1   1	6. Workers' compensation 7.1 Other liability - occurrence 7.2 Other liability - claims - made	87,292,714 1,210,010 71,995	24,725,434 3,228,110 87,764	87,292,714 1,210,010	24,725,434 3,228,110 87,764	59,478,892 6,415,358 179,455	17,276,060 6,372,814 151,679	59,478,892 6,415,358 179,455	42,001,494 9,600,924 239,443	5,262,967 1,651,883 46,599
1 1 1 2	3.2 Products liability - claims - made 9.1, 19.2 Private passenger auto liability 9.3, 19.4 Commercial auto liability 1. Auto physical damage	1,414,520 68,104,728 2,225,377	5,312,857 7,976,534 463,134	1,414,520 68,104,728 2,225,377	5,312,857 7,976,534 463,134	357,447 46,894,912	1,875,984 5,598,392 617	357,447 46,894,912	7,188,841 13,574,926 463,751	1,392,095 2,395,519 71,194
2 2 2 2 2	3. Fidelity 4. Surety 5. Burglary and theft 7. Boiler and machinery	25,015	557,294 22	25,015	557,294 22	316 17,636	2,757 58,216 364 1,261	316 17,636	2,757 615,510 386 1,261	221 (1,042) 496 554
2 2 3 3 3 3	International     Reinsurance-Nonproportional Assumed Property     Reinsurance-Nonproportional Assumed Liability     Reinsurance-Nonproportional Assumed Financial Lines     Aggregate write-ins for other lines of business	XXX XXX XXX	24,973		24,973	XXX XXX XXX			24,973	
3	4. TOTALS	310,615,874	60,880,628	310,615,874	60,880,628	189,365,770	42,757,690	189,365,770	103,638,318	23,717,593
	DETAILS OF WRITE-INS									
3 3	301. 302. 303. 398. Summary of remaining write-ins for Line 33 from overflow page									
3	399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)									

<sup>(</sup>a) Including \$ ...... 0 for present value of life indemnity claims.

# **UNDERWRITING AND INVESTMENT EXHIBIT PART 3 - EXPENSES**

		1	2 Other	3	4
		Loss Adjustment Expenses	Underwriting Expenses	Investment Expenses	Total
1.	Claim adjustment services:				
	1.1 Direct	38,399,975			38,399,975
	1.2 Reinsurance assumed	4,862,210			4,862,210
	1.3 Reinsurance ceded				38,399,975
	1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	4,862,210			4,862,210
2.	Commission and brokerage:				
	2.1 Direct, excluding contingent		99,653,489		99,653,489
	2.2 Reinsurance assumed, excluding contingent		16,656,599		16,656,599
	2.3 Reinsurance ceded, excluding contingent		99,653,489		99,653,489
	2.4 Contingent-direct				
	2.5 Contingent-reinsurance assumed		3,403,566		3,403,566
	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)		20,060,165		20,060,165
3.	Allowances to manager and agents		34,649		34,649
4.	Advertising	147,890	630,912	354	779,156
5.	Boards, bureaus and associations	16,805	332,820	4	349,629
6.	Surveys and underwriting reports		245,796	7.0	
7.	Audit of assureds' records				
8.	Salary and related items:				
	8.1 Salaries	4,200,465	9,279,810	53,677	13,533,952
	8.2 Payroll taxes		731,175	2,512	994,397
9.	Employee relations and welfare		2,673,191	3,278	3,607,924
10.	Insurance	712,914	47,109	510	760,533
11.	Directors' fees		9.0		
12.	Travel and travel items	235,572	701,281	889	937,742
13.	Rent and rent items	355,832	1,083,960	751	1,440,543
14.	Equipment	190,902	663,521	957	855,380
15.	Cost or depreciation of EDP equipment and software		298,848	288	508,793
	Printing and stationery		181,786	133	239,342
17.	Postage, telephone and telegraph, exchange and express	144,798	515,153	257	660,208
18.	Legal and auditing	55,357	173,503	7,174	236,034
	Totals (Lines 3 to 18)	7,519,794	17,593,604	70,854	25,184,252
20.	Taxes, licenses and fees:				
	20.1 State and local insurance taxes deducting guaranty association				
	credits of \$ 33,805		2,925,092		2,925,092
	20.2 Insurance department licenses and fees		78,670		78,670
	20.3 Gross guaranty association assessments		(22,963)		(22,963)
	20.4 All other (excluding federal and foreign income and real estate)		135,255		135,255
	20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				3,116,054
21.	Real estate expenses				
22.	Real estate taxes				
23.	Reimbursements by uninsured plans				
24.	Aggregate write-ins for miscellaneous expenses		1,175,705	5,013	2,142,957
25.	Total expenses incurred		41,945,528	,	
26.	Less unpaid expenses-current year		9,893,237		33,610,831
27.	Add unpaid expenses-prior year		8,139,960		30,159,032
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)	11,645,721	40,192,251	75,867	51,913,839
	DETAILS OF WRITE-INS				
2404		F07 000			F07 000
	Change in unallocated expense reserves		4 475 705	- 040	597,388
	Other expenses		1,175,705	5,013	1,545,569
2403.	Common of complaints with in fact line 24 from profiler and				
	Summary of remaining write-ins for Line 24 from overflow page	062 220	1 175 705	5.012	2 142 057

<sup>(</sup>a) Includes management fees of \$ 75,867 to affiliates and \$ 0 to non-affiliates.

2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)

962,239

1,175,705

5,013

2,142,957

# **EXHIBIT OF NET INVESTMENT INCOME**

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 3,031,246	2,886,294
1.1	Bonds exempt from U.S. tax	(a) 895,192	1,334,682
1.2	Other bonds (unaffiliated)	(a) 4,614,332	4,867,105
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)	435,226	435,226
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) 748,184	704,386
	Derivative instruments	(f)	
	Other invested assets		
	Aggregate write-ins for investment income	71,197	71,197
10.	Total gross investment income	9,795,377	10,299,104
	Investment expenses		(g) 75,867
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)		75,867
17.	Net investment income (Line 10 minus Line 16)		10,223,237
	DETAILS OF WRITE-INS		
	Miscellaneous Income/(Expenses)	71,197	71,197
0902.			
0903.	0		
	Summary of remaining write-ins for Line 9 from overflow page	71,197	71,197
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	11,197	71,197
1501.			
1502.			
1503.			
	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(b) Inc (c) Inc (d) Inc (e) Inc	Hudes \$ 0 for company's occupancy of its own buildings; and excludes \$ 29,910 accrual of discount less \$ 0 amortization of premium and les dudes \$ 0 accrual of discount less \$ 0 amortization of premium.	s \$ 0 paid for accrued of s \$ 0 paid for accrued of the second of the se	dividends on purchases. interest on purchases. interest on purchases.
to (h) Inc	cludes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fe segregated and Separate Accounts.  cludes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.  cludes \$ 0 depreciation on real estate and \$ 0 depreciation on other inv		ributable

# **EXHIBIT OF CAPITAL GAINS (LOSSES)**

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax	* * * * * * * * * * * * * * * * * * * *				
1.2	Other bonds (unaffiliated)	101,007		101,007	(106,063)	
1.3	Bonds of affiliates				* * * * * * * * * * * * * * * * * * * *	
2.1	Preferred stocks (unaffiliated)				* * * * * * * * * * * * * * * * * * * *	
	Preferred stocks of affiliates				* * * * * * * * * * * * * * * * * * * *	
2.2	Common stocks (unaffiliated)		* * * * * * * * * * * * * * * * * * * *		(272,114)	
2.21	Common stocks of affiliates		* * * * * * * * * * * * * * * * * * * *		* * * * * * * * * * * * * * * * * * * *	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	•					
7.	Derivative instruments					
8.	Other invested assets	* * * * * * * * * * * * * * * * * * * *				
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	101,007		101,007	(378,177)	

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

# **EXHIBIT OF NONADMITTED ASSETS**

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			* * * * * * * * * * * * * * * * * * * *
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			* * * * * * * * * * * * * * * * * * * *
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term			
	investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants ( for Title insurers only )			
12.	Investment income due and accrued			
13.	Premiums and considerations:			
	13.1 Uncollected premiums and agents' balances in the course of collection	246,533		
	13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	107,883	101,952	(5,931)
	13.3 Accrued retrospective premiums	46,046	41,741	(4,305)
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	Current federal and foreign income tax recoverable and interest thereon  Net deferred tax asset	3,849,675	2,711,959	(1,137,716
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	44,787	27,124	(17,663)
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell	1001001	004044-	// 0/0 /=0
٥٢	Accounts (Lines 10 to 23)	4,294,924	3,048,445	(1,246,479)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	4 004 004	2.040.445	(4.040.470)
26.	Total (Lines 24 and 25)	4,294,924	3,048,445	(1,246,479)
		1	T	T
	DETAILS OF WRITE-INS			
0901.				

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	44,787	27,124	(17,663)
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)	44,787	27,124	(17,663)

#### 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:

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

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

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

#### Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

#### C. Impairment Loss

Not applicable

#### **Note 4- Discontinued Operations**

The Company has no discontinued operations to report.

#### **Note 5- Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

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

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

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

- A. The Company has no investments in joint ventures, partnerships, or limited liability companies.
- B. Impairments on joint ventures, partnerships and limited liability companies

Not applicable

#### Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2007.

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

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

#### Note 9 - Income Taxes

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

	December 31, 2007	December 31, 2006	Change
Total of gross deferred tax assets	10,298,000	10,073,000	225,000
Total of deferred tax liabilities	(552,000)	(1,633,000)	1,081,000
Net deferred tax asset (liability)	9,746,000	8,440,000	1,306,000
Net deferred tax asset non-admitted	(3,849,675)	(2,711,959)	1,137,716)
Net admitted deferred tax asset (liability)	5,896,325	5,728,041	168,284

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

	2007	2006
Federal tax on operations	3,654,577	4,818,985
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	3,654,577	4,818,985
Tax on capital (losses) gains	35,353	(20,369)
Total income tax incurred	3,689,930	4,798,616

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

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

	2007
Change in net deferred income tax (without unrealized gain or loss)	1,173,638
Tax effect of unrealized (gains) losses	132,362
Total change in net deferred income tax	1,306,000

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill, tax exempt interest and statutory non-admitted assets.
- The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$4,206,000 from the current year and \$3,597,000 from the preceding year.

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

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

Access Insurance Services, Co. Ambco Capital Corporation America First Insurance Company America First Lloyds Insurance Company American Ambassador Casualty Company American Fire & Casualty Insurance Company \* Avomark Insurance Company \*

Berkeley Holding Company Associates, Inc. Berkeley Management Corporation Bridgefield Casualty Insurance Company Bridgefield Employers Insurance Company Capitol Agency, Inc. (Arizona corporation) Capitol Agency, Inc. (Ohio corporation) Capitol Agency, Inc. (Tennessee corporation) Cascade Disability Management, Inc.

Colorado Casualty Insurance Company

Companies Agency Insurance Services of California Companies Agency of Alabama, Inc. Companies Agency of Georgia, Inc. Companies Agency of Kentucky, Inc. Companies Agency of Massachusetts, Inc. Companies Agency of Michigan, Inc. Companies Agency of New York, Inc. Companies Agency of Pennsylvania, Inc. Companies Agency of Phoenix, Inc. Consolidated Insurance Company Copley Venture Capital, Inc. Countrywide Services Corporation Diversified Settlements, Inc.

Employers Insurance Company of Wausau **Excelsior Insurance Company** 

Florida State Agency, Inc. Globe American Casualty Company Golden Eagle Insurance Corporation

Gulf States AIF, Inc.

Hawkeye-Security Insurance Company Helmsman Insurance Agency of Illinois, Inc. Helmsman Insurance Agency of Texas, Inc. Heritage-Summit Healthcare of Florida, Inc.

Indiana Insurance Company

LEXCO Limited

Liberty Assignment Corporation Liberty Energy Canada, Inc. \* Liberty Financial Services, Inc.

Liberty Mutual Group Inc.

Liberty Mutual Holding Company, Inc. Liberty Mutual Insurance Company Liberty Mutual Managed Care, Inc.

Liberty Mutual Personal Insurance Company Liberty Northwest Insurance Corporation Liberty Personal Insurance Company Liberty RE (Bermuda) Limited Liberty Real Estate Corporation

Liberty Sponsored Insurance (Vermont) Inc. Liberty Surplus Insurance Corporation

Liberty-USA Corporation LIH-Re of America Corporation LIH U.S. P&C Corporation LIIA Insurance Agency, Inc. LIU Specialty Insurance Agency, Inc.

LLS Insurance Agency of Nevada, Inc. LM General Insurance Company LM Insurance Corporation LM Personal Insurance Company

LM Property & Casualty Insurance Company LMHC Massachusetts Holding, Inc.

LRE Properties, Inc. Mid-American Agency, Inc.

Mid-American Fire and Casualty Company

Missouri Agency, Inc.

North Pacific Insurance Company Oregon Automobile Insurance Company

OCASCO Budget, Inc \* OCI Printing, Inc.\* Ohio Casualty Corporation \* Ohio Casualty Insurance Company \* Ohio Casualty of New Jersey, Inc 3 Ohio Life Brokerage Services, Inc.\* Ohio Security Insurance Company 3 Peerless Indemnity Insurance Company

Peerless Insurance Company San Diego Insurance Company

State Agency, Inc. (Indiana corporation) State Agency, Inc. (Wisconsin corporation)

St. James Insurance Company Summit Consulting, Inc.

Summit Consulting, Inc. of Louisiana Summit Holding Southeast, Inc.

Liberty Hospitality Group, Inc. Liberty Insurance Company of America The Midwestern Indemnity Company

Liberty Insurance Corporation

Liberty Insurance Holdings, Inc. The Netherlands Insurance Company Liberty Insurance Underwriters, Inc. Wausau Service Corporation

Liberty Life Assurance Company of Boston

Liberty Life Holdings, Inc.

Liberty Lloyds of Texas Insurance Company

Liberty Management Services, Inc.

Liberty Mexico Holdings, Inc.

Liberty Mutual Fire Insurance Company

The First Liberty Insurance Corporation

The National Corporation

Wausau Signature Agency, Inc.

Wausau Business Insurance Company

Wausau General Insurance Company Wausau Underwriters Insurance Company

West American Insurance Company \*

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

- All outstanding shares in the Company are owned by Peerless Insurance Company ("PIC"), an insurance company incorporated in the State of New Hampshire. PIC is a wholly owned subsidiary of 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 wholly owned by Liberty Mutual Insurance Company ("LMIC"), an insurance company incorporated in Massachusetts. The ultimate parent of LMIC is Liberty Mutual Holding Company, Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. Refer to Notes 10F and 25.
- At December 31, 2007, the Company reported \$2,005,944 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material E. 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 entered into a services agreement (the "Agreement"), effective January 1, 1999, with the Peerless Insurance Company ("PIC") and other affiliates. The Agreement allows parties to the Agreement to provide services related to common management functions including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resources services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

The Company entered into investment management agreements, effective January 1, 2007 with LMIC, and effective May 1, 2000 with Liberty Mutual Investment Advisors LLC (LMIA). Under these agreements, LMIC and LMIA provide investment management services to the Company.

The Company entered into a cash management agreement with LMIA effective January 28, 2000.

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

The Company entered into a management services agreement, effective December 15, 2001, 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

The Company entered into an agreement for a loan or extension of credit effective May 22, 2006; namely a revolving credit agreement under which they may borrow up to \$50,000,000 from LMIC. Each loan will be for six months or less. 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, 2007, 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 an upstream company, either directly or indirectly.
- 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

<sup>\*</sup> This company joined the consolidated group in 2007 and its activity from the date it joined the group is included in the consolidated return.

Investment in downstream non-insurance holding companies.

Refer to 10 I

#### Note 11- Debt

Not applicable

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

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

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

Common Stock

The Company has 5,000 shares authorized, and 3,600 shares issued and outstanding as of December 31, 2007. All shares have a stated par value of \$1,000.

2. Preferred Stock

Not applicable

3. Dividend Restrictions

There are no dividend restrictions.

- The maximum amount of dividends which can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of policyholder surplus less any dividends paid in the preceding twelve months. The maximum dividend payout which may be made without prior approval in 2008 is \$6.447.455.
- The Company does not have restricted unassigned surplus.
- The Company had no advances to surplus.
- The Company does not hold stock for special purposes. 7.
- 8. The Company does not hold special surplus funds.
- The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$(202,148).
- 10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

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

#### **Note 14- Contingencies**

A. Contingent Commitments

The Company has 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 \$731,905 that is offset by future premium tax credits of \$147,080. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2007.

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

C. Gain Contingencies

Not applicable

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.

#### Note 15- Leases

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

The following is a schedule of the Company's minimum lease obligations under these agreements for the next five years:

Year(s)	Operating Lease		
	Arrangements		
2008	\$429,999		
2009	385,126		
2010	327,532		
2011	251,987		
2012	239,946		
2013 & thereafter	595,049		
Total	\$2,229,639		

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

The Company did not 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 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. 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 a 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, 2007 the total market value of fixed maturities on loan was \$24,213,849 with corresponding collateral value of \$25,279,620 of which \$8,256,388 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

#### Note 20- Other Items

- A. The Company has no extraordinary items to report.
- B. Troubled Debt Restructuring for Debtors

Not applicable

- C. Other Disclosures
  - Assets in the amount of \$3,738,204 and \$3,266,242 as of December 31, 2007 and 2006, respectively, were on deposit with government authorities or trustees as required by law.
- The Company routinely assesses the collectibility of its premium receivable. Based upon Company experience, amounts in excess of non-admitted amounts are not believed to be material.
- E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

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

The Company currently owns the following securities meeting the NAIC definition of "Hybrid Securities" per SVO report 9B. These are all NAIC Class 1 securities reported on Schedule D1.

<u>CUSIP</u>	<u>Issuer</u>	<u>Description</u>	Book/Adjusted Carrying Value
065912AA5	BankAmerica Instit-B	Redeemable Preferred	899, 335

I. Sub-Prime Lending

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

#### Note 21- Events Subsequent

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

#### Note 22- Reinsurance

- A. Excluding amounts arising pursuant to the PIC Inter-Company Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.
- 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
  - The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2007.

	Assumed Re	nsurance	<u>Ceded Reinsurance</u>		Net Reins	surance
		Commission		Commission		Commission
	UEP	Equity	UEP	Equity	UEP	Equity
Affiliates	\$55,328,535	\$3,982,022	\$348,350,703	\$36,256,875	\$(293,022,168)	\$(32,274,853)
All Other	0	0	0	0	0	0
Total	\$55,328,535	\$3,982,022	\$348,350,703	\$36,256,875	\$(293,022,168)	\$(32,274,853)

Direct unearned premium reserve of \$348,350,703

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

Direct	\$0
Assumed	3,523,512
Ceded	0
Net	\$3,523,512

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

- D. The Company did not write off any uncollectible balances in 2007.
- E. The Company does not have ceded commutations.
- F. The Company does not have any retroactive reinsurance agreements.
- G. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2007.

#### 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	\$360,886
b. Less: Non-admitted amount 10%	46,046
c. Admitted amount	\$314,840

#### Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred loss and loss adjustment expenses attributed to insured events of prior years has decreased during 2007, primarily as a result of improving loss trends in the Commercial Multiple Peril, Commercial Auto Liability and Workers Compensation lines of business. Prior estimates are revised as additional information becomes known regarding individual claims.

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

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

		<u>NAIC</u> <u>Co. #</u>	Pooling <u>%</u>	<u>Lines of</u> <u>Business</u>
Lead Company	Peerless Insurance Company (PIC)	24198	70.93%	All Lines
Affiliated Pool				
Companies:	Peerless Indemnity Insurance Company (PIIC)	18333	0.30%	All Lines
•	Golden Eagle Insurance Corporation (GEIC)	10836	13.25%	All Lines
				(Except WC)
	Indiana Insurance Company (IIC)	22659	12.25%	All Lines
	The Netherlands Insurance Company (NIC)	24171	3.27%	All Lines
	American Ambassador Casualty Company (AACC)	10073	0.00%	All Lines
	America First Insurance Company (AFIC)	12696	0.00%	All Lines
	America First Lloyd's Insurance Company (AFLIC)	11526	0.00%	All Lines
	Colorado Casualty Insurance Company (CCIC)	41785	0.00%	All Lines
	Consolidated Insurance Company (CIC)	22640	0.00%	All Lines
	Excelsior Insurance Company (EIC)	11045	0.00%	All Lines
	Globe American Casualty Company (GACC)	11312	0.00%	All Lines
	Hawkeye-Security Insurance Company (HSIC)	36919	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company	14486	0.00%	All Lines
	(fka Merchants & Business Men's Mutual Insurance			
	Company) (LMMAIC)			
	Mid-American Fire & Casualty Company (MAFCC)	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company (MMC)	14613	0.00%	All Lines
	The Midwestern Indemnity Insurance Company (MWIC)	23515	0.00%	All Lines
			100.00%	

100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation (LNW)	41939	0.00%	All Lines
	National Insurance Association (NIA)	27944	0.00%	All Lines
	North Pacific Insurance Company (NPIC)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (OAIC)	23922	0.00%	All Lines

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.

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2008, the PIC Amended and Restated Reinsurance Pooling Agreement was amended to adjust pooling percentages and add the affiliates noted below. Concurrently, each company noted below terminated their existing inter-company reinsurance agreements.

> American Fire and Casualty Company Avomark Insurance Company National Insurance Association Ohio Casualty of New Jersey, Inc. Ohio Security Insurance Company The Ohio Casualty Insurance Company West American Insurance Company

Effective January 1, 2008 Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company novated their 100% quota share agreements with Liberty Mutual Insurance Company to substitute PIC as the reinsurer.

Therefore, effective January 1, 2008, the PIC Amended and Restated Reinsurance Pooling Agreement consisted of the following affiliated companies:

		<u>NAIC</u> <u>Co. #</u>	Pooling <u>%</u>	<u>Lines of</u> <u>Business</u>
Lead Company	Peerless Insurance Company (PIC)	24198	42.00%	All Lines
Affiliated Pool				
Companies:	Peerless Indemnity Insurance Company (PIIC)	18333	5.00%	All Lines
_	Golden Eagle Insurance Corporation (GEIC)	10836	7.00%	All Lines (Except WC)
	Indiana Insurance Company (IIC)	22659	8.00%	All Lines
	The Netherlands Insurance Company (NIC)	24171	3.00%	All Lines
	American Fire and Casualty Company (AFCC)	24066	1.00%	All Lines
	The Ohio Casualty Insurance Company (OCIC)	24074	34.00%	All Lines
	Avomark Insurance Company (AIC)	10798	0.00%	All Lines
	American Ambassador Casualty Company (AACC)	10073	0.00%	All Lines
	America First Insurance Company (AFIC)	12696	0.00%	All Lines
	America First Lloyd's Insurance Company (AFLIC)	11526	0.00%	All Lines
	Colorado Casualty Insurance Company (CCIC)	41785	0.00%	All Lines
	Consolidated Insurance Company (CIC)	22640	0.00%	All Lines
	Excelsior Insurance Company (EIC)	11045	0.00%	All Lines
	Globe American Casualty Company (GACC)	11312	0.00%	All Lines
	Hawkeye-Security Insurance Company (HSIC)	36919	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company	14486	0.00%	All Lines
	(fka Merchants & Business Men's Mutual Insurance Company) (LMMAIC)			
	Mid-American Fire & Casualty Company (MAFCC)	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company (MMC)	14613	0.00%	All Lines
	The Midwestern Indemnity Insurance Company (MWIC)	23515	0.00%	All Lines
	National Insurance Association (NIA)	27944	0.00%	All Lines
	Ohio Casualty of New Jersey, Inc. (OCNJ)	10937	0.00%	All Lines

	The Midwestern Indemnity Insurance Company (MWIC)	23515	0.00%	All Lines
	National Insurance Association (NIA)	27944	0.00%	All Lines
	Ohio Casualty of New Jersey, Inc. (OCNJ)	10937	0.00%	All Lines
	Ohio Security Insurance Company (OSIC)	24082	0.00%	All Lines
	West American Insurance Company (WAIC)	44393	0.00%	All Lines
			100.00%	
100% Quota Share				
Affiliated Companies:	Liberty Northwest Insurance Corporation (LNW)	41939	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	North Pacific Insurance Company (NPIC)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (OAIC)	23922	0.00%	All Lines

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

- As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$1,807,110 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 \$1,807,110 as of December 31, 2007.
- A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

	Licensed in Company's State	
Life Ins. Company and Location	of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston	Yes	\$645,871
Roston Massachusetts		

#### Note 27 - Health Care Receivables

Not applicable

#### Note 28 - Participating Policies

Not applicable

#### Note 29 – Premium Deficiency Reserves

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

#### Note 30- High Dollar Deductible Policies

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 Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 3.5%. The December 31, 2007 liabilities of \$43,150,325 are carried at a discounted value of \$42,001,493 representing a discount of \$1,148,832.

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

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 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:	2002	2004	2005	2006	2007
Direct Basis	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Beginning Reserves	497,309	563,744	591,423	588.950	652,497
Incurred losses and LAE	112,470	105,704	78,858	108,096	(246,987)
Calendar year payments	46,035	78,025	81,331	44,549	39,921
Ending Reserves	563,744	591,423	588,950	652,497	365,589
•					
Assumed Reinsurance Basis	40 505	24.020	0.040	0.040	0.040
Beginning Reserves	43,737	31,020	9,842	9,842	9,842
Incurred losses and LAE	10.717	- 21 170	-	-	
Calendar year payments	12,717	21,178	- 0.042	- 0.042	0.012
Ending Reserves	31,020	9,842	9,842	9,842	9,842
Net of Ceded Reinsurance Basis					
Beginning Reserves	413,811	514,430	470,037	452,102	515,652
Incurred losses and LAE	159,371	39,001	63,396	88,476	(200,158)
Calendar year payments	58,752	83,394	81,331	24,926	39,921
Ending Reserves	514,430	470,037	452,102	515,652	275,573
Net of Ceded Reinsurance Basis  Ending Reserves for LAE included above Direct Basis Assumed Reinsurance Basis Net of Ceded Reinsurance Basis	e (Case, Bulk & IBNR	3)			144,748 100,804
					84,767
Environmental:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	84,767 <u>2007</u>
Direct Basis					2007
	432,687	2004 424,807 97,750	456,421	573,397	2007 422,348
Direct Basis Beginning Reserves Incurred losses and LAE		424,807			<u>2007</u>
Direct Basis Beginning Reserves	432,687 24,314	424,807 97,750	456,421 278,521	573,397 96,420	2007 422,348 1,668,200
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE	432,687 24,314 32,194 424,807 24,613 163,500	424,807 97,750 66,136 456,421	456,421 278,521 161,545 573,397 170,006 4,499	573,397 96,420 247,469 422,348 173,894 11,448	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE Calendar year payments	432,687 24,314 32,194 424,807 24,613 163,500 4,818	424,807 97,750 66,136 456,421 183,295 13,289	456,421 278,521 161,545 573,397 170,006 4,499 611	573,397 96,420 247,469 422,348 173,894 11,448 26,6854	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903 497
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE	432,687 24,314 32,194 424,807 24,613 163,500	424,807 97,750 66,136 456,421	456,421 278,521 161,545 573,397 170,006 4,499	573,397 96,420 247,469 422,348 173,894 11,448	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves	432,687 24,314 32,194 424,807 24,613 163,500 4,818	424,807 97,750 66,136 456,421 183,295 13,289	456,421 278,521 161,545 573,397 170,006 4,499 611	573,397 96,420 247,469 422,348 173,894 11,448 26,6854	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903 497
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves Net of Ceded Reinsurance Basis	432,687 24,314 32,194 424,807 24,613 163,500 4,818 183,295	424,807 97,750 66,136 456,421 183,295 13,289 170,006	456,421 278,521 161,545 573,397 170,006 4,499 611 173,894	573,397 96,420 247,469 422,348 173,894 11,448 26,6854 158,656	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903 497 165,064
Direct Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Assumed Reinsurance Basis Beginning Reserves Incurred losses and LAE Calendar year payments Ending Reserves  Net of Ceded Reinsurance Basis Beginning Reserves	432,687 24,314 32,194 424,807 24,613 163,500 4,818 183,295	424,807 97,750 66,136 456,421 183,295 13,289 170,006	456,421 278,521 161,545 573,397 170,006 4,499 611 173,894	573,397 96,420 247,469 422,348 173,894 11,448 26,6854 158,656	2007 422,348 1,668,200 295,107 1,795,441 158,658 6,903 497 165,064

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	1,441,037
Assumed Reinsurance Basis	158,223
Net of Ceded Reinsurance Basis	1,554,742
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	46,313
Assumed Reinsurance Basis	-
Net of Ceded Reinsurance Basis	75,270

#### Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

# Note 34 - Multiple Peril Crop Insurance

Not applicable

# **SUMMARY INVESTMENT SCHEDULE**

		Gros Investment		Admitted A Reporte Annual St	d in the
	Investment Categories	1 Amount	2 Percentage	3 Amount	4 Percentage
	involution duagonid	Amount	1 crocmage	7 tillount	1 Groonlage
1. Bon	ds:				
	U.S. treasury securities	30,854,782	13.728	30,854,782	13.728
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
	1.21 Issued by U.S. government agencies	21,153,166	9.412	21,153,166	9.412
1 2	1.22 Issued by U.S. government sponsored agencies     Foreign government (including Canada, excluding mortgage-backed securities)	2,479,909	1.103	2,479,909	1.103
	Securities issued by states, territories, and possessions				
	and political subdivisions in the U.S.:				
	1.41 States, territories and possessions general obligations	11,107,572	4.942	11,107,572	4.942
	1.42 Political subdivisions of states, territories and possessions and political				
	subdivisions general obligations	10,009,899	4.454	10,009,899	4.454
	1.43 Revenue and assessment obligations	19,205,029	8.545	19,205,029	8.545
4.5	1.44 Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):  1.51 Pass-through securities:				
	1 F11 January or guaranteed by CNIMA	919,414	0.409	919,414	0.409
	1.511 Issued or guaranteed by GNMA  1.512 Issued or guaranteed by FNMA and FHLMC	37,357,840	16.622	37,357,840	16.622
	1.513 All other				
	1.52 CMOs and REMICs:				
	1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	16,021,255	7.128	16,021,255	7.128
	1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-				
	backed securities issued or guaranteed by agencies shown in Line 1.521	3,953,974	1.759	3,953,974	1.759
0 011	1.523 All other	9,920,964	4.414	9,920,964	4.414
	er debt and other fixed income securities (excluding short term):	22 247 574	14.837	22 247 574	14.837
	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) Unaffiliated foreign securities	33,347,574 4,558,142	2.028	33,347,574 4,558,142	2.028
	Affiliated securities	4,550,142	2.020	4,550,142	2.020
	ity interests:		* * * * * * * * * * * * * * * * * * * *		
	Investments in mutual funds	14,669,721	6.527	14,669,721	6.527
3.2	Preferred stocks:				
	3.21 Affiliated				
0.0	3.22 Unaffiliated	899,335	0.400	899,335	0.400
3.3	Publicly traded equity securities (excluding preferred stocks):				
	3.31 Affiliated 3.32 Unaffiliated				
3 4	Other equity securities:				
• • • • • • • • • • • • • • • • • • • •	3.41 Affiliated				
	3.42 Unaffiliated		******		
3.5	Other equity interests including tangible personal property under lease:				
	3.51 Affiliated				
	3.52 Unaffiliated				
	tgage loans:				
	Construction and land development Agricultural				
	Agricultural Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	************************************				
5. Rea	I estate investments:				
5.1					
5.2	Property held for production of income				
F 0	(including \$ 0 of property acquired in satisfaction of debt)				
5.3	Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Con	treat leave				
	eivables for securities	40,831	0.018	40,831	0.018
	h, cash equivalents and short-term investments	8,256,389	3.673	8,256,389	3.673
	er invested assets				
10. Tota	al invested assets	224,755,796	100.000	224,755,796	100.000

# PART 1 - COMMON INTERROGATORIES

#### **GENERAL**

2.8   Types of the reporting entity register and tile with its districtions of the reporting entity specified placeaure substantially similar to the standards accorded by the National Association of Issuanance Commissionere (NACC) in 18 Mackes Insurance National Processing Systems, arrigantian statement providing disclosure requirements substantially similar to those required by such Act and regulations?    National Processing Commissioner Commissionere (NACC) in 18 Mackes Insurance National Commissioner (NACC) in 18 Mackes Insura	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 [ ]	
2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?   Yes [ ] No [X]	1.2	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	Yes[>	<b>(</b> ]	No[] N	/A [
of the reporting entity?  22. If yes, date of change:  23. State as of what date the latest financial examination of the reporting entity was made or is being made.  24. State the as of date that the latest financial examination report became available from either the state of controlle or the reporting entity.  This date should be the date of the examination report became available to other states or the public from either the state of dominion or the reporting entity. This date should be the date of the examination report became available to other states or the public from either the state of dominion or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (bilances sheet data).  25. States the as of what date the latest financial examination report became available to other states or the public from either the state of dominion or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (bilances sheet data).  26. By what department or departments? State of New Hampshire Insurance Department.  27. By what department or departments? State of New Hampshire Insurance Department.  28. During the period covered by this statement, did any agent broker, sales reposeentative, non-affiliated sales/service organization or any combanation thereof under common control (other than salariset engloyees of the reporting entity) receive creation or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  28. During the period covered by this statement, did any sales/service organization owned in whole or in party to the reporting or a mailling, receive creatly or commissions for or control a substantial part (more than 20 percent of any major line of business?  29. See [ ] No [X]  29. During the period covered by this statement did entity, NAIC company tode, and state of dominical (use two letter state abbre	1.3	State Regulating?		N	lew Hampshi	re
State as of what date the latest financial examination of the reporting entity was made or is being made.  12:312004  12: 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 examinations been and not the date the report was completed or released.  12:312004  13:31246 and what date the latest financial examination report became available 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 (belance sheet date).  14: By what department or departments? State of New Hampahie Insurance Department  15: During the period covered by this statement, did any agent, broker, sales reporteentable, non-affiliated sales/service organization or any combination thereof under common control (other than salared 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:  12: 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:  12: 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?  12: I have the reporting entity been a party to a merger or consolidation during the period covered by this statement.  15: I have the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable)  16: I have the reporting entity had any Certificates of Authority, licenses or registra	2.1		Yes [	]	No [X]	
1.2 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 examination report and the date the report was completed or released.  1.3 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 releases date or competed note of the examination report and not the date of the examination (belance sheet date).  1.4 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 stalened 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:  1.1 During the period covered by this statement, did any sales/service organization owned in whole or in part by the propring 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:  1.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the propring entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business?  1.2 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 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 entity. NAIC Company code is the reporting entity?  1.3 No [X]  1.4 Task the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspen	2.2	If yes, date of change:				
This date should be the date of the examined balance sheet and not the date the report was completed or released.  3.3 States sof what does 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 (bulannos sheet date).  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 as substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.11 Sales of new business?  4.12 Subject of the examination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control as substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.12 sales of new business?  4.21 sales of new business?  4.22 sales of new business?  4.23 sales of new business?  4.24 sales of new business?  4.25 lines the reporting entity been a party to a merger or consolidation during the period covered by this statement?  4.25 sales of new business?  4.26 lines the reporting entity been a party to a merger or consolidation during the period covered by this statement?  4.27 sales of new business?  4.28 lines the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration) for any entity that has ceased to exist as a result of the merger or consolidation.  4.29 sales of new business?  4.21 sales of new business?  4.22 flyes, 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.  4.25 Sales the reporti	3.1	State as of what date the latest financial examination of the reporting entity was made or is being made.		1	2/31/2004	
demicial or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination report of examination or any examination of the reporting entity or any examination of the mental or control of the mental or consolidation during the period covered by this statement?  1. Bush the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration) for any entity that has ceased to exist as a result of the mental entity during the reporting period?  1. Ves. [ ] No [X]  1	3.2			1	2/31/2004	
1.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of.  4.11 sales of new business? Yes [ ] No [X] 4.12 renewals? Yes [ ] No [X] 4.12 renewals? Yes [ ] No [X] 4.12 renewals? Yes [ ] No [X] 4.13 region of the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.21 sales of new business? Yes [ ] No [X] 4.22 renewals? Yes [ ] No [X] 4.22 renewals? Yes [ ] No [X] 4.22 renewals? Yes [ ] No [X] 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X] 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  1	3.3	domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination		0	6/23/2006	
combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.11 sales of new business? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.13 sales of new business? Yes [ ] No [X]  4.14 renewals? Yes [ ] No [X]  4.15 renewals? Yes [ ] No [X]  4.16 renewals? Yes [ ] No [X]  4.17 sales of new business? Yes [ ] No [X]  4.21 sales of new business? Yes [ ] No [X]  4.22 renewals? Yes [ ] No [X]  4.23 renewals? Yes [ ] No [X]  5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]  5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  1	3.4	By what department or departments? State of New Hampshire Insurance Department				
combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.11 sales of new business? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.12 renewals? Yes [ ] No [X]  4.13 sales of new business? Yes [ ] No [X]  4.14 renewals? Yes [ ] No [X]  4.15 renewals? Yes [ ] No [X]  4.16 renewals? Yes [ ] No [X]  4.17 sales of new business? Yes [ ] No [X]  4.21 sales of new business? Yes [ ] No [X]  4.22 renewals? Yes [ ] No [X]  4.23 renewals? Yes [ ] No [X]  5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]  5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  1						
4.12 renewals? Yes [ ] No [X]  1.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.21 sales of new business? Yes [ ] No [X] 4.22 renewals? Yes [ ] No [X] 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X] 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  1	4.1	combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control				
affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  4.21 sales of new business? Yes [ ] No [X]  4.22 renewals? Yes [ ] No [X]  5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]  5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.  1				]		
4.21 sales of new business? Yes [ ] No [X] 4.22 renewals? Yes [ ] No [X] 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X] 5.1 Has the reporting entity heen ame 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	4.2	affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on				
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		4.21 sales of new business?		]		
ceased to exist as a result of the merger or consolidation.    1	5.1	Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?	Yes [	]	No [ X ]	
Name of Entity  NAIC Company Code  State of Domicile  Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?  Yes [ ] No [X]  If yes, give full information  If yes, give full information  If yes,  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 2  Nationality  1 2  Nationality  1 2  Type of Entity  Yes [ ] No [X]	5.2					
5.1 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?  7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?  7.2 If yes,  7.2.1 State the percentage of foreign control  7.2.2 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 2  Nationality Type of Entity  1 1 2  Nationality Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]		1 2 3				
suspended or revoked by any governmental entity during the reporting period?  Yes [ ] No [X]  1.2 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?  7.2 If yes,  7.2.1 State the percentage of foreign control  7.2.2 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 2  Nationality Type of Entity  1 1 2  Nationality Type of Entity  Yes [ ] No [X]		Name of Entity NAIC Company Code State of Domicile				
suspended or revoked by any governmental entity during the reporting period?  Yes [ ] No [X]  1.2 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?  7.2 If yes,  7.2.1 State the percentage of foreign control  7.2.2 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 2  Nationality Type of Entity  1 1 2  Nationality Type of Entity  Yes [ ] No [X]						
suspended or revoked by any governmental entity during the reporting period?  Yes [ ] No [X]  1.2 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?  7.2 If yes,  7.2.1 State the percentage of foreign control  7.2.2 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 2  Nationality Type of Entity  1 1 2  Nationality Type of Entity  Yes [ ] No [X]	6 1	Has the reporting entity had any Certificates of Authority licenses or registrations (including corporate registration, if applicable)				
7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?  7.2 If yes,  7.2.1 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 2  Nationality  1 Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]	0.1		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 2  Nationality  Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]	6.2	If yes, give full information				
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 2  Nationality  Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  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 2  Nationality  Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]						
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 2 Nationality Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]	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]	
7.22 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 2 Nationality Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]	7.2				00/	
Nationality  Type of Entity  3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]		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	 ct).		076	
3.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?  Yes [ ] No [X]		1 2				
		Nationality Type of Entity				
The opening to the fact of the			Yes [	]	No [X]	

# **PART 1 - COMMON INTERROGATORIES**

	financial regulatory services agency [i.e.	re banks, thrifts or securities firms? the names and locations (city and state of the Federal Reserve Board (FRB), the Officeposit Insurance Corporation (FDIC) and the	ce of the Comptroll	er of the Currency	v (OCĆ), the Offi	ıl ce of	s[ ] No[X]	
	1	2	3	4	5	6	7	
	A CCUIT A DA	(0)( 0) ( )	500	200	0.70	FDIO	050	
	Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC	
9	What is the name and address of the inc	dependent certified public accountant or acc	counting firm retaine	ed to conduct the	I annual audit?			
	Ernst & Young, LLP 200 Clarendon Street, Boston, MA 0211	6						
10.	consulting firm) of the individual providin 62 Maple Avenue, Keene, NH 03431	n (officer/employee of the reporting entity or g the statement of actuarial opinion/certifica	ation? William M. Fi	nn, FCAS, MAAA	·			
11 1		y Mutual Agency Markets ities of a real estate holding company or oth					s[ ] No[X]	
11.1	boes the reporting entity own any securi	11.11 Name of rea		•			S[ ] NO[X]	
		11.12 Number of p 11.13 Total book/a		lue		\$		0
11.2								
12	FOR UNITED STATES BRANCHES OF	ALIEN DEDODTING ENTITIES ONLY	* * * * * * * * * * * * * * * * * * * *			* * *		
		he year in the United States manager or the	e United States trus	tees of the report	ing entity?			
12.2		transacted for the reporting entity through					s[ ] No[X]	
12.3	Have there been any changes made to a	any of the trust indentures during the year?				Yes	s[ ] No[X]	
12.4	If answer to (12.3) is yes, has the domic	iliary or entry state approved the changes?				Yes	s[ ] No[ ]	N/A [ X ]
	performing similar functions) of the report a. Honest and ethical conduct, including relationships; b. Full, fair, accurate, timely and underst c. Compliance with applicable government of the prompt internal reporting of violate. Accountability for adherence to the co	ions to an appropriate person or persons ide de.	h includes the follow onflicts of interest be equired to be filed be entified in the code;	wing standards? between personal by the reporting er	and professiona	Yes I	s[X] No[ ]	
3.11		olain:						
13.2 3.21		ers been amended? formation related to amendment(s).					s[ ] No[X]	
13.3 3.31	Have any provisions of the code of ethic If the response to 13.3 is Yes, provide the	s been waived for any of the specified office te nature of any waiver(s).	ers?			Yes	s[ ] No[X]	
		ROARD OF	DIRECTORS		* * * * * * * * * * * * * * * * * * * *			
14	Is the nurchase or sale of all investment	s of the reporting entity passed upon either		ectors or a subord	linate			
	committee thereof?					Yes	[X] No[ ]	
15.	Does the reporting entity keep a comple committees thereof?	te permanent record of the proceedings of it	ts board of directors	s and all subordin	ate	Yes	[X] No[]	
16.		procedure for disclosure to its board of directs, directors, trustees or responsible employe				Yes	s[X] No[ ]	
		FINA	NCIAL					
17.		a basis of accounting other than Statutory		es (e.g., Generall	y Accepted			
18.1	Accounting Principles)?	clusive of Separate Accounts, exclusive of p				Yes	s[ ] No[X]	
		18.11 To directors	or other officers			\$		0
		18.12 To stockhold 18.13 Trustees, su		aternal only)		\$ \$		0
18.2	Total amount of loans outstanding at the	end of year (inclusive of Separate Account	ts, exclusive of police	cy loans):				
		18.21 To directors 18.22 To stockhold 18.23 Trustees, su	ders not officers	aternal only)		\$ \$		0 0 0

# **PART 1 - COMMON INTERROGATORIES**

19.1	Were any assets reported in this statement subject obligation being reported in the statement?	to a contractual obligation to transfe	er to another party without th	ne liability for such	Yes [ ] No [X]
19.2	If yes, state the amount thereof at December 31 of	the current year:			100[1]
		19.21 Rented from ot			\$ 0
		19.22 Borrowed from 19.23 Leased from ot			\$ <u>0</u>
		19.24 Other	1013		\$ 0
20.1	Does this statement include payments for assessment association assessments?	ents as described in the Annual Sta	tement Instructions other that	an guaranty fund or guaranty	Yes [ ] No [X]
20.2	If answer is yes:	20.21 Amount paid as	losses or risk adjustment		\$ 0
		20.22 Amount paid as	expenses		\$ 0
21.1	Doos the reporting entity report any amounts due fr	20.23 Other amounts	•	2	\$ 0 Van [ X ] No [ ]
	Does the reporting entity report any amounts due from If yes, indicate any amounts receivable from parent		on Page 2 of this statement	·	Yes [X] No [ ] \$ 0
21.2	ii yes, ilidicate aliy amounts receivable irom parent	included in the rage 2 amount.			<u>v</u>
		INVEST	IENT		
22.1	Were all the stocks, bonds and other securities own in the actual possession of the reporting entity on sa	•			Yes[X] No[]
22.2	If no, give full and complete information, relating the	ereto			
23.1	Were any of the stocks, bonds or other assets of the control of the reporting entity, or has the reporting e is currently in force? (Exclude securities subject to I	entity sold or transferred any assets	•	•	Yes[X] No[]
00.0					103[X] NO[ ]
23.2	If yes, state the amount thereof at December 31 of	•	Loaned to others		\$ 24,213,849
			Subject to repurchase agree	ements	\$ 24,213,043
			Subject to reverse repurcha		\$ 0
		23.24	Subject to dollar repurchase	e agreements	\$ 0
			Subject to reverse dollar rep	ourchase agreements	\$0
			Pledged as collateral		\$0
			Placed under option agreen Letter stock or securities re-		\$ <u> </u>
			On deposit with state or oth		\$ 3,738,204
		23.291	•	or regulatory body	\$ 0,700,204
23.3	For category (23.28) provide the following:				
20.0	1	1	)	3	$\neg$
	Nature of Restriction	Desci	iption	Amount	
					-
24.1	Does the reporting entity have any hedging transact	tions reported on Schedule DB?			Yes[] No[X]
			o the demiciliary state?		
24.2	If yes, has a comprehensive description of the hedg	ging program been made available t	o the domicilary 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 De issuer, convertible into equity?	ecember 31 of the current year mar	datorily convertible into equ	ity, or, at the option of the	Yes [ ] No [X]
25.2	If yes, state the amount thereof at December 31 of	the current year.			\$0
26	Excluding items in Schedule E, real estate, mortgag	ne loans and investments held phys	ically in the reporting entity's	s offices vaults or	
20.	safety deposit boxes, were all stocks, bonds and oth with a qualified bank or trust company in accordanc agreements of the NAIC Financial Condition Examin	her securities owned throughout the ce with Section 3, III Conducting Example 1	current year held pursuant	to a custodial agreement	Yes[X] No[]
26.01	For agreements that comply with the requirements of	of the NAIC Financial Condition Exa	aminers Handbook, complete	e the following:	
	1			2	
	Name of Custodia	an(s)		an's Address	
	JP MORGAN CHASE		3 Chase Metro Tech Center	r, Brooklyn, NY 11245	
					$\exists$
	<u> </u>				_
26.02	For all agreements that do not comply with the requirement, location and a complete explanation:	uirements of the NAIC Financial Cor	dition Examiners Handbook	, provide the	
	1	2	_	3	
	Name(s)	Location(s)	Com	plete Explanation(s)	$\dashv$
	1		ı		1

Yes [ ] No [X]

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?

#### **PART 1 - COMMON INTERROGATORIES**

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

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

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

1	2	3
Central Registration		
Central Registration Depository Number(s)	Name	Address

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)]]?

Yes [X] No [ ]

27.2 If yes, complete the following schedule:

1	2	3
		Book/Adjusted
CUSIP#	Name of Mutual Fund	Book/Adjusted Carrying Value
42982#-10-0	LMIA HIGH YIELD FUND	5,644,957
27.2999 Total		5,644,957

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

1	2	3	4
		Amount of Mutual Fund's	
Name of Mutual Fund	Name of Significant Holding	Book/Adjusted Carrying Value	Date of
(from above table)	of the Mutual Fund	Attributable to the Holding	Valuation
LMIA HIGH YIELD FUND	J P. MORGAN PRIME-CAPITAL FUNDS	199,039	12/31/2007
LMIA HIGH YIELD FUND	ALLIED WASTE NORTH AMER	118,812	12/31/2007
LMIA HIGH YIELD FUND	CHESAPEAKE ENERGY CORP	109,668	12/31/2007
LMIA HIGH YIELD FUND	MULTIPLAN INC	107,391	12/31/2007
LMIA HIGH YIELD FUND	WILLIAMS PARTNERS LP/WIL	98,516	12/31/2007
LMIA HIGH YIELD FUND	VENTAS REALTY LP/CAP CRP	94,451	12/31/2007

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

	1	2	3
			Excess of Statement
			over Fair Value
	Statement (Admitted)		(-), or Fair Value
	Value	Fair Value	over Statement (+)
28.1 Bonds	216,049,481	216,966,493	917,012
28.2 Preferred stocks	899,335	1,042,000	142,665
28.3 Totals	216.948.816	218.008.493	1.059.677

29.1	Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed?	Yes [X]	No [	]
29.2	If no, list exceptions:			

OTHER

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

<b>r</b>			Λ

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

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

1	2
Name	Amount Paid
	\$
	\$
	\$

|--|

#### **PART 1 - COMMON INTERROGATORIES**

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

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

Name Amount Paid  \$ \$ \$ \$	1	2
\$ \$ \$	Name	Amount Paid
\$ \$		\$
<b>\\$</b>		\$
		\$

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

\$	0
Φ	U

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

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

# PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement I	Insurance in force?			YES[]N	O[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 Supple	ement Insurance Experience Exhibit?	)		\$	0
	1.31 Reason for excluding				* *	
1 /	Indicate amount of earned premium attributable to Canadian and	Nor Other Alien not included in Item (	1 2) ahove		¢	٥
1.4	Indicate total incurred claims on all Medicare Supplement insural		1.2) above.		ψ	0
1.6	Individual policies:	nice.			Ψ	
1.0		current three years:				
	1.61	Total premium earned			\$	0
	1.62	Total incurred claims			\$	
	1.63	Number of covered lives			¢	
		ars prior to most current three years:			Ψ	
	1.64	Total premium earned			¢	0
	1.65	Total incurred claims			ψ	0
	1.66	Number of covered lives			ψ <u></u>	0
17		Number of covered lives			φ	
1.7	Group policies:	ourrent three veers				
		current three years:			¢	0
	1.71	Total premium earned			<u>ф</u>	0
	1.72	Total incurred claims			<u>\$</u>	0
	1.73	Number of covered lives			<b>a</b>	0
	•	ars prior to most current three years:			¢	0
	1.74	Total premium earned			<u> </u>	0
	1.75	Total incurred claims			\$	0
	1.76	Number of covered lives			<u> </u>	
2.	Health Test:		4	2		
			O	2		
	0.4	David and Marketon	Current Year	Prior Year		
		Premium Numerator	\$ 0	\$ 0		
		Premium Denominator	\$ 117,737,183	\$ 112,069,606		
		Premium Ratio (2.1/2.2)	0.00	0.00		
		Reserve Numerator Reserve Denominator	\$ 0 \$ 188,066,878	\$ 174.615.501		
		Reserve Denominator Reserve Ratio (2.4/2.5)	\$ 188,066,878 0.00	\$ 174,615,591		
	Does the reporting entity issue both participating and non-participating	pating policies?			YES [X]N	10 [ ]
3.2	If yes, state the amount of calendar year premiums written on:					
	3.21	Participating policies			\$	20,187,904
	3.22	Non-participating policies			\$	705,899,899
4.	For Mutual Reporting Entities and Reciprocal Exchange only:					
4.1	Does the reporting entity issue assessable policies?				YES[]N	
4.2	Does the reporting entity issue non-assessable policies?				YES[]N	
4.3	If assessable policies are issued, what is the extent of the contin					0 %
4.4	Total amount of assessments paid or ordered to be paid during t	the year on deposit notes or continge	nt premiums.		\$	0
5.	For Reciprocal Exchanges Only:					
5.1	Does the exchange appoint local agents?				YES[]N	.O [ X ]
5.2	•					
	5.21	Out of Attorney's-in-fact compens			YES[]N	IO [ ] N/A [ X ]
	5.22	As a direct expense of the excha	nge		YES[]N	IO [ ] N/A [ X ]
5.3	What expenses of the Exchange are not paid out of the compens	sation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment	of certain conditions, been deferred?	)		YES[]N	O[X]

(Continued)

#### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: In 2007, the Company purchased Workers Compensation Catastrophe reinsurance, separately and/or with the Liberty Mutual Group with limits of \$1,175m xs \$25m. A minimum of 75% was placed for each layer.		
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 tracks aggregate property and WC exposure and reviews quarterly. It uses RiskLink from RMS and AIR from AIR for EQ and wind. It uses RiskLink for WC. Concentrations are in the Northeast for wind and New Madrid for EQ.		
6.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? In 2007, the Company purchased property catastrophe reinsurance, separately and/or with Liberty Mutual Group with limits of \$1,900m xs \$50m. The coverage is sufficient to protect against the Company's 250 year event.		
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated		
6.5	probable maximum loss attributable to a single loss event or occurrence?  If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss	YES[X	(]NO[ ]
	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)?  If yes, indicate the number of reinsurance contracts containing such provisions.	YES [	] NO [X]
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	YES [	] NO [ X ]
	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	YES [	] NO [ X ]
8.2	If yes, give full information		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  (c) Aggregate stop loss reinsurance coverage;  (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the		
9.2	reimbursement to the ceding entity.  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	YES	]NO[X]
9.3	<ul> <li>(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.</li> <li>If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:</li> <li>(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;</li> <li>(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</li> <li>(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.</li> </ul>	YES [	]NO[X]
9.4	Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the		
	period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as		
	a deposit under generally accepted accounting principles ("GAAP"); or  (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	YES [	] NO [ X ]

(Continued)

# PART 2 - PROPERTY & CASUALTY INTERROGATORIES

9.5	If yes to 9.4, explain in the Reinsurar	,	al Filing for General Inte	errogatory 9 (Section D	)) why the contract(s)		
9.6	is treated differently for GAAP and SA The reporting entity is exempt from the		Sunnlement under one	or more of the followi	na criteria:		
0.0	(a) The entity does not utilize reinst		Cappionioni andor one	of more of the following	ing official.		YES[]NO[X]
	(b) The entity only engages in a 10 attestation supplement; or,		ith an affiliate and the a	affiliated or lead compa	any has filed an		YES[]NO[X]
	(c) The entity has no external cessifiled an attestation supplement.	ons and only participates i	n an intercompany poo	l and the affiliated or le	ead company has		YES[X]NO[ ]
	If the reporting entity has assumed ri which the original entity would have be	peen required to charge ha	d it retained the risks. I	las this been done?	nsurances a reserve equ	ual to that	YES[X]NO[ ]N/A[ ]
	Has the reporting entity guaranteed p	policies issued by any other	r entity and now in force	9:			YES[]NO[X]
11.2	If yes, give full information					* * * * * * * * * * * * * * * * * * * *	
12.1	If the reporting entity recorded accrudamount of corresponding liabilities re		on insurance contracts	on Line 13.3 of the as	sset schedule, Page 2, s	tate the	
		12.11	Unpaid losses				\$ 2,576,474
		12.12	Unpaid underwriting	expenses (including lo	oss adjustment expenses	s)	\$ 227,588
12.2	Of the amount on Line 13.3, Page 2,	state the amount that is se	ecured by letters of cred	dit, collateral and other	funds?		\$ 84,203
12.3	If the reporting entity underwrites cor	nmercial insurance risks, s	uch as workers' compe	nsation, are premium	notes or promissory not	es accepted	
	from its insureds covering unpaid pre	miums and/or unpaid losse	es?				YES[]NO[X]N/A[]
12.4	If yes, provide the range of interest ra	ates charged under such n	otes during the period	covered by this statem	ent:		
		12.41	From				0.000 %
		12.42	То				0.000 %
12.5	Are letters of credit or collateral and		=				
	promissory notes taken by a reporting		f the reporting entity's r	eported direct unpaid	loss reserves, including	unpaid	VEOL INCLVI
10.6	losses under loss deductible features	•					YES[]NO[X]
12.0	If yes, state the amount thereof at De	ecember 31 of current year 12.61	: Letters of Credit				¢ 0
		12.62	Collateral and other	funde			\$ 0
13 1	Largest net aggregate amount insure						\$ 817,500
	Does any reinsurance contract considerations	,	•	•	verv without also includ	ing a	Ψ 017,000
	reinstatement provision?			- 55 - 5	,	3	YES[X]NO[ ]
13.3	State the number of reinsurance con-	tracts (excluding individual	facultative risk certifica	ites, but including facu	Itative programs, autom	atic	
	facilities or facultative obligatory cont	racts) considered in the ca	lculation of the amount	•			3
14 1	Is the company a cedant in a multiple	cedant reinsurance contra	act?				YES[X]NO[ ]
	If yes, please describe the method of			cedants: Premiu	ms and recoverables we	re	TEO[X]HO[ ]
	allocated pursuant to separate interce	-				17	
14.3	If the answer to 14.1 is yes, are the r	nethods described in item	14.2 entirely contained	in the respective multi	ple cedant reinsurance		V=0.10.1V.
111	contracts?	mothodo doporihod in 14	O antiroly agentained in s	witten agreemente?			YES[]NO[X]
	If the answer to 14.3 is no, are all the		•	-			YES[X]NO[ ]
14.5	If the answer to 14.4 is no, please ex	piairi.					
						******	
15.1	Has the reporting entity guaranteed a	any financed premium acco	ounts?				YES[]NO[X]
	If yes, give full information						
16.1	Does the reporting entity write any w	arranty business?					YES[]NO[X]
	If yes, disclose the following informat	•	g types of warranty cov	verage:			
		1	2	3	4	5	
		Direct Losses	Direct Losses	Direct Written	Direct Premium	Direct Premium	1
		Incurred	Unpaid	Premium	Unearned	Earned	
	16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	\$	0
	16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	T	0
	16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$	0
	16.14 Other*	\$ 0	\$	\$	\$ 0	\$	0
	* Disclose type of coverage:						

(Continued)

#### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1	Does the reporting entity include amounts recoverable on una	uthorized reinsurance in Schedule F - Part 3 that it excludes from		
	Schedule F - Part 5.		YES[]NO[)	<b>〈</b> ]
	Incurred but not reported losses on contracts not in force prio	to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule I	-	
	Part 5. Provide the following information for this exemption:			
	17.1	Gross amount of unauthorized reinsurance in Schedule F - Part 3		
		excluded from Schedule F - Part 5	\$	0
	17.13	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
	17.1!	Incurred but not reported portion of Interrogatory 17.11	\$	0
	17.10	Unearned premium portion of Interrogatory 17.11	\$	0
	17.1	Contingent commission portion of Interrogatory 17.11	\$	0
	Provide the following information for all other amounts include	d 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
	17.2	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

# **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
		2007	2006	2005	2004	2003
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2,					
١.	19.1, 19.2 & 19.3, 19.4)	353,478,371	297,792,058	229,189,431	188,368,416	155,828,341
2	Property lines (Lines 1, 2, 9, 12, 21 & 26)	72,396,379	68,774,967	57,738,467	54,858,266	44,385,443
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	421,620,126	388,193,471	325,962,325	274,434,209	181,026,116
3. 4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	53,947	309,078	71,523	105.972	179,610
5.			309,076		105,972	(358)
	Nonproportional reinsurance lines (Lines 30, 31 & 32)  Total (Line 34)	847,548,823	755,069,574	612,961,746	517,766,863	381,419,152
0.	Net Premiums Written (Page 8, Part 1B, Col. 6)	047,340,023	755,069,574	012,901,740	317,700,003	301,419,132
7						
٧.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2,	55 000 200	F2 C07 4F0	20 400 477	20 444 400	20 400 454
	19.1, 19.2 & 19.3, 19.4)	55,822,392	53,607,150	39,400,477	38,111,409	30,460,451
	Property lines (Lines 1, 2, 9, 12, 21 & 26)	17,571,715	16,854,211	15,247,580	16,019,571	14,104,188
	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	48,029,880	46,799,933	41,310,963	39,754,291	29,366,977
	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	37,032	284,194	45,300	66,763	64,114
11.	Nonproportional reinsurance lines (Lines 30, 31 & 32)			22 22 4 222		(358)
12.	Total (Line 34)	121,461,019	117,545,488	96,004,320	93,952,034	73,995,372
	Statement of Income (Page 4)					
	Net underwriting gain (loss) (Line 8)	1,987,480	341,329	1,505,816	35,578	3,951,071
	Net investment gain (loss) (Line 11)	10,288,892	8,451,294	7,164,150	6,405,989	5,336,170
	Total other income (Line 15)	33,756	304,376	(8,406)	89,925	(344,724)
	Dividends to policyholders (Line 17)	283,355	316,796	155,856	118,218	127,374
	Federal and foreign income taxes incurred (Line 19)	3,654,577	4,818,985	3,367,110	2,168,891	4,125,176
18.	Net income (Line 20)	8,372,196	3,961,218	5,138,594	4,244,383	4,689,967
ĺ	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business					
	(Page 2, Line 24, Col. 3)	282,550,278	290,596,203	262,628,594	182,028,229	179,217,235
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 13.1)	5,719,779	7,899,991	11,418,410	4,235,506	8,177,500
	20.2 Deferred and not yet due (Line 13.2)	37,530,912	34,555,508	25,359,707	24,392,168	21,149,098
	20.3 Accrued retrospective premiums (Line 13.3)	314,840	375,671			555,659
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	218,075,724	234,175,189	210,404,152	136,160,429	138,270,941
22.	Losses (Page 3, Line 1)	103,638,320	95,965,825	69,152,102	56,273,019	42,777,411
23.	Loss adjustment expenses (Page 3, Line 3)	23,717,594	22,019,072	16,558,884	13,491,364	8,926,985
24.	Unearned premiums (Page 3, Line 9)	55,328,534	51,701,230	46,148,135	44,321,651	36,099,787
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)	64,474,554	56,421,014	52,224,442	45,867,800	40,946,294
ĺ	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	24,373,598	16,495,128	44,619,187	7,559,219	31,941,350
ĺ	Risk-Based Capital Analysis					
28.	Total adjusted capital	64,474,554	56,421,014	52,224,442	45,867,800	40,946,294
	Authorized control level risk-based capital	11,523,094	10,213,652	9,095,753	7,382,762	5,840,587
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
ĺ	(Page 2, Col. 3)					
ĺ	(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30	Dende (Line 4)	89.4	72.8	80.5	87.6	86.3
31.	***************************************		2.3	3.0	4.5	4.8
					4.0	4.0
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)					
33.	Real estate (Lines 4.1, 4.2 & 4.3)		24.0			· · · · · · · · · · · · · · · · · · ·
	Cash, cash equivalents and short-term investments (Line 5)	1	24.9	16.5	7.2	7.9
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)				0.8	1.0
37.	/					
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					
	Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43.	Affiliated short-term investments (subtotals included in Schedule DA,					
	Part 2, Col. 5, Line 7)					
44.	Affiliated mortgage loans on real estate					*****
	All other affiliated					
	Total of above Lines 40 to 45					
46.						
	Percentage of investments in parent, subsidiaries and affiliates			I	i	
	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by					

# **FIVE-YEAR HISTORICAL DATA**

(Continued)

		1 2007	2 2006	3 2005	4 2004	5 2003
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	(245,815)	30,781	(611,575)	131,923	1,034,494
49.	Dividends to stockholders (Line 35)					
50.	Change in surplus as regards policyholders for the year (Line 38)	8,053,540	4,196,572	6,356,642	4,921,506	5,859,950
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2,					
	19.1, 19.2 & 19.3, 19.4)	135,721,557	93,003,104	81,035,330	65,064,325	53,786,749
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	33,147,466	26,185,081	23,865,017	19,065,916	15,669,343
	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)		150,213,278	89,870,051	64,501,841	42,606,201
	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)		62,607	59,280	12,190	(776)
	Nonproportional reinsurance lines (Lines 30, 31 & 32)		(17,132)			23,670
	Total (Line 34)	348,436,500		194,829,678	148,644,272	
	Net Losses Paid (Page 9, Part 2, Col. 4)					
57.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2,	04.050.000	4 007 050	47.057.044	10 100 700	40.005.004
	19.1, 19.2 & 19.3, 19.4)		4,267,356	17,257,814	13,436,706	13,605,964
	Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,694,430	6,757,588	6,215,589	5,891,288	5,947,283
	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)		18,255,044	14,863,639	10,185,508	10,737,280
	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	11,111	65,435	23,466	14,560	23,448
61. 62.	Nonproportional reinsurance lines (Lines 30, 31 & 32)  Total (Line 34)	EO 707 40C	(17,132) 29,328,291	38,360,508	29,528,062	23,670 30,337,645
	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
	Losses incurred (Line 2)		54.3	49.3	53.6	51.3
	Lace expanses incurred (/ inc 2)	11 2	11.9	13.2	12.9	8.0
	Other underwriting expenses incurred (Line 4)		33.5	35.9	33.8	34.7
67.	Net underwriting gain (loss) (Line 8)	1.7	0.3	1.6		5.8
	Other Percentages	***				
68.	Other underwriting expenses to net premiums written (Page 4,					
	Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	34.5	31.6	35.3	30.5	32.5
69.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.7	66.2	62.5	66.5	59.3
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6,					
	Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	188.4	208.3	183.8	204.8	180.7
	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)	(8,824)	(1,748)	(2,019)	772	(200)
72	Percent of development of losses and loss expenses incurred	(0,024)	(1,740)	(2,019)		(200)
12.	to policyholders' surplus of prior year end (Line 71 above					
	divided by Page 4, Line 21, Col. 1 x 100.0)	(15.6)	(3.3)	(4.4)	1.9	
	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)	(7,371)	620	(559)	3,679	3,327
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)	(14.1)	1.4	(1.4)	10.5	9.8
	uy i ayo 4, Liilo ∠ i, ∪∪i. ∠ x 100.0)	[ (14.1)	1.4	(1.4)	10.5	9.8

#### **SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

		1	2	3	4
Description		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS  Governments (Including all obligations guaranteed	1. United States 2. Canada 3. Other Countries	55,407,271	55,955,122	55,534,531	55,102,9
by governments)	4. Totals	55,407,271	55,955,122	55,534,531	55,102,9
States, Territories and Possessions (Direct and guaranteed)	5. United States 6. Canada 7. Other Countries	11,107,572	10,990,926	11,100,945	11,290,0
, ,	8. Totals	11,107,572	10,990,926	11,100,945	11,290,0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 10. Canada 11. Other Countries	10,009,900	10,055,155	10,005,426	10,100,0
	12. Totals	10,009,900	10,055,155	10,005,426	10,100,0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of	13. United States 14. Canada 15. Other Countries	72,086,717	72,586,631	72,110,412	72,451,8
governments and their political subdivisions	16. Totals	72,086,717	72,586,631	72,110,412	72,451,8
Public Utilities (unaffiliated)	17. United States 18. Canada 19. Other Countries	6,985,160	7,007,875	7,015,200	7,000,0
•	19. Other Countries 20. Totals	1,066,167 8,051,327	1,070,350 8,078,225	1,066,230 8,081,430	1,000,0 8,000,0
	21. United States	40,734,758	40,621,263	40,961,096	45,580,1
Industrial and Miscellaneous and	22. Canada	2,493,417	2,539,210	2,493,535	2,500,0
Credit Tenant Loans (unaffiliated)	23. Other Countries	998,558	980,000	998,560	1,000,0
	24. Totals	44,226,733	44,140,473	44,453,191	49,080,1
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	200,889,520	201,806,532	201,285,935	206,024,8
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States	•••••			
Banks, Trust and Insurance Companies (unaffiliated)	30. Totals 31. United States 32. Canada 33. Other Countries 34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States 36. Canada 37. Other Countries	899,335	1,042,000	899,335	
	38. Totals	899,335	1,042,000	899,335	
Parent, Subsidiaries and Affiliates	39. Totals	000.005	4 040 000	000 005	
	40. Total Preferred Stocks	899,335	1,042,000	899,335	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 46. Canada 47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States 50. Canada 51. Other Countries	5,644,957	5,644,957	5,741,042	
	52. Totals	5,644,957	5,644,957	5,741,042	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	5,644,957	5,644,957	5,741,042	
	55. Total Stocks	6,544,292	6,686,957	6,640,377	
	56. Total Bonds and Stocks	207,433,812	208,493,489	207,926,312	

# **SCHEDULE D - VERIFICATION BETWEEN YEARS**

# Bonds and Stocks

1.	Book/adjusted carrying value of bonds and		7. Amortization of premium	149,260
	stocks, prior year	175,714,038	Foreign Exchange Adjustment:	
2.	Cost of bonds and stocks acquired, Column 7, Part 3	76,080,755	8.1 Column 15, Part 1	
3.	Accrual of discount	140,612	8.2 Column 19, Part 2 Section 1	
4.	Increase (decrease) by adjustment:		8.3 Column 16, Part 2, Section 2	
	4.1 Columns 12 - 14, Part 1 (106,063)		8.4 Column 15, Part 4	
	4.2 Column 15 - 17, Part 2, Section 1		Book/adjusted carrying value at end of current period	207,433,812
	4.3 Column 15, Part 2, Section 2 (272,114)		10. Total valuation allowance	
	4.4 Column 11 - 13, Part 4	(378,177)	11. Subtotal (Lines 9 plus 10)	207,433,812
5.	Total gain (loss), Column 19, Part 4	101,007	12. Total nonadmitted amounts	
6.	Deduct consideration for bonds and stocks	-	13. Statement value of bonds and stocks, current period	207,433,812
	disposed of Column 7, Part 4	44,075,163		

# SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

# **SCHEDULE P-PART 1-SUMMARY**

(\$000 omitted)

	Pr	emiums Earned	t		Loss and Loss Expense Payments											
Years in Which	1	2	3	Loss Pa	yments	Defense		Adju		10	11	Number of				
Premiums						Containmen	t Payments	and Other	Payments		Total	Claims				
Were			4 5		5	6	6 7		9	Salvage	Net Paid	Reported -				
Earned and	Direct		Net Direct			Direct		Direct		and	(Cols.	Direct				
Losses Were	and		Net Direct (Cols. and			and		and		Subrogation	4-5+6	and				
Incurred	Assumed	Ceded	1 - 2)	,		Assumed	Ceded	Assumed	Ceded	Received	- 7 + 8 - 9)	Assumed				
1. Prior	XXX	XXX	XXX	687	231	190	31	86	1	3,351	700	XXX				
2. 1998	71,320	13,048	58,272	47,878	12,017	3,733	783	5,817	1,377	2,506	43,251	XXX				
3. 1999	66,102	9,744	56,358	47,053	8,619	3,456	549	5,733	1,021	2,522	46,053	XXX				
4. 2000	62,820	7,784	55,036	44,660	7,163	3,397	343	5,107	596	2,425	45,062	XXX				
5. 2001	67,414	9,137	58,277	42,628	6,989	3,478	263	4,920	643	2,415	43,131	XXX				
6. 2002	92,068	21,968	70,100	51,037	11,361	3,689	735	4,486	920	2,738	46,196	XXX				
7. 2003	105,982	18,164	87,818	49,734	9,754	3,627	565	6,905	1,152	2,984	48,795	XXX				
8. 2004	108,900	10,170	98,730	44,370	3,689	2,468	203	6,122	447	3,117	48,621	XXX				
9. 2005	114,500	6,810	107,690	44,232	44,232 4,403		215	6,657	296	2,719	48,180	XXX				
10. 2006	118,132	6,062	112,070	39,367			38	6,703	480	1,945	45,234	XXX				
11. 2007	120,944	3,207	117,737	26,753			7	5,211	26	848	31,914	XXX				
12. Totals			66,412	28,094	3,732	57,747	6,959	27,570	447,137	XXX						

		Losses	Unpaid		Defens	se and Cost C	ontainment U	npaid	Adjusting a		23	24	25
	Case	Basis	Bulk +	IBNR	Case	Basis	Bulk +	IBNR	21	22	]		Number of
	13	14	15	16	17	18	19	20			0-1	Tatal Nat	Claims
	Direct		Direct		Direct		Direct		Direct		Salvage and	Total Net Losses and	Outstanding Direct
	and		and		and		and		and		Subrogation	Expenses	and
	Assumed	Ceded	Assumed	Ceded	Assumed	Ceded	Assumed	Ceded	Assumed	Ceded	Anticipated	Unpaid	Assumed
1. Prior	6,849	614	1,759	464	94		274		477	18	8.	8,261	X X X
2. 1998	1,801 827 513 362				42		160	92	137	68	6	1,271	XXX
3. 1999	1,801 827 513 36 1,843 655 575 38						187	86	148	66		1,575	XXX
4. 2000	1,721	518	652	380	20		214	63	158	50	12	1,754	X X X
5. 2001	2,786	447	7,80	382	40		296	47	164	34	20	3,156	X X X
6. 2002	2,922	721	1,178	358	86	3	490	34	200	19	66	3,741	X X X
7. 2003	2,953	537	2,308	380	52		890	28	339		104	5,597	XXX
8. 2004	4,575	385	3,752	554	44		1,275	48	529		176	9,188	XXX
9. 2005	7,149 364 6,023 9				62		2,163	81	960	1	283	14,920	X X X
10. 2006	12,271 508 11,636 1,85			1,851	94	2	3,845	155	1,919	1	468	27,248	X X X
11. 2007	21,706 121 19,702 1				159		5,162	2	4,048	2	1,129	50,641	XXX
12. Totals	66,576	21,706 121 19,702 66,576 5,697 48,878 6,				38	14,956	732	9,079	259	2,281	127,352	XXX

		otal Losses and Expenses Incu			oss Expense F ed / Premiums E	•	Nontabular	Discount	34	Net Balan Reserves Af	
	26	27	28	29	30	31	32	33	Inter-Company	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Pooling Participation Percentage	Losses Unpaid	Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	7,530	731
2. 1998	60,081	15,559	44,522	84.241	119.244	76.404			3.270	1,125	146
3. 1999	59,012	11,384	47,628	89.274	116.831	84.510			3.270	1,375	200
4. 2000	55,929	9,113	46,816	89.031	117.073	85.064			3.270	1,475	279
5. 2001	55,092	8,805	46,287	81.722	96.366	79.426			3.270	2,737	419
6. 2002	64,088	14,151	49,937	69.609	64.416	71.237			3.270	3,021	720
7. 2003	66,808	12,416	54,392	63.037	68.355	61.937			3.270	4,344	1,253
8. 2004	63,135	5,326	57,809	57.975	52.370	58.553			3.270	7,388	1,800
9. 2005	69,451	6,351	63,100	60.656	93.260	58.594			3.270	11,817	3,103
10. 2006	77,110	4,628	72,482	65.274	76.344	64.676			3.270	21,548	5,700
11. 2007	83,317	762	82,555	68.889	23.761	70.118			3.270	41,276	9,365
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	103,636	23,716

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**

Va	ara in	li	ncurred Net Lo	sses and Defe	ense and Cost	Containment	Expenses Re	ported At Yea	ar End (\$000 (	OMITTED)		DEVELO	PMENT
	ars in	1	2	3	4	5	6	7	8	9	10	11	12
	hich												
	es Were	4000	4000	0000	0004	0000	0000	0004	0005	0000	0007	o v	<b>T</b> V
Inc	urred	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	One Year	Two Year
1.	Prior	Prior         33,495         32,699         32,098         31,099         32,212         32,395         32,224         33,209         33,334         34,647										1,313	1,438
2.	1998	998 39,416 38,999 38,852 38,933 38,780 38,905 39,452 39,860 39,896 40,059											199
3.	1999	XXX	39,320	39,978	40,333	40,934	41,282	41,787	42,116	42,359	42,881	522	765
4.	2000	XXX	XXX	38,248	39,914	40,478	41,248	41,121	41,410	41,756	42,242	486	832
5.	2001	XXX	XXX	XXX	39,561	39,109	39,698	40,345	40,312	40,556	41,956	1,400	1,644
6.	2002	XXX	XXX	XXX	XXX	46,420	47,465	47,333	46,900	47,135	46,251	(884)	(649)
7.	2003	XXX	XXX	XXX	XXX	XXX	47,697	46,669	46,145	46,609	48,369	1,760	2,224
8.	2004	XXX	XXX	XXX	XXX	XXX	XXX	59,834	57,812	57,731	51,719	(6,012)	(6,093)
9.	2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	63,559	60,188	55,828	(4,360)	(7,731)
10.	2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67,597	64,385	(3,212)	XXX
11.	2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	73,460	XXX	XXX
				(8,824)	(7,371)								

# **SCHEDULE P-PART 3-SUMMARY**

V	Cum		11	12								
Years in Which	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed	Number of Claims Closed
Losses Were											With Loss	Without Loss
Incurred	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Payment	Payment
1. Prior	000	9,796	15,542	19,389	21,650	22,924	23,734	24,777	25,768	26,383	XXX	XXX
2. 1998	18,378	27,853	32,340	34,768	36,273	37,161	37,787	38,116	38,593	38,811	XXX	XXX
3. 1999	XXX	19,153	29,214	33,894	36,914	38,494	39,840	40,479	40,974	41,341	XXX	XXX
4. 2000	XXX	XXX	18,728	29,257	33,991	36,802	38,435	39,427	40,199	40,551	XXX	XXX
5. 2001	XXX	XXX	XXX	18,547	28,635	32,896	35,914	37,101	38,205	38,854	XXX	XXX
6. 2002	XXX	XXX	XXX	XXX	18,095	29,500	35,265	39,478	41,524	42,630	XXX	XXX
7. 2003	XXX	XXX	XXX	XXX	XXX	20,905	31,852	37,228	40,544	43,042	XXX	XXX
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	20,686	33,551	39,413	42,946	XXX	XXX
9. 2005	XXX	21,759	35,268	41,819	XXX	XXX						
10. 2006	XXX	25,001	39,011	XXX	XXX							
11. 2007	XXX	26,729	XXX	XXX								

# **SCHEDULE P-PART 4-SUMMARY**

Years in			R Reserves On Ne					, · · · ·		
Which	1	2	3	4	5	6	7	8	9	10
Losses Were										
Incurred	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	12,771	7,368	5,229	3,340	2,973	3,667	1,820	1,526	890	1,473
2. 1998	10,039	3,964	2,530	1,629	826	454	553	388	293	219
3. 1999	XXX	8,636	3,905	2,276	1,231	697	796	392	393	288
4. 2000	XXX	XXX	7,883	4,408	2,585	1,644	1,129	529	809	423
5. 2001	XXX	XXX	XXX	8,994	4,671	2,168	1,956	921	1,285	647
6. 2002	XXX	XXX	XXX	XXX	16,940	8,684	3,854	2,730	2,529	1,276
7. 2003	XXX	XXX	XXX	XXX	XXX	12,877	6,214	4,227	3,605	2,790
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	21,917	12,880	9,498	4,425
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,045	12,906	7,114
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,356	13,475
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,851

### **SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

		1 Is Insurer Licen- sed?	Gross Premiums and Members Return Premium on Policies	nip Fees Less s and Premiums	4 Dividends Paid or Credited to	5 Direct Losses Paid	6	7	8 Finance and Service	9 Direct Premium Written for Federal
		Yes or	Direct Premiums	Direct Premiums	Policyholders on Direct	(Deducting	Direct Losses	Direct Losses	Charges Not Included in	Purchasing Groups (Included
States, Etc.		No)	Written	Earned	Business	Salvage)	Incurred	Unpaid	Premiums	in Col. 2)
1. Alabama	AL	YES								
2. Alaska 3. Arizona	AK AZ	NO YES	1,431,374	1,435,563		1,520,105	818,117	1,674,752	6,337	
4. Arkansas	AR	YES	1,868,954	1,962,113	* * * * * * * * * * * * * * * * * *	1,070,438	2,876,623	2,643,804	8,275	
5. California	CA	YES	48,195,234	50,921,536		27,966,740	17,513,901	28,287,779	213,380	
6. Colorado	CO	YES								
7. Connecticut 8. Delaware	CT DE	YES YES	46,439,271 3,245,878	44,891,262 2,165,389	353,922	19,436,601 215,754	24,376,574 263,597	38,468,426 1,241,743	205,606 14,371	
9. Dist. Columbia	DC	YES	745,054	677,544	* * * * * * * * * * * * * * * * *	48,860	124,157	1,241,743	3,299	
10. Florida	FL	NO						1,10,000		
11. Georgia	GA	YES	24,592,294	23,166,534		12,621,127	18,789,621	16,854,319	108,880	
12. Hawaii	HI	NO NO		9.						
13. Idaho 14. Illinois	ID IL	YES YES	47,215,785	45,156,558		24,876,481	34,197,927	43,340,695	209,044	
15. Indiana	IN	YES	61,857,828	57,552,031	2,032	23,524,580	36,364,854	35,277,064	273,870	
16. lowa	ΙA	YES	4,151,657	3,437,580	761	1,226,101	1,983,973	2,086,600	18,381	
17. Kansas	KS	YES	2,407,411	2,039,454	*****	569,446	992,845	593,007	10,659	
18. Kentucky	ΚY	YES	38,204,982	37,336,824		15,577,600	25,388,637	24,844,226	169,149	
19. Louisiana 20. Maine	LA ME	YES YES	4,369,093	3,478,541 10,738,996		823,930	1,961,423 2,996,948	2,786,149 10,151,489	19,344 57,392	
21. Maryland	MD	YES	12,962,925 16,243,628	10,738,996	5,766	4,106,808 3,989,060	2,996,948 8,164,276	10,151,489	57,392 71,917	
22. Massachusetts	MA	YES	12,826,547	12,301,675		2,246,318	4,270,776	6,039,735	56,788	
23. Michigan	MI	YES	34,543,274	31,515,106	35,799	11,875,906	21,268,522	22,242,722	152,937	
24. Minnesota	MN	YES	12,733,478	10,274,844		3,192,901	3,879,782	6,111,250	56,376	
25. Mississippi 26. Missouri	MS MO	NO YES	17,843,579	15,634,351		9,836,518	14,947,174	9,792,309	79,001	
27. Montana	MT	NO NO	17,043,579	15,034,351		9,030,510	14,947,174	9,792,309	79,001	
28. Nebraska	NE	YES	2,597,583	2,234,526	22,092	820,181	1,203,275	1,533,454	11,501	
29. Nevada	NV	YES	(95)	(95)						
30. New Hampshire	NH	YES	14,839,170	13,848,881	7,782	8,119,883	8,955,675	10,691,268	65,699	
31. New Jersey	NJ NM	YES NO	38,301,574	38,535,413	499,419	16,437,124	16,052,629	36,549,699	169,577	
32. New Mexico	NY	YES	50,922,047	50,417,763	1,216,510	15,921,725	24,725,042	48,595,803	225,453	
34. No. Carolina	NC	YES	16,607,792	14,072,476	1,2,10,5,10	6,974,356	7,449,717	9,271,831	73,529	
35. No. Dakota	ND	NO								
36. Ohio	ОН	YES	59,338,095	58,426,641		20,499,298	23,561,971	32,621,221	262,714	
37. Oklahoma	OK	YES	7,848,492	6,872,447		2,367,082	4,706,463	5,425,057	34,748	
38. Oregon	OR PA	YES YES	45,115,473	43,875,282	19,709	16,685,256	15,692,521	29,011,262	199,745	
40. Rhode Island	RI	YES	7,456,884	11,247,948	3,378	6,597,140	6,016,938	6,638,096	33,015	
41. So. Carolina	SC	YES	9,044,894	6,931,801		1,579,299	4,247,875	5,417,417	40,045	
42. So. Dakota	SD	YES								
43. Tennessee	TN	YES	36,349,757	33,113,234	2,031	16,351,646	19,361,417	20,493,094	160,935	
44. Texas 45. Utah	TX UT	YES YES	27,014,770	23,402,287		9,398,932	7,981,189	13,626,189	119,605	
46. Vermont	VT	YES	5,930,393	5,194,787	3,661	3,452,418	1,445,740	6,535,919	26,256	
47. Virginia	VA	YES	8,441,258	7,790,476	12,278	3,418,220	5,623,602	6,722,609	37,373	
48. Washington	WA	YES				* * * * * * * * * * * * * * * * * * * *				
49. West Virginia	WV	NO	4 404 470	4 700 000	40.404	0.004.000	2 020 000	2 040 400	40.407	
50. Wisconsin 51. Wyoming	WI WY	YES NO	4,401,476	4,702,308	13,461	2,301,226	3,830,006	3,848,408	19,487	
52. American Samoa	AS	NO								
53. Guam	GU	NO								
54. Puerto Rico	PR	NO			* * * * * * * * * * * * * * * * * * * *					
55. U.S. Virgin Islands 56. Northern Mariana Islands	VI MP	NO								
57. Canada	CN	NO NO								
58. Aggregate other	J. 1					* * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * *		* * * * * * * * * * * * * * * * * * * *	
alien	OT	XXX								
59. Totals		(a) 42	726,087,809	688,574,726	2,198,601	295,649,060	372,033,787	499,981,644	3,214,688	
DETAILS OF WRITE-INS	;									
5901		V V V								
5801. 5802.		XXX								
5803.		X X X								
5898. Summary of remaining										
write-ins for Line 58		VVV								
from overflow page		XXX								
5899. Totals (Lines 5801										
through 5803 + 5898)		V V V								
(Line 58 above)		XXX								

## 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 Machiner

\*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation

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

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

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

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

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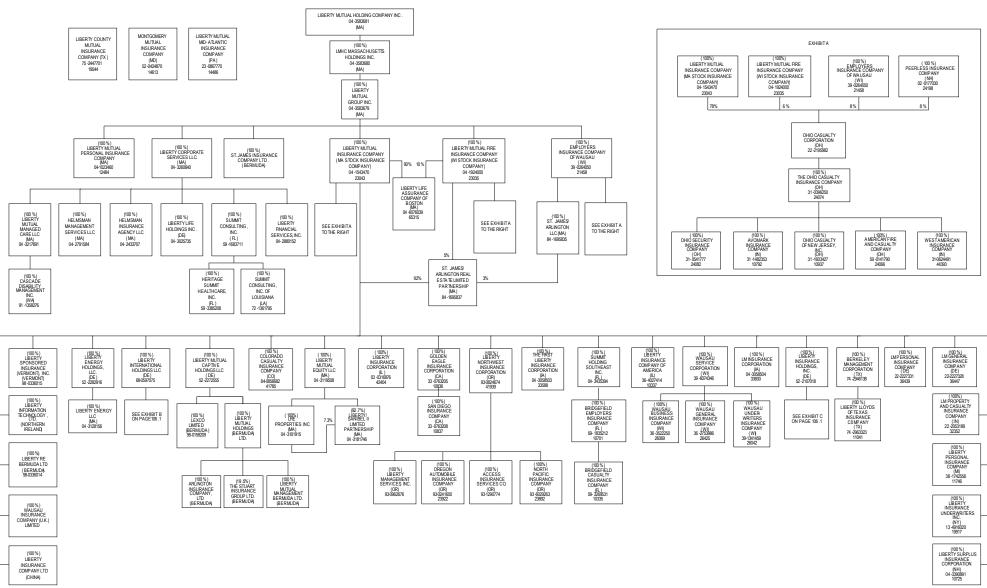
\*Address of Assured - Other Accident and Health

\*Location of Properties covered - Burglary and Theft

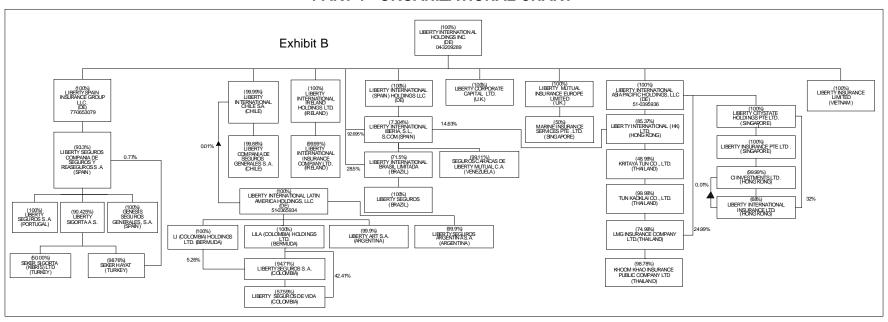
\*Principal Location of Assured - Ocean Marine, Credit

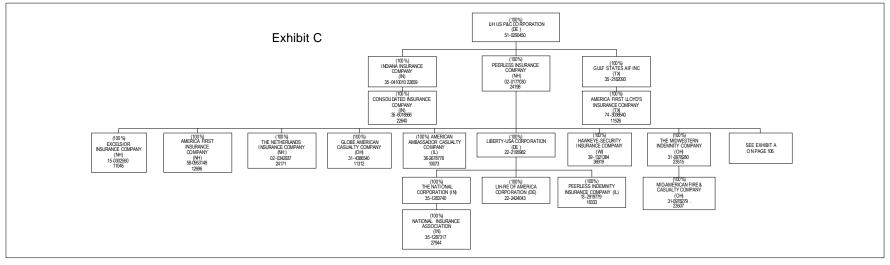
\*Primary residence of Assured - Aircraft (all perils)

# 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





Annual Statement for the year 2007 of the	The Netherlands Insurance Company

# OVERFLOW PAGE FOR WRITE-INS

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